

MBG Nordic ApS

Ved Klædebo 9
2970 Hørsholm

Annual report
1 January 2018 - 31 December 2018

**The annual report has been presented and
approved on the company's general meeting the**

07/07/2019

**Jakob Vallentin-Hansen
Chairman of general meeting**

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Company information

Reporting company MBG Nordic ApS
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CVR-nr: 37081442
Reporting period: 01/01/2018 - 31/12/2018

Auditor Revisionsfirmaet Erik Hultquist
Blokken 13, 1
3460 Birkerød
DK Denmark

CVR-nr: 15396105
P-number: 1000916331

Statement by Management

Management has today considered and approved the annual report for the financial year 1. January 2018 - 31. December 2018 for MBG Nordic ApS.

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

Management believes that the financial statements give a true and fair view of the company's assets, liabilities and financial position and of the result.

The annual report is submitted for approval by the General Assembly.

Hørsholm, the 21/06/2019

Management

Jakob Vallentin-Hansen

Andreas W. Herb

The independent auditor's report on financial statements

To the shareholders of MBG Nordic ApS

Opinion

We have audited the Financial Statements of Company B for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. 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 Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 Financial Statements" section of our report. 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management 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.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the 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 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 of accounting information taken on the basis of these Financial Statements.

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

Identify and assess the risks of material misstatement of 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 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 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 use 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 State-ments, including the 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 the management's review

Ledelsen er ansvarlig for ledelsesberetningen. Vores konklusion om årsregnskabet omfatter ikke ledelsesberetningen, og vi udtrykker ingen form for konklusion med sikkerhed om ledelsesberetningen. I tilknytning til vores revision af årsregnskabet er det vores ansvar at læse ledelsesberetningen og i den forbindelse overveje, om ledelsesberetningen er væsentligt inkonsistent med årsregnskabet eller vores viden opnået ved revisionen eller på anden måde synes at indeholde væsentlig fejlinformation. Vores ansvar er derudover at overveje, om ledelsesberetningen indeholder krævede oplysninger i henhold til årsregnskabsloven. Baseret på det udførte arbejde er det vores opfattelse, at ledelsesberetningen er i overensstemmelse med årsregnskabet og er udarbejdet i overensstemmelse med årsregnskabslovens krav. Vi har ikke fundet væsentlig fejlinformation i ledelsesberetningen.

Birkerød, 21/06/2019

Erik Halfdan Hultquist , mne453
Registreret revisor HD/CAND.MERC.AUD
Revisionsfirmaet Erik Hultquist
CVR: 15396105

Management's Review

MANAGEMENT REVIEW 2018

Main Activities

MBG Nordic ApS main activities are to sale and market MBG Global assortment in Denmark, Sweden, Norway, Finland, Iceland ,Faroe Islands and Baltic Area within Alcoholic and non-Alcoholic beverages.

Development in activities and economic conditions

MBG Nordic ApS were establishing 1st September 2015. The company activated all possible accounts in the region to be able to enlarge the sales and distribution of MBG assortment.

MBG Global assortment availability was very limited only minor sales in Latvia and Finland, 2 SKU/Brands. In 2018 more than 18 SKU/Brands were activated in the sales area in combination with sales at Duty Free/Travel retail accounts in the region.

In December 2017 a full brand and budget plan 2018 were approved by MBG Global and MBG Nordic. As from 1st January 2018, MBG Global has had major problems with supply of activated brands in the sales whole region.

Effect of MBG Nordic marketing investments and lack of supply, have had major impact on the 2018 final results. Massive difficulties to supply e.g. Acqua Morelli, Salitos campaigns and Goldberg & Son's make 2018 the worse year in the short history of MBG Nordic.

MBG Global made compensation of loses, whereas MBG Nordic as an agency agreement based company covers the remaining part. Interpretation of compensation does not follow the agreement signed between the companies. The company and owners have to consider its legal position in this matter.

MBG Nordic have based on the massive change in organization inside MBG Global pointed out the markets feedback in the 6 meetings held in 2018, between the companies; Orders in O.O.T or send be e-mail or requested by account in the region, limited or close to none personal been available to securing orders. All Nordic accounts has verbally or in writing made complains regarding response time - feedback - shelf life - wrong information - missing information and or no replay during normal office hours. MBG Nordic received cancelation of signed distributor agreements, which will affect MBG Nordic also for 2019 sales.

As a consequence of this MBG Nordic resources were cuts down in the middle of the year, as 1 employee left the company. Results as from 2018, considered as not satisfactory.

It is expected that the company continues its market expansion and distribution of MBG Global products, with a very high focus on sales and distribution, but lower it marketing investments until supply can be secure and organization shows stability at MBG Global.

Shareholder Agreement:

It has been agreed that the debt of Jakob Vallentin Holding/Retail Vision and MBG Holding GmbH has to be settled to run the company towards positive revenue.

Going Concern

To the best of MBG Holding GmbH knowledges, MBG Nordic ApS will operate to generate positive operating results prospectively. In terms of Marketing and Brand investment, MBG Holding GmbH will commit and support in the years to come to create an even better ROI and a positive profit inside the company.

Events after closing the accounts

There is after the end of the financial year, no events or matters, occurred that could have material affect

towards the company's financial position stated.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

Conversion of foreign currencies

Transactions in foreign currencies are converted on the transaction date. Exchange rate differences that occur in the period between the exchange rate on the transaction date and the exchange rate on the payment date are included in the profit and loss accounts as a financial entry.

Accounts receivable, debts and other monetary items in foreign currency that are not settled on the balance sheet date, are converted at the exchange rate on the balance sheet date. The difference between the closing rate and the exchange rate on the date the receivable or debt arose is recognized in the income statement under financial income and costs.

INCOME STATEMENT

Gross profit/loss

Gross profit/loss is recognized in the income statement as net revenue less direct costs and other external costs.

Net revenue

Net revenue from the sale of services, merchandise and finished goods are recognized in the income statement, so long as the delivery and risk transfer to the buyer take place before the end of the year. Net revenue is recognized excl. VAT and net of discounts relating to the sale.

Tax on the profit for the year

Tax for the year including current annual tax and changes in deferred tax are recognised in the income statement with the part recognised in the net profit for the year and directly in equity with the part recognised in items directly in equity.

BALANCE SHEET

Accounts receivable

Accounts receivable are measured at amortised cost price, which usually corresponds to nominal value. The value is reduced with writedowns to counter expected losses.

Equity

The proposed yield for the financial year is shown as a separate item under equity. Yield is included as a debt liability at the time of approval by the AGM.

Corporation tax and deferred tax

The current tax liabilities and current outstanding tax are included on the balance sheet as calculated tax on the annual taxable income, adjusted for tax on previous years' taxable income, plus on account taxes already paid.

Deferred tax is measured in accordance with the balance-oriented liability method of all temporary differences arising between accounting values and tax values of assets and liabilities.

Deferred tax assets, including the taxable value of tax deficits that can be carried over, are included in the balance with the value that the assets are expected to realise, either by being set-off against deferred tax liabilities or as net tax assets.

Deferred tax is calculated on the basis of the tax regulations and tax rates in force under the legislation on

the date of the balance sheet, when the deferred tax is expected to be redeemed as current tax. Deferred tax changes as a result of changed tax rates are assessed in the income statement.

Liabilities

Liabilities are measured at amortised cost price, which usually corresponds to nominal value.

Income statement 1 Jan 2018 - 31 Dec 2018

	Disclosure	2018 kr.	2017 kr.
Gross profit (loss)		436,463	-323,732
Employee expense	1	-408,727	-123,356
Profit (loss) from ordinary operating activities		27,736	-447,088
Income from investments in associates		878,328	0
Other finance income from group enterprises		496,752	187,024
Other finance income		3,562	0
Finance expenses arising from group enterprises		0	-58,177
Sundry finance expenses		-1,262	-2,933
Profit (loss) from ordinary activities before tax		1,405,116	-321,174
Tax expense		0	0
Profit (loss)		1,405,116	-321,174
Proposed distribution of results			
Retained earnings		1,405,116	-321,174
Proposed distribution of profit (loss)		1,405,116	-321,174

Balance sheet 31 December 2018

Assets

	Disclosure	2018 kr.	2017 kr.
Trade receivables		0	17,343
Other receivables		49,156	35,514
Receivables		49,156	52,857
Cash and cash equivalents		8,220	0
Current assets		57,376	52,857
Total assets		57,376	52,857

Balance sheet 31 December 2018

Liabilities and equity

	Disclosure	2018 kr.	2017 kr.
Contributed capital		50,000	50,000
Retained earnings		-139,125	-1,544,241
Total equity		-89,125	-1,494,241
Debt to banks		0	1,146
Trade payables		70,775	96,884
Payables to group enterprises		0	537,381
Payables to associates		0	911,687
Other payables, including tax payables, liabilities other than provisions		75,726	0
Short-term liabilities other than provisions, gross		146,501	1,547,098
Liabilities other than provisions, gross		146,501	1,547,098
Liabilities and equity, gross		57,376	52,857

Disclosures

1. Employee expense

	2018	2017
	DKK	DKK
		thousand
Salaries	262,369	0
Social costs	3,294	0
Pensions	96,000	96
Mileage allowance	18,893	0
Employee costs	28,171	23
Courses	0	4
	408,727	123

2. Disclosure of uncertainties relating to going concern

The company's continued operations depend on to achieve adequate funding and satisfactory future operating results.

The management believes that both conditions could be met, why the annual report is published under the assumption of going concern.

3. Information on average number of employees

	2018
Average number of employees	1