

BRIGHTFOLK A/S
Fredskovvej 5
7330 Brande
CVR No. 36963433

ANNUAL REPORT

2017/18

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company

Brande, on 21 November 2018



Chairman

BRIGHTFOLK A/S

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BRIGHTFOLK A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of BRIGHTFOLK A/S for the financial year 1 August 2017 - 31 July 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 assets, liabilities and financial position of the Company at 31 July 2018 and of the results of the Company's operations for the financial year 1 August 2017 - 31 July 2018.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 21 November 2018

Executive Board



Lise Kaae

Supervisory Board



Anders Holch Povlsen
Chairman



Anne Storm Holch Povlsen



Lise Kaae

Independent Auditor's Report

To the shareholders of BRIGHTFOLK A/S

Opinion

We have audited the financial statements of BRIGHTFOLK A/S for the financial year 1 August 2017 - 31 July 2018, which comprise an summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 July 2018 and of the results of the Company's operations for the financial year 1 August 2017 - 31 July 2018 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

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

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 additional requirements applicable in Denmark will always detect material misstatements when it exists. Misstatements 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 the financial statements.

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

- * Identify and assess the risk of material misstatements in the 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 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

Independent Auditor's Report

Company'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 of the going concern basis of accounting in preparing the 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 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 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 Company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent 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 internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, 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 conclude that the Management's review 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's review.

Aarhus, 21 November 2018

Ernst & Young

Godkendt Revisionspartnerselskab

CVR-no. 30700228



Jens Weiersøe Jakobsen

State Authorised Public Accountant

MNE no.: mne30152



Søren Jensen

State Authorised Public Accountant

MNE no.: mne34132

BRIGHTFOLK A/S

Company details

Company	BRIGHTFOLK A/S Fredskovvej 5 7330 Brande
CVR No.	36963433
Registered office	Ikast-Brande
Financial year	1 August 2017 - 31 July 2018
Supervisory Board	Anders Holch Povlsen, Chairman Anne Storm Holch Povlsen Lise Kaae
Executive Board	Lise Kaae
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C CVR-no.: 30700228

Management's Review

The Company's principal activities

The Company's principal activities consist in investment and financing.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 August 2017 - 31 July 2018 shows a result of t.DKK -258.043 and the Balance Sheet at 31 July 2018 a balance sheet total of t.DKK 4.731.247 and an equity of t.DKK 2.818.357.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

BRIGHTFOLK A/S

Accounting Policies

Reporting Class

The Annual Report of BRIGHTFOLK A/S for 2017/18 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

The accounting policies applied remain unchanged from last year.

Consolidated Financial Statements

The Company meets the conditions for not preparing Consolidated Financial Statements which is why these have been omitted.

Reporting currency

The Annual Report is presented in thousand Danish kroner.

Grants regarding consolidation

Grants provided to and received from the parent company are recognised in equity.

Grants provided to group enterprises are considered a capital contribution and are recognised under the item equity investments in group enterprises. Grants received from group enterprises are recognised as dividends.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses comprise expenses regarding administration.

Income from equity investments in group enterprises and associates

Income from equity investments comprises the proportionate share of profit/loss after tax and any adjustment of internal profit/loss and less amortisation of consolidated goodwill.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Equity investments in group enterprises and associates

Equity investments in group enterprises and associates are measured by the equity method at the proportionately owned share of the equity of the enterprises plus any consolidated goodwill, less intercompany profit and negative goodwill. Enterprises with negative equity are measured at 0 as the negative value corresponding to the proportionate share is offset against receivables, if any. Amounts beyond this are recognised in the provisions item, if there is a legal or actual obligation to cover the negative balance.

The carrying amount of non-current assets is reviewed in general to determine whether there is any indication of impairment in addition to that expressed by amortisation or depreciation. The impairment test is performed for each individual asset or group of assets. The recoverable amount of the asset is calculated as the value in use or the fair value less disposal costs, whichever is higher.

Previously recognised impairment losses are reversed when the reason for recognition no longer exist. Impairment losses on goodwill are not reversed.

Other long-term investments

Other securities and equity investments which the Company plans to hold to maturity are measured at cost.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Other short-term investments recognised in current assets

Other equity investments that are listed are measured at market value at the balance sheet date.

Accounting Policies

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Other liabilities

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

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

BRIGHTFOLK A/S**Income Statement**

	Note	2017/18 tkr.	2016/17 tkr.
Gross profit		-1.008	-689
Income from investments in group enterprises and associates	1	-285.944	-261.612
Financial income	2	50.600	12.593
Financial expenses	3	-13.941	-2.521
Profit from ordinary activities before tax		-250.293	-252.229
Tax expense on ordinary activities	4	-7.750	-1.785
Profit		-258.043	-254.014
Proposed distribution of results			
Retained earnings		-258.043	-254.014
Distribution of profit		-258.043	-254.014

BRIGHTFOLK A/S

Balance Sheet as of 31 July

	Note	2018 tkr.	2017 tkr.
Assets			
Long-term investments in group enterprises		2.247.998	1.759.633
Long-term investments in associates		1.883.569	81.422
Other long-term investments		227.207	102.389
Investments		4.358.774	1.943.444
Fixed assets		4.358.774	1.943.444
Short-term receivables from group enterprises		129.543	100.005
Receivables		129.543	100.005
Other short-term investments		240.478	165.712
Short-term investments		240.478	165.712
Cash and cash equivalents		2.452	1.088
Current assets		372.473	266.805
Assets		4.731.247	2.210.249

BRIGHTFOLK A/S

Balance Sheet as of 31 July

	Note	2018 tkr.	2017 tkr.
Liabilities and equity			
Contributed capital		500	500
Retained earnings		2.817.857	2.202.699
Equity		2.818.357	2.203.199
Payables to group enterprises		1.905.011	2.173
Tax payables		7.214	1.378
Other payables		665	3.499
Short-term liabilities other than provisions		1.912.890	7.050
Liabilities other than provisions within the business		1.912.890	7.050
Liabilities and equity		4.731.247	2.210.249
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BRIGHTFOLK A/S**Statement of changes in Equity**

	Contributed capital	Retained earnings	Total
Equity 1 August 2017	500	2.202.699	2.203.199
Change of investments through net exchange differences	0	-132.879	-132.879
Other adjustments of equity	0	1.538	1.538
Loss	0	-258.043	-258.043
Contribution from group	0	1.004.542	1.004.542
Equity 31 July 2018	500	2.817.857	2.818.357

The share capital has remained unchanged since registration.

Notes

	2017/18	2016/17
1. Income from investments in group enterprises and associates		
Income from investments in group enterprises	-218.298	-244.508
Income from investments in associates	-67.646	-17.104
	-285.944	-261.612
2. Financial income		
Other financial income	45.019	11.551
Other financial income from group enterprises	5.581	1.042
	50.600	12.593
3. Financial expenses		
Other financial expenses	7.864	2.521
Financial expenses arising from group enterprises	6.077	0
	13.941	2.521
4. Tax expense		
Tax expense on ordinary activities	7.750	1.785
	7.750	1.785

5. Contingent liabilities

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation. The total amount is stated in the annual report of HEARTLAND A/S, which is the administration company in the joint taxation.

The company has committed to invest an additional 18,1 mio. DKK in shares.

6. Collaterals and securities

As a guarantee for subsidiaries' obligations, the company has issued a resignation declaration concerning receivables of 100 mio. DKK.

No other securities or mortgages exist at the balance sheet date.

7. Related parties

BRIGHTFOLK A/S is included in the consolidated financial statements of:

HEARTLAND A/S
Inge Lehmanns Gade 2
8000 Aarhus C