

## **BV Holding Company ApS**

Lene Haus Vej 3 - 5

7430 Ikast

Central Business Registration

No 36090855

## **Annual report 2019**

The Annual General Meeting adopted the annual report on 28.04.2020

### **Chairman of the General Meeting**

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Name: Eugene Lee Wang

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## **Entity details**

### **Entity**

BV Holding Company ApS  
Lene Haus Vej 3 - 5  
7430 Ikast

Central Business Registration No (CVR): 36090855  
Founded: 16.09.2015  
Registered in: Ikast-brande  
Financial year: 01.01.2019 - 31.12.2019

### **Board of Directors**

Eugene Lee Wang  
Robert Lee Wang  
Robert David McIntire

### **Executive Board**

Lars Krog

### **Bank**

Jyske Bank  
Sølvgade 24  
7400 Herning

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Papirfabrikken 26  
8600 Silkeborg

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BV Holding Company ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Ikast, 28.04.2020

### Executive Board

Lars Krog

### Board of Directors

Eugene Lee Wang

Robert Lee Wang

Robert David McIntire

# Independent auditor's report

## To the shareholders of BV Holding Company ApS

### Opinion

We have audited the consolidated financial statements and the parent financial statements of BV Holding Company ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

## Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity'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 consolidated financial statements and the parent financial statements 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 internal control that we identify during our audit.

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit 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 consolidated financial statements and the parent 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.

Silkeborg, 28.04.2020

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Hans Trærup  
State Authorised Public Accountant  
Identification No (MNE) mne10648

Jesper Stier  
State Authorised Public Accountant  
Identification No (MNE) mne42245

## Management commentary

	<b>2019</b> <b>DKK'000</b>	<b>2018</b> <b>DKK'000</b>	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>	<b>2015</b> <b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	40.005	42.867	40.075	59.797	83.116
Operating profit/loss	(15.632)	(18.801)	(20.297)	1.145	13.556
Net financials	(5.421)	(9.031)	5.879	(8.735)	(7.108)
Profit/loss for the year	(20.329)	(27.026)	(16.599)	(11.157)	(2.057)
Total assets	86.084	112.267	121.142	159.313	177.072
Investments in property, plant and equipment	4.451	1.713	1.629	4.761	3.441
Equity	(24.600)	(4.040)	21.094	40.533	50.789
Cash flows from (used in) operating activities	14.843	(17.060)	4.740	10.349	13.393
Cash flows from (used in) investing activities	(4.558)	(1.401)	(1.627)	(4.511)	(13.869)
Cash flows from (used in) financing activities	(3.167)	2.634	(6.332)	(10.346)	133.216
Average numbers of employees	73	72	72	68	63
<b>Ratios</b>					
Return on equity (%)	-	(316,9)	(53,9)	(24,4)	(4,1)
Equity ratio (%)	(28,6)	(3,6)	17,4	25,4	28,7

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The Company's primary activity is to hold investments in the group enterprise Bloomingville A/S. The Group's primary activities are brand development and wholesale trading of home décor and furniture products.

### Development in activities and finances

The consolidated income statement for 2019 shows a loss after tax of 20,329 tDKK. Main reason for the result is amortization of acquisition goodwill at a value of 18,045 tDKK. At end of 2019 no further goodwill amortization is remaining.

The performance is based on the expectations considered satisfactory.

### Targets and outlook for the coming year

The Group expects a flat development of the revenue for 2020, which is seen in respect of the worldwide covid-19 crisis.

Profit after tax for the Group is expected to be positive with a reduced number of employees.

### Unusual circumstances

In 2019 the final amortization of goodwill was made, however leaving a negative equity end of year at 24.600 tDKK. Future earnings over the next 3-5 years in the Group are intended to secure parent equity as well as the consolidated equity.

### Events after the balance sheet date

The worldwide covid-19 crisis has changed the original growth forecast to a flat 2020 revenue scenario. The Group has in Q1 2020 taken measures to secure capital resources and by reducing the number of full-time employees also the ongoing 2020 financial result.

## Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
<b>Gross profit</b>		<b>40.004.875</b>	<b>42.867.202</b>
Staff costs	2	(35.244.658)	(34.509.023)
Depreciation, amortisation and impairment losses		(20.392.240)	(27.159.514)
<b>Operating profit/loss</b>		<b>(15.632.023)</b>	<b>(18.801.335)</b>
Other financial income		2.224.498	1.792.128
Other financial expenses		(7.645.856)	(10.823.167)
<b>Profit/loss before tax</b>		<b>(21.053.381)</b>	<b>(27.832.374)</b>
Tax on profit/loss for the year	3	724.152	806.000
<b>Profit/loss for the year</b>	4	<b>(20.329.229)</b>	<b>(27.026.374)</b>

## Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Acquired patents		20.199	58.082
Goodwill		0	18.045.118
<b>Intangible assets</b>	<b>5</b>	<b><u>20.199</u></b>	<b><u>18.103.200</u></b>
Other fixtures and fittings, tools and equipment		3.995.815	2.843.119
Leasehold improvements		1.158.311	168.574
<b>Property, plant and equipment</b>	<b>6</b>	<b><u>5.154.126</u></b>	<b><u>3.011.693</u></b>
Deposits		1.474.638	1.368.595
<b>Fixed asset investments</b>	<b>7</b>	<b><u>1.474.638</u></b>	<b><u>1.368.595</u></b>
<b>Fixed assets</b>		<b><u>6.648.963</u></b>	<b><u>22.483.488</u></b>
Manufactured goods and goods for resale		56.815.726	64.475.657
Prepayments for goods		948.967	479.853
<b>Inventories</b>		<b><u>57.764.693</u></b>	<b><u>64.955.510</u></b>
Trade receivables		13.049.341	16.220.178
Other receivables	8	1.830.170	2.781.641
Income tax receivable		0	1.643.219
Prepayments	9	4.380.165	3.733.020
<b>Receivables</b>		<b><u>19.259.676</u></b>	<b><u>24.378.058</u></b>
<b>Cash</b>		<b><u>2.410.796</u></b>	<b><u>450.038</u></b>
<b>Current assets</b>		<b><u>79.435.165</u></b>	<b><u>89.783.606</u></b>
<b>Assets</b>		<b><u>86.084.128</u></b>	<b><u>112.267.094</u></b>

## Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		51.000	51.000
Retained earnings		(24.650.522)	(4.090.769)
<b>Equity</b>		<b>(24.599.522)</b>	<b>(4.039.769)</b>
Deferred tax		296.177	1.085.342
<b>Provisions</b>		<b>296.177</b>	<b>1.085.342</b>
Finance lease liabilities		275.078	535.775
Payables to group enterprises		21.363.434	85.418.686
Other payables		745.492	0
<b>Non-current liabilities other than provisions</b>		<b>22.384.004</b>	<b>85.954.461</b>
Current portion of long-term liabilities other than provisions	10	66.879.866	1.241.671
Bank loans		8.935.439	14.093.304
Prepayments received from customers		1.362.940	902.947
Trade payables		6.647.315	6.394.659
Payables to group enterprises		1.530.046	3.664.035
Other payables		2.647.863	2.970.444
<b>Current liabilities other than provisions</b>		<b>88.003.469</b>	<b>29.267.060</b>
<b>Liabilities other than provisions</b>		<b>110.387.473</b>	<b>115.221.521</b>
<b>Equity and liabilities</b>		<b>86.084.128</b>	<b>112.267.094</b>
Events after the balance sheet date	1		
Contingent liabilities	12		
Assets charged and collateral	13		
Transactions with related parties	14		
Subsidiaries	15		

## Consolidated statement of changes in equity for 2019

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	51.000	(4.090.769)	5.000.000	960.231
Ordinary dividend paid	0	0	(5.000.000)	(5.000.000)
Fair value adjustments of hedging instruments	0	(295.544)	0	(295.544)
Tax of entries on equity	0	65.020	0	65.020
Profit/loss for the year	0	(20.329.229)	0	(20.329.229)
<b>Equity end of year</b>	<b>51.000</b>	<b>(24.650.522)</b>	<b>0</b>	<b>(24.599.522)</b>

## Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Operating profit/loss		(15.632.022)	(18.801.335)
Amortisation, depreciation and impairment losses		20.392.240	27.159.514
Working capital changes	11	11.502.584	(20.922.708)
<b>Cash flow from ordinary operating activities</b>		<b>16.262.802</b>	<b>(12.564.529)</b>
Financial income received		2.149.831	1.792.128
Financial expenses paid		(5.581.403)	(6.574.997)
Income taxes refunded/(paid)		2.012.103	287.574
<b>Cash flows from operating activities</b>		<b>14.843.333</b>	<b>(17.059.824)</b>
Acquisition etc of property, plant and equipment		(4.451.373)	(1.743.519)
Sale of property, plant and equipment		(300)	342.738
Deposits		(106.043)	0
<b>Cash flows from investing activities</b>		<b>(4.557.716)</b>	<b>(1.400.781)</b>
Repayments of loans etc		(1.430.066)	0
Incurrence of debt to group enterprises		0	3.409.385
Repayment of debt to group enterprises		(1.469.187)	(227.352)
Reduction of lease commitments		(267.741)	(548.009)
<b>Cash flows from financing activities</b>		<b>(3.166.994)</b>	<b>2.634.024</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>7.118.623</b>	<b>(15.826.581)</b>
Cash and cash equivalents beginning of year		(13.643.266)	2.183.315
<b>Cash and cash equivalents end of year</b>		<b>(6.524.643)</b>	<b>(13.643.266)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		2.410.796	450.038
Short-term debt to banks		(8.935.439)	(14.093.304)
<b>Cash and cash equivalents end of year</b>		<b>(6.524.643)</b>	<b>(13.643.266)</b>

## Notes to consolidated financial statements

### 1. Events after the balance sheet date

The worldwide covid-19 crisis has changed the original growth forecast to a flat 2020 revenue scenario. The Group has in Q1 2020 taken measures to secure capital resources and by reducing the number of full-time employees also the ongoing 2020 financial result.

	<b>2019 DKK</b>	<b>2018 DKK</b>
<b>2. Staff costs</b>		
Wages and salaries	29.166.909	28.672.313
Pension costs	3.761.998	3.623.129
Other social security costs	573.488	533.789
Other staff costs	1.742.263	1.679.792
	<b>35.244.658</b>	<b>34.509.023</b>
Average number of employees	<b>73</b>	<b>72</b>
	<b>2019 DKK</b>	<b>2018 DKK</b>
<b>3. Tax on profit/loss for the year</b>		
Current tax	699.848	0
Change in deferred tax	(1.424.000)	(806.000)
	<b>(724.152)</b>	<b>(806.000)</b>
	<b>2019 DKK</b>	<b>2018 DKK</b>
<b>4. Proposed distribution of profit/loss</b>		
Retained earnings	(20.329.229)	(27.026.374)
	<b>(20.329.229)</b>	<b>(27.026.374)</b>
	<b>Acquired patents DKK</b>	<b>Goodwill DKK</b>
<b>5. Intangible assets</b>		
Cost beginning of year	209.115	120.300.782
<b>Cost end of year</b>	<b>209.115</b>	<b>120.300.782</b>
Amortisation and impairment losses beginning of year	(151.033)	(102.255.665)
Amortisation for the year	(37.883)	(18.045.117)
<b>Amortisation and impairment losses end of year</b>	<b>(188.916)</b>	<b>(120.300.782)</b>
<b>Carrying amount end of year</b>	<b>20.199</b>	<b>0</b>

## Notes to consolidated financial statements

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>6. Property, plant and equipment</b>		
Cost beginning of year	15.000.480	1.274.831
Additions	3.293.540	1.157.833
Disposals	(626.040)	0
<b>Cost end of year</b>	<b>17.667.980</b>	<b>2.432.664</b>
Depreciation and impairment losses beginning of year	(12.157.361)	(1.106.257)
Depreciation for the year	(2.140.844)	(168.096)
Reversal regarding disposals	626.040	0
<b>Depreciation and impairment losses end of year</b>	<b>(13.672.165)</b>	<b>(1.274.353)</b>
<b>Carrying amount end of year</b>	<b>3.995.815</b>	<b>1.158.311</b>
Recognised assets not owned by entity	<b>484.195</b>	-
		<b>Deposits DKK</b>
<b>7. Fixed asset investments</b>		
Cost beginning of year		1.368.595
Additions		106.043
<b>Cost end of year</b>		<b>1.474.638</b>
<b>Carrying amount end of year</b>		<b>1.474.638</b>

### 8. Other receivables

Other receivable rent totals DKK 1,485k of which DKK 381k falls due in the next financial year. An amount of DKK 0k falls due after 5 years from the balance sheet date.

### 9. Prepayments

Prepayments consist of prepayments relating to fairs, catalogues for the new year and prepayments relating to costs in the subsequent financial year

### 10. Current portion of long-term liabilities other than provisions

The company has extend their loan agreements on 66.619k in April 2020.



## Notes to consolidated financial statements

	<u>2019</u> <u>DKK</u>	<u>2018</u> <u>DKK</u>
<b>11. Change in working capital</b>		
Increase/decrease in inventories	7.190.931	(17.013.472)
Increase/decrease in receivables	3.176.093	(1.623.587)
Increase/decrease in trade payables etc	1.135.560	(2.285.649)
	<u><b>11.502.584</b></u>	<u><b>(20.922.708)</b></u>

### 12. Contingent liabilities

Operating rental and lease commitments total DKK 72k (58k) of which DKK 58k (58k) falls due in the next financial year, whereas DKK 0k falls due more than five years after the balance sheet date.

The Company has entered into a tenancy agreement with an annual rent of DKK 2,464k. The tenancy cannot be terminated by the tenant to be vacated not earlier than 1 June 2021.

The Company has entered into a business agreement on outsourcing of IT. Relating contingent liabilities amount to DKK 1,262k. The agreement may be terminated by 6 months' notice not to expire earlier than 30 November 2020.

The Entity participates in a Danish joint taxation arrangement in which BV Holding Company ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2013 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these 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.

### 13. Assets charged and collateral

Bank debt is secured on a floating charge of nominal DKK 14,000k. The charge covers unsecured claims from sale of goods and services, operating equipment, finished goods inventories as well as goodwill, domain names and rights relating to certain acts.

At 31 December 2019, the carrying amount of mortgaged assets relating to the floating charge consists of:

- Trade receivables, DKK 13,299k.
- Other fixtures and fittings, tools and equipment, DKK 3,996k.
- Inventories, DKK 56,816k.

### 14. Transactions with related parties

All transactions with related parties have been conducted on an arm's length basis.

## Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
<b>15. Subsidiaries</b>			
Bloomingtonville A/S	Ikast-Brandeb	A/S	100,0

## Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
<b>Gross loss</b>		<b>(69.722)</b>	<b>(67.550)</b>
Income from investments in group enterprises		(15.521.238)	(20.262.843)
Other financial income		3.609	2.265
Other financial expenses	2	(6.202.878)	(8.592.895)
<b>Profit/loss before tax</b>		<b>(21.790.229)</b>	<b>(28.921.023)</b>
Tax on profit/loss for the year		1.461.000	1.894.649
<b>Profit/loss for the year</b>	3	<b>(20.329.229)</b>	<b>(27.026.374)</b>

## Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Investments in group enterprises		54.551.822	75.303.584
<b>Fixed asset investments</b>	4	<b>54.551.822</b>	<b>75.303.584</b>
<b>Fixed assets</b>		<b>54.551.822</b>	<b>75.303.584</b>
Receivables from group enterprises		5.000.000	6.777.872
Deferred tax	5	2.046.000	1.285.000
Income tax receivable		0	1.643.219
Joint taxation contribution receivable		700.000	609.649
<b>Receivables</b>		<b>7.746.000</b>	<b>10.315.740</b>
<b>Cash</b>		<b>2.355.761</b>	<b>428.809</b>
<b>Current assets</b>		<b>10.101.761</b>	<b>10.744.549</b>
<b>Assets</b>		<b>64.653.583</b>	<b>86.048.133</b>

## Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		51.000	51.000
Retained earnings		(24.650.522)	(4.090.769)
<b>Equity</b>		<b>(24.599.522)</b>	<b>(4.039.769)</b>
Payables to group enterprises		21.363.434	85.418.686
<b>Non-current liabilities other than provisions</b>		<b>21.363.434</b>	<b>85.418.686</b>
Current portion of long-term liabilities other than provisions	6	66.619.170	973.931
Trade payables		31.250	31.250
Payables to group enterprises		1.239.251	3.664.035
<b>Current liabilities other than provisions</b>		<b>67.889.671</b>	<b>4.669.216</b>
<b>Liabilities other than provisions</b>		<b>89.253.105</b>	<b>90.087.902</b>
<b>Equity and liabilities</b>		<b>64.653.583</b>	<b>86.048.133</b>
Events after the balance sheet date	1		
Transactions with related parties	7		

## Parent statement of changes in equity for 2019

	<u>Contributed capital DKK</u>	<u>Retained earnings DKK</u>	<u>Total DKK</u>
Equity beginning of year	51.000	(4.090.769)	(4.039.769)
Other entries on equity	0	(230.524)	(230.524)
Profit/loss for the year	<u>0</u>	<u>(20.329.229)</u>	<u>(20.329.229)</u>
<b>Equity end of year</b>	<b><u>51.000</u></b>	<b><u>(24.650.522)</u></b>	<b><u>(24.599.522)</u></b>

## Notes to parent financial statements

### 1. Events after the balance sheet date

Please refer to reference in the consolidated financial statements.

	<b>2019 DKK</b>	<b>2018 DKK</b>
<b>2. Other financial expenses</b>		
Financial expenses from group enterprises	4.455.806	4.299.530
Other interest expenses	(365.261)	45.195
Exchange rate adjustments	2.111.483	4.248.170
Other financial expenses	850	0
	<b>6.202.878</b>	<b>8.592.895</b>

	<b>2019 DKK</b>	<b>2018 DKK</b>
<b>3. Proposed distribution of profit/loss</b>		
Retained earnings	(20.329.229)	(27.026.374)
	<b>(20.329.229)</b>	<b>(27.026.374)</b>

	<b>Invest- ments in group enterprises DKK</b>
<b>4. Fixed asset investments</b>	
Cost beginning of year	157.019.460
<b>Cost end of year</b>	<b>157.019.460</b>
Impairment losses beginning of year	(81.715.876)
Adjustments on equity	(230.524)
Amortisation of goodwill	(18.045.117)
Share of profit/loss for the year	2.523.879
Dividend	(5.000.000)
<b>Impairment losses end of year</b>	<b>(102.467.638)</b>
<b>Carrying amount end of year</b>	<b>54.551.822</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

### 5. Deferred tax

Deferred tax asset is expected to be utilised in future earnings in the Group over the next 3-5 years.

## Notes to parent financial statements

### **6. Current portion of long-term liabilities other than provisions**

The company has extend their loan agreements on 66.619k in April 2020.

### **7. Transactions with related parties**

All transactions with related parties have been conducted on an arm's length basis.



## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

### Changes in accounting estimates

During 2019 a principle for estimating necessary inventory write off was introduced. In the past estimation was made based on the lifecycle and creation year of the SKUs. Going forward write off will be made on discontinued items and on old SKUs based on aging of the inventory as defined by last purchase. SKUs are completely written off the books six years after last purchase. In 2019 an amount of 753 tDKK was written off the inventory. In 2018 this figure was 1,191 tDKK.

### 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.

### Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

## Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises external expenses.

#### Revenue

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.

#### 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.

#### 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.

#### Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

## Accounting policies

### Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

### 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.

### 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

### Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

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. For assets held under finance leases, cost

## Accounting policies

is the lower of the asset's fair value and present value of future lease payments.

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	3-5 years
Leasehold improvements	3 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.

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Investments in group enterprises 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 calculated 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 tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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.

### Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### Other financial liabilities

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

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

## Accounting policies

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.