

Cortes Acquisition Company ApS

Lyskær 5, 2730 Herlev

CVR no. 37 37 76 35

Annual report 2019

Approved at the Company's annual general meeting on 16 September 2020

Chairman:





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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Cortes Acquisition Company ApS for the financial year 1 January - 31 December 2019.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Herlev, 16 September 2020

Executive Board:

DocuSigned by:

Jason Pollack

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Jason Ivan Pollack



Independent auditor's report

To the shareholder of Cortes Acquisition Company ApS

Opinion

We have audited the financial statements of Cortes Acquisition Company ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. 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 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to 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 the 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.



Independent auditor's report

- ▶ 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 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 the 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 September 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Søren Skov Larsen
State Authorised Public Accountant
mne26797


Morten Weinreich Larsen
State Authorised Public Accountant
mne42791



Management's review

Company details

Name	Cortes Acquisition Company ApS
Address, Postal code, City	Lyskær 5, 2730 Herlev
CVR no.	37 37 76 35
Established	18 January 2016
Registered office	Herlev
Financial year	1 January - 31 December
Executive Board	Jason Ivan Pollack
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark



Management's review

Business review

The company's main activity is to exercise the ownership of shares in and provide lending to the BMI Group entities.

Financial review

The income statement for 2019 shows a loss of DKK 2,059 thousand against a loss of DKK 588 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 618,134 thousand.

In 2019 the company have participated in a legal structuring process for BMI Group. The company have purchased shares in group companies for DKK 1,605 million. These shares were immediately transferred to parent company, BMI Group Holdings, as payment in kind of debt of DKK 1,605 million from acquisition of own shares (two shares acquired). Reference is made to note 9 regarding transactions with related parties and note 6 regarding treasury shares.

Events after the balance sheet date

COVID-19 is expecting to have a negative impact on the activity of group entities ultimate owned by the company. The long term effect of COVID-19 is not measurable however it is the assesment of the management that possible future decline in activities in group entities does not pose a risk of impairment to the Company's assets as of 31 December 2019.



Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2019	2018
	Gross profit	10	516
	Administrative expenses	-12	-403
	Operating profit/loss	-2	113
2	Financial income	2,318	405
3	Financial expenses	-1,202	-2,524
	Profit/loss before tax	1,114	-2,006
4	Tax for the year	-3,173	1,418
	Profit/loss for the year	-2,059	-588
	Recommended appropriation of profit/loss	-2,059	-588
	Retained earnings/accumulated loss	-2,059	-588



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2019</u>	<u>2018</u>
	ASSETS		
	Fixed assets		
5	Investments		
	Investments in group enterprises	<u>2,138,117</u>	<u>2,138,117</u>
		<u>2,138,117</u>	<u>2,138,117</u>
	Total fixed assets	<u>2,138,117</u>	<u>2,138,117</u>
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	87,466	77,584
	Joint taxation contribution receivable	<u>0</u>	<u>411</u>
		<u>87,466</u>	<u>77,995</u>
	Cash	<u>1,067</u>	<u>9,340</u>
	Total non-fixed assets	<u>88,533</u>	<u>87,335</u>
	TOTAL ASSETS	<u>2,226,650</u>	<u>2,225,452</u>



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	100,000	100,000
	Retained earnings	518,134	2,125,415
	Total equity	618,134	2,225,415
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Payables to group entities	1,605,067	0
		1,605,067	0
	Current liabilities other than provisions		
	Trade payables	38	37
	Payables to group enterprises	3,082	0
	Joint taxation contribution payable	329	0
		3,449	37
	Total liabilities other than provisions	1,608,516	37
	TOTAL EQUITY AND LIABILITIES	2,226,650	2,225,452

- 1 Accounting policies
- 6 Treasury shares
- 7 Contractual obligations and contingencies, etc.
- 8 Collateral
- 9 Related parties



Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	100,000	2,125,415	2,225,415
Transfer through appropriation of loss	0	-2,059	-2,059
Purchase of treasury shares	0	-1,605,222	-1,605,222
Equity at 31 December 2019	<u>100,000</u>	<u>518,134</u>	<u>618,134</u>



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Cortes Acquisition Company ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

The items revenue and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the BMI Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Treasury shares

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Other liabilities are measured at net realisable value.



Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2019	2018
2 Financial income		
Interest receivable, group entities	951	405
Other financial income	1,367	0
	<u>2,318</u>	<u>405</u>
3 Financial expenses		
Interest expenses, group entities	575	2,513
Other financial expenses	627	11
	<u>1,202</u>	<u>2,524</u>
4 Tax for the year		
Estimated tax charge for the year	329	-411
Tax adjustments, prior years	2,844	-1,007
	<u>3,173</u>	<u>-1,418</u>

5 Investments

DKK'000	Investments in group enterprises
Cost at 1 January 2019	2,138,117
Additions	1,605,222
Disposals	-1,605,222
Cost at 31 December 2019	<u>2,138,117</u>
Carrying amount at 31 December 2019	<u>2,138,117</u>

Investments at 31 December 2019

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
Icopal Holding ApS	Denmark	100.00%	2,275,033	16,761

6 Treasury shares

	Number	Nominal value DKK'000	Share of capital	Purchase/sales sum DKK'000
Balance at 1 January 2019	33,160,148	33,160	33.00%	
Purchased in the year	2	0	0.00%	1,605,222
Balance at 31 December 2019	<u>33,160,150</u>	<u>33,160</u>	<u>33.00%</u>	

During the year the company has purchased own shares of DKK 1,605 million in connection with the legal structuring for the BMI Group.



Financial statements 1 January - 31 December

Notes to the financial statements

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish BMI Group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends. The jointly taxed entities' total known net liability in respect of corporation taxes payable amounted to DKK 17,241 thousand at 31 December 2019. Any subsequent corrections of the income subject to joint taxation may entail that the Company's liability will increase.

8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2019.

9 Related parties

Cortes Acquisition Company ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
BMI Group Holdings UK Ltd.	London, UK	UK Parent Company (100%)

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
BMI Group Holdings USA LLC	New Jersey, USA	www.cvr.dk

Related party transactions

In 2019 the company have participated in a legal structuring process for BMI Group. The company has purchased shares in group companies for DKK 1,605 million. These shares were immediately transferred to parent company, BMI Group Holdings UK Ltd., as payment in kind of debt of DKK 1,605 million from acquisition of own shares (two shares acquired).

All other transactions with related parties are considered to be on market terms.