

ORGANIC BASICS ApS

Prags Boulevard 49, 1.
2300 København S
Business Registration No
35676864

Annual report 2018

The Annual General Meeting adopted the annual report on 29.03.2019

Chairman of the General Meeting

Name: Mads Fibiger Rasmussen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
The independent auditor's review report on the financial statements	3
Management commentary	5
Income statement for 2018	6
Balance sheet at 31.12.2018	7
Statement of changes in equity for 2018	9
Notes	10
Accounting policies	12

Entity details

Entity

ORGANIC BASICS ApS
Prags Boulevard 49, 1.
2300 København S

Central Business Registration No (CVR): 35676864

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Christoffer Immanuel Lund Nielsen
Hans Alexander Hovgaard Christiansen
Mads Fibiger Rasmussen

Executive Board

Hans Alexander Hovgaard Christiansen
Mads Fibiger Rasmussen
Christoffer Immanuel Lund Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ORGANIC BASICS ApS for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 29.03.2019

Executive Board

Hans Alexander Hovgaard
Christiansen

Mads Fibiger Rasmussen

Christoffer Immanuel Lund
Nielsen

Board of Directors

Christoffer Immanuel Lund
Nielsen

Hans Alexander Hovgaard
Christiansen

Mads Fibiger Rasmussen

The independent auditor's review report on the financial statements

To the shareholders of ORGANIC BASICS ApS

We have reviewed the financial statements of ORGANIC BASICS ApS for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with the International Standard on Engagements to Review Historical Financial Statements and additional requirements under Danish audit regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with the International Standard on Engagements to Review Historical Financial Statements is a limited assurance engagement. The auditor performs procedures primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the review or otherwise appears to be materially misstated.

The independent auditor's review report on the financial statements

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Mads Fauerskov
State Authorised Public Accountant
Identification No (MNE) mne35428

Mads Juul Hansen
State Authorised Public Accountant
Identification No (MNE) mne44386

Management commentary

Primary activities

The activity of the company is sale of ecological textiles to women and men.

Development in activities and finances

The income statement of the company shows a loss for the year of DKK 1,988k., and at 31 December 2018 the balance sheet shows an equity of DKK (4,050)k.

The company has after year-end signed new convertible loan agreements which ensures the cash flow for 2019. Management expect continued strong growth for 2019.

Convertible loans will be converted into equity in future funding rounds. Management therefore calculates an equity of 629k at 31 December 2018, when taking a conversion of convertible loans into account when calculating equity. We want to point out that though convertible debt are included in the annual report as debt, it should be considered as equity due to fact that the convertible debt, will be converted into equity in future funding rounds.

Receivable income tax from tax credit scheme and returns from clients was not included in the annual report from 2017. This was a material error in the annual report 2017. The adjustment have been corrected in the comparison figures and have a positive effect on the equity of 2017 with 241k DKK. For further information see description in Material errors in previous years, page 12.

The company has a negative equity and is therefore subject to § 119 in the Danish Business Act. Management expects equity to be restructured through conversion of convertible debt and profit.

Events after the balance sheet date

New loan agreements has been signed after year-end. Beside new loan agreements, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Gross profit/loss		196.441	(1.128)
Staff costs	2	(2.138.170)	(1.129)
Depreciation, amortisation and impairment losses	3	<u>(50.031)</u>	<u>(28)</u>
Operating profit/loss		(1.991.760)	(2.285)
Other financial expenses	4	<u>(361.121)</u>	<u>(120)</u>
Profit/loss before tax		(2.352.881)	(2.405)
Tax on profit/loss for the year	5	<u>365.296</u>	<u>231</u>
Profit/loss for the year		<u>(1.987.585)</u>	<u>(2.174)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(1.987.585)</u>	<u>(2.174)</u>
		<u>(1.987.585)</u>	<u>(2.174)</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Other fixtures and fittings, tools and equipment		89.133	108
Property, plant and equipment	6	89.133	108
Deposits		140.575	82
Fixed asset investments		140.575	82
Fixed assets		229.708	190
Manufactured goods and goods for resale		1.310.497	1.514
Inventories		1.310.497	1.514
Trade receivables		310.036	295
Receivables from group enterprises		692.944	662
Other receivables		39.016	15
Income tax receivable		600.239	259
Prepayments		22.207	31
Receivables		1.664.442	1.262
Cash		141.038	586
Current assets		3.115.977	3.362
Assets		3.345.685	3.552

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		96.774	97
Retained earnings		<u>(4.147.046)</u>	<u>(2.159)</u>
Equity		<u>(4.050.272)</u>	<u>(2.062)</u>
Deferred tax		0	24
Other provisions		<u>35.680</u>	<u>18</u>
Provisions		<u>35.680</u>	<u>42</u>
Convertible and dividend-yielding debt instruments		<u>4.678.825</u>	<u>3.949</u>
Non-current liabilities other than provisions	7	<u>4.678.825</u>	<u>3.949</u>
Bank loans		698.635	0
Trade payables		1.158.790	1.044
Other payables		<u>824.027</u>	<u>579</u>
Current liabilities other than provisions		<u>2.681.452</u>	<u>1.623</u>
Liabilities other than provisions		<u>7.360.277</u>	<u>5.572</u>
Equity and liabilities		<u>3.345.685</u>	<u>3.552</u>
Going concern	1		
Unrecognised rental and lease commitments	8		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
	<u> </u>	<u> </u>	<u> </u>
Equity beginning of year	96.774	(2.400.282)	(2.303.508)
Corrections of material errors	0	240.821	240.821
Adjusted equity, beginning of year	96.774	(2.159.461)	(2.062.687)
Profit/loss for the year	0	(1.987.585)	(1.987.585)
Equity end of year	96.774	(4.147.046)	(4.050.272)

Notes

1. Going concern

The company has signed new loan agreements after year-end which secures the cash flow for 2019.

	2018	2017
	DKK	DKK'000
2. Staff costs		
Wages and salaries	1.939.830	955
Other social security costs	40.349	21
Other staff costs	157.991	153
	2.138.170	1.129
Average number of employees	10	6

	2018	2017
	DKK	DKK'000
3. Depreciation, amortisation and impairment losses		
Impairment losses on property, plant and equipment	50.031	28
	50.031	28

	2018	2017
	DKK	DKK'000
4. Other financial expenses		
Other interest expenses	205.532	83
Exchange rate adjustments	155.589	37
	361.121	120

	2018	2017
	DKK	DKK'000
5. Tax on profit/loss for the year		
Current tax	(341.418)	(255)
Change in deferred tax	(23.878)	24
	(365.296)	(231)

Notes

	Other fixtures and fittings, tools and equipment DKK	
6. Property, plant and equipment		
Cost beginning of year	136.427	
Additions	<u>30.625</u>	
Cost end of year	<u>167.052</u>	
Depreciation and impairment losses beginning of year	(27.888)	
Depreciation for the year	<u>(50.031)</u>	
Depreciation and impairment losses end of year	<u>(77.919)</u>	
Carrying amount end of year	<u>89.133</u>	
	Outstanding after 5 years DKK	
7. Liabilities other than provisions		
Convertible and dividend-yielding debt instruments	<u>4.561.335</u>	
	<u>4.561.335</u>	
	2018	2017
	DKK	DKK'000
8. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>166.539</u>	<u>81.000</u>

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year, except errors from previous years adjusted in the annual report.

Material errors in previous years

Receivable income tax from tax credit scheme and returns from clients was not included in the annual report from 2017. This was a material error in the annual report 2017. The receivable income tax for 2017 amounted 259k DKK and is included in the comparison figures of 2017 for Tax on profit, in the P&L, which is increased with 259k DKK and included in Receivable income tax, in the balance sheet, which is increased with 259k DKK. Returns from clients for 2017 was 18k DKK and is included in the comparison figures of 2017 for Gross profit, in the P&L, which is decreased with 18k DKK and included in Other provisions, in the balance sheet, which is decreased with 18k DKK.

The adjustment have a positive effect on the equity of 2017 with 241k DKK.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Accounting policies

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as plant and equipment.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions

Other provisions comprise of anticipated costs of returns.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

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