Jorgobé Operations ApS

Artillerivej 86, 4., 2300 København S

Company reg. no. 35 51 40 23

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 30 June 2020.

Nicklas Jørgensen
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

The board of directors and the managing director have today presented the annual report of Jorgobé Operations ApS for the financial year 1 January to 31 December 2019.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 26 June 2020

Managing Director

Dan Lindberg Obelitz

Board of directors

Dan Lindberg Obelitz

Nicklas Jørgensen

Independent auditor's report

To the shareholder of Jorgobé Operations ApS

Opinion

We have audited the annual accounts of Jorgobé Operations ApS for the financial year 1 January to 31 December 2019, which comprise accounting policies, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 26 June 2020

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Michael Markussen
State Authorised Public Accountant
mne34295

Company information

The company	Jorgobé Operations ApS Artillerivej 86, 4. 2300 København S	
	Company reg. no.	35 51 40 23
	Established:	8 October 2013
	Domicile:	Copenhagen
	Financial year:	1 January 2019 - 31 December 2019
Board of directors	Dan Lindberg Obelitz Nicklas Jørgensen	
Managing Director	Dan Lindberg Obelitz	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	

Management commentary

The principal activities of the company

The principal activity of the company consist of marketing and sale of JorgÓbe skin care products and related activities.

Development in activities and financial matters

The gross profit for the year is DKK 819.000 against DKK -844.000 last year. The results from ordinary activities after tax are DKK 125.000 against DKK -2.470.000 last year. The management consider the results satisfactory.

The year is characterized by a larger restructuring of the company in order to allocate resources to stronger brand-positioning, strategic local partnerships as well as a more cost-efficient and scalable setup.

During the financial year, the company merged with the affiliated companies below. The intra-group merger has been carried out according to the book value method, and has resulted in a negative adjustment of the company's equity of T.DKK 231, per. 1 January 2019 and profit impact of T.DKK 0. The comparative figures have not been adjusted.

- Uniwa Production ApS, Company reg. no. 29 82 26 46, Hvidovre
- Uniwa Distribution ApS, Company reg. no. 39 17 38 24, Hvidovre
- Uniwa Group ApS, Company reg. no. 34 48 97 18, Copenhagen

Income statement 1 January - 31 December

All amounts in DKK.

Note		2019	2018
	Gross profit	**819.412**	**-843.814**
1	Staff costs	-645.994	-1.875.241
	Depreciation and writedown relating to tangible fixed assets	0	-17.364
	Operating profit	**173.418**	**-2.736.419**
	Other financial income	47.501	260.429
2	Other financial costs	-96.266	-38.329
	Pre-tax net profit or loss	**124.653**	**-2.514.319**
3	Tax on ordinary results	0	44.473
	Net profit or loss for the year	**124.653**	**-2.469.846**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	124.653	0
	Allocated from retained earnings	0	-2.469.846
	Total allocations and transfers	**124.653**	**-2.469.846**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2019	2018
	Non-current assets		
	Deposits	0	42.000
	Total investments	0	42.000
	Total non-current assets	**0**	**42.000**
	Current assets		
	Manufactured goods and trade goods	2.383.894	0
	Total inventories	2.383.894	0
	Trade debtors	694.830	270.445
	Amounts owed by group enterprises	0	3.384.698
	Deferred tax assets	4.000	0
	Tax receivables from group enterprises	0	83.986
	Other debtors	407.806	116.847
	Accrued income and deferred expenses	55.563	60.447
	Total receivables	1.162.199	3.916.423
	Available funds	84.437	9.434
	Total current assets	**3.630.530**	**3.925.857**
	Total assets	**3.630.530**	**3.967.857**

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

Note		2019	2018
	Equity		
4	Contributed capital	80.000	80.000
5	Retained earnings	719.009	838.632
6	Proposed dividend for the financial year	0	0
	Total equity	**799.009**	**918.632**
	Liabilities other than provisions		
	Other debts	18.867	0
	Total long term liabilities other than provisions	18.867	0
	Bank debts	0	947.630
	Trade payables	1.865.757	467.882
	Payables to group enterprises	0	1.060.963
	Debt to shareholders and management	765.934	0
	Other payables	180.963	572.750
	Total short term liabilities other than provisions	2.812.654	3.049.225
	Total liabilities other than provisions	**2.831.521**	**3.049.225**
	Total equity and liabilities	**3.630.530**	**3.967.857**

7 Charges and security

8 Financial risks

Notes

All amounts in DKK.

		2019	2018
1.	**Staff costs**		
	Salaries and wages	633.685	1.815.885
	Other costs for social security	12.309	59.356
		645.994	**1.875.241**
	Average number of employees	2	4
2.	**Other financial costs**		
	Other financial costs	96.266	38.329
		96.266	**38.329**
3.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	0	-51.436
	Adjustment for the year of deferred tax	0	4.000
	Adjustment of tax for previous years	0	2.963
		0	**-44.473**
4.	**Contributed capital**		
	Contributed capital 1 January 2019	80.000	80.000
		80.000	**80.000**
5.	**Retained earnings**		
	Retained earnings 1 January 2019	838.632	3.323.292
	Business combinations within a group	-231.514	0
	Profit or loss for the year brought forward	124.653	-2.469.846
	Currency futures for hedging future purchases and sales in foreign currency	-16.762	-8.814
	Of which deferred tax	4.000	-6.000
		719.009	**838.632**

Notes

All amounts in DKK.

		31/12 2019	31/12 2018
6.	**Proposed dividend for the financial year**		
	Dividend 1 January 2019	0	2.200.000
	Distributed dividend	0	-2.200.000
	Dividend for the financial year	0	0
		0	**0**

7. Charges and security

The company has provided security in company assets representing a nominal value of T.DKK 2.700 for its own banking facilities. This security comprises the below assets, stating the book values:

Inventories	DKK 2.384
Receivable from sales and services	T.DKK 710

8. Financial risks

Exchange rate risks

For currency hedging of the future sales in Norwegian Kroner, the company has entered into forward exchange contracts of a total T.DKK 1.156. Compared to the forward price at the balance sheet date, the contracts have a negative value of approximately T.DKK 20. The capital loss is recognised in the equity.

Accounting policies

The annual report for Jorgobé Operations ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Business combinations within a group

During the financial year, the company merged with the affiliated companies below. The intra-group merger has been carried out according to the book value method, and has resulted in a negative adjustment of the company's equity of T.DKK 231, per. 1 January 2019 and profit impact of T.DKK 0. The comparative figures have not been adjusted.

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Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derivatives intended as hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the fair value of the hedged asset or hedged liability.

Changes in the fair value of derivatives classified as, and meeting the criteria for, hedging future cash flows are recognised under other receivables or other payables and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

As regards any derivatives which do not meet the criteria for treatment as hedging instruments, changes in the fair value are recognised in the income statement on a continuing basis.

Changes in the fair value of derivatives used for hedging net investments in independent foreign group enterprises or associates are recognised directly in equity.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to tangible fixed assets.

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Financial fixed assets

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.