August Sandgren A/S

Wildersgade 10 B, 4, DK-1408 Copenhagen

Annual Report for 1 January - 31 December 2018

CVR No 37 12 50 40

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29/5 2019

Angus Robert Ridgway
Chairman

pwc

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of August Sandgren A/S for the financial year 1 January - 31 December 2018.

The Annual Report is 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 at 31 December 2018 of the Company and of the results of the Company operations for 2018.

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

Copenhagen, 29 May 2019

Executive Board

Pia Kirkeskov Andersen
CEO

Board of Directors

Angus Robert Ridgway Chairman	Pia Kirkeskov Andersen	Cecilie Pram Kjølbye

Independent Auditor's Report

To the Shareholders of August Sandgren A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of August Sandgren A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Management's responsibilities 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 responsibilities for the audit of the Financial Statements

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 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 judgement and maintain professional scepticism 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 Statements, 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.

Hellerup, 29 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Christensen
state authorized public accountant
mne33687

Company Information

The Company	August Sandgren A/S Wildersgade 10 B, 4 DK-1408 Copenhagen CVR No: 37 12 50 40 Financial period: 1 January - 31 December Incorporated: 1 October 2015 Municipality of reg. office: Copenhagen
Board of Directors	Angus Robert Ridgway, Chairman Pia Kirkeskov Andersen Cecilie Pram Kjølbye
Executive Board	Pia Kirkeskov Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Main activity

August Sandgren A/S has 100 years of history within high quality bookbinding and box-making. Today the company leverage the heritage in designing, producing and distributing high quality leather and textile boxes for storage. The boxes are used by private consumers, offices and hotels for all the physical belongings that do not belong in "the cloud".

Development in the year

The income statement of the Company for 2018 shows a loss of DKK 842,747, and at 31 December 2018 the balance sheet of the Company shows negative equity of DKK 54,085.

The result is not accordance with management expectations which is primarily due to changes in the executive board and day- to- day management that moved the focus away from the sales agenda in the second half of 2018. With capital increase in early 2019 and renewed focus on execution of the Company strategy management expects an improved result for 2019.

Loss of share capital

As of 31 December 2018, the Company has lost more than fifty percent of the share capital due to incurred losses and is thus covered by the requirements in section 119 in the Danish Companies Act. The Company's share capital has been restored fully in 2019 via debt conversion and cash capital increase.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any material uncertainty.

Subsequent events

Apart from the above mentioned capital increases no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement
1 January - 31 December 2018

	Note	2018	2017
		DKK	DKK
Gross profit/loss		**-180.212**	**-469.978**
Staff expenses	1	-703.734	-603.264
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-171.258	-146.529
Profit/loss before financial income and expenses		**-1.055.204**	**-1.219.771**
Financial expenses		-23.504	-23.312
Profit/loss before tax		**-1.078.708**	**-1.243.083**
Tax on profit/loss for the year	2	235.961	271.263
Net profit/loss for the year		**-842.747**	**-971.820**

Distribution of profit

	2018	2017
Proposed distribution of profit		
Development costs for the year	-24.914	50.482
Retained earnings	-817.833	-1.022.302
	-842.747	**-971.820**

Balance Sheet 31 December
Assets

	Note	2018	2017
		DKK	DKK
Completed development projects		386.061	418.003
Acquired trademarks		18.981	20.098
Software		28.807	49.634
Intangible assets	3	**433.849**	**487.735**
Fixed assets		**433.849**	**487.735**
Inventories		**167.592**	**93.114**
Trade receivables		102.646	161.563
Other receivables		2.500	2.265
Deferred tax asset		502.224	266.263
Prepayments		0	734
Receivables		**607.370**	**430.825**
Cash at bank and in hand		**271.211**	**662.174**
Currents assets		**1.046.173**	**1.186.113**
Assets		**1.480.022**	**1.673.848**

Balance Sheet 31 December
Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital		571.428	571.428
Reserve for development costs		301.128	326.042
Retained earnings		-926.641	-108.808
Equity		**-54.085**	**788.662**
Convertible and profit-yielding instruments of debt		0	774.583
Long-term debt	4	**0**	**774.583**
Convertible instruments of debt	4	797.083	0
Trade payables		58.645	36.471
Payables to owners and Management		550.212	0
Other payables		128.167	74.132
Short-term debt		**1.534.107**	**110.603**
Debt		**1.534.107**	**885.186**
Liabilities and equity		**1.480.022**	**1.673.848**
Contingent assets, liabilities and other financial obligations	5		
Accounting Policies	6		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	571.428	326.042	-108.808	788.662
Development costs for the year	0	-24.914	24.914	0
Net profit/loss for the year	0	0	-842.747	-842.747
Equity at 31 December	**571.428**	**301.128**	**-926.641**	**-54.085**

Notes to the Financial Statements

		2018	2017
		DKK	DKK
1	**Staff expenses**		
	Wages and salaries	701.652	600.992
	Other social security expenses	2.082	2.272
		703.734	**603.264**
	Average number of employees	**1**	**1**
2	**Tax on profit/loss for the year**		
	Current tax for the year	0	0
	Deferred tax for the year	-235.961	-271.263
		-235.961	**-271.263**

3 Intangible assets

	Completed development projects	Acquired trade-marks	Software
	DKK	DKK	DKK
Cost at 1 January	638.889	22.332	62.480
Additions for the year	117.372	0	0
Cost at 31 December	756.261	22.332	62.480
Impairment losses and amortisation at 1 January	220.886	2.234	12.846
Amortisation for the year	149.314	1.117	20.827
Impairment losses and amortisation at 31 December	370.200	3.351	33.673
Carrying amount at 31 December	**386.061**	**18.981**	**28.807**
Amortised over	5 years	20 years	3 years

Development projects relate to the development of the Company's product collection, which has been completed during 2017 and 2018. The products are expected to be sold through existing and well-established retailers.

4 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2018	2017
Convertible and profit-yielding instruments of debt		
Between 1 and 5 years	0	774.583
Long-term part	0	774.583
Within 1 year	797.083	0
	797.083	**774.583**

Notes to the Financial Statements

5 Contingent assets, liabilities and other financial obligations

Contingent liabilities
The company has no contingent liabilities at 31 December 2018.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Kirkeskov Andersen Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

6 Accounting Policies

The Annual Report of August Sandgren A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Revenue also includes grants and contributions received in te financial year where all conditions are adhered to.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

6 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Trademarks, development costs and software are measured at cost less accumulated amortisation. Trademarks, development costs and software are amortised on a straight-line basis over it's useful life, which is assessed at 20 years for trademarks, 5 years for development costs and 3 years for software.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the de-

Notes to the Financial Statements

6 Accounting Policies (continued)

ferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.