

Astep ApS
Vermundsgade 40 B
2100 København Ø
Central Business Registration No
36053097

Annual report 2018

The Annual General Meeting adopted the annual report on 10.07.2019

Chairman of the General Meeting

Name: Alessandro Sarfatti

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	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

Astep ApS
Vermundsgade 40 B
2100 København Ø

Central Business Registration No: 36053097

Registered in: Copenhagen, Denmark

Financial year: 01.01.2018 - 31.12.2018

Executive Board

Alessandro Sarfatti, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Astep 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 my 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.

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

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

Copenhagen, 10.07.2019

Executive Board

Alessandro Sarfatti
CEO

Independent auditor's reports

To the shareholders of Astep ApS

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Astep ApS for the financial year 01.01.2018 - 31.12.2018. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

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 an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, 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 in accordance with the Danish Financial Statements Act.

Violation of criminal law as well as tax, duty and subsidy legislation

Management has in connection to lease of company car not correctly reported and paid income tax and hereby management are responsible.

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.

Independent auditor's reports

In connection with our extended 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 extended review or otherwise appears to be materially misstated.

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, 10.07.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant

Identification number (MNE) mne32127

Management commentary

Primary activities

The Company operates with industrial design and product design and other related activities.

Development in activities and finances

The result for 2018 shows a loss of DKK 2.095k. Management does not consider the loss of the year as satisfactory but expected as the Company is in a start up phase.

The company's contributed capital is lost according to the Danish Companies Act, which management will reestablish through positive results the coming years.

Events after the balance sheet date

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 loss		(723.088)	(1.927)
Staff costs	2	(1.074.775)	(1.087)
Depreciation, amortisation and impairment losses		<u>(72.363)</u>	<u>(19)</u>
Operating profit/loss		(1.870.226)	(3.033)
Other financial income		3.809	33
Other financial expenses		<u>(228.483)</u>	<u>(141)</u>
Profit/loss for the year		<u>(2.094.900)</u>	<u>(3.141)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(2.094.900)</u>	<u>(3.141)</u>
		<u>(2.094.900)</u>	<u>(3.141)</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		314.081	56
Leasehold improvements		109.771	124
Property, plant and equipment	3	423.852	180
Deposits		116.725	91
Fixed asset investments	4	116.725	91
Fixed assets		540.577	271
Manufactured goods and goods for resale		1.181.263	976
Inventories		1.181.263	976
Trade receivables		763.511	389
Other receivables		687.449	458
Prepayments		23.744	21
Receivables		1.474.704	868
Cash		0	677
Current assets		2.655.967	2.521
Assets		3.196.544	2.792

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital	5	55.556	56
Share premium		0	2.953
Retained earnings		<u>(5.748.268)</u>	<u>(6.606)</u>
Equity		<u>(5.692.712)</u>	<u>(3.597)</u>
Payables to shareholders and management		<u>5.774.255</u>	<u>4.406</u>
Non-current liabilities other than provisions		<u>5.774.255</u>	<u>4.406</u>
Bank loans		150.874	0
Trade payables		2.620.027	1.645
Payables to shareholders and management		73.620	130
Other payables		<u>270.480</u>	<u>208</u>
Current liabilities other than provisions		<u>3.115.001</u>	<u>1.983</u>
Liabilities other than provisions		<u>8.889.256</u>	<u>6.389</u>
Equity and liabilities		<u>3.196.544</u>	<u>2.792</u>
Going concern	1		
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		

Statement of changes in equity for 2018

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	55.556	2.953.000	(6.606.368)	(3.597.812)
Transferred from share premium	0	(2.953.000)	2.953.000	0
Profit/loss for the year	0	0	(2.094.900)	(2.094.900)
Equity end of year	55.556	0	(5.748.268)	(5.692.712)

Notes

1. Going concern

In connection with the preparation of the annual report for 2018 Management has received a letter of support from its ultimate Parent; Sarfatti ApS. In this letter of support the Parent confirms that it is willing and able to provide continuous financial support to the Company to enable it to operate as a going concern and to meet its obligations for at least up to and until 1 July 2020.

	2018	2017
	DKK	DKK'000
2. Staff costs		
Wages and salaries	1.061.469	1.068
Other social security costs	13.306	19
	1.074.775	1.087
Average number of employees	3	2

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
3. Property, plant and equipment		
Cost beginning of year	62.946	144.785
Additions	315.785	0
Cost end of year	378.731	144.785
Depreciation and impairment losses beginning of the year	(6.766)	(20.535)
Depreciation for the year	(57.884)	(14.479)
Depreciation and impairment losses end of the year	(64.650)	(35.014)
Carrying amount end of year	314.081	109.771

Notes

	Deposits
	DKK
4. Fixed asset investments	
Cost beginning of year	91.350
Additions	25.375
Cost end of year	116.725
Carrying amount end of year	116.725

	Number	Par value	Nominal
	DKK	DKK	value
	DKK		DKK
5. Contributed capital			
Shares	55.556	1	55.556
	55.556		55.556

	2018	2017
	DKK	DKK'000
6. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	329.030	373

7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Sarfatti ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

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.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, 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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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.

Accounting policies

Staff costs

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

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital 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.

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	5 years
Leasehold improvements	10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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

Accounting policies

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production 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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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