
Thorco Management A/S

Tuborg Parkvej 10, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2018

CVR No 37 46 37 60

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
4 /6 2019

Jesper Ringsholm
Chairman of the General
Meeting



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	4
Financial Statements	
Income Statement 1 January - 31 December	5
Balance Sheet 31 December	6
Statement of Changes in Equity	8
Notes to the Financial Statements	9

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Thorco Management 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.

Hellerup, 4 June 2019

Executive Board

Thomas Nørballe Mikkelsen
CEO

Board of Directors

Thor Stadil
Chairman

Jan Egtved Knudsen

Jesper Malik Møller Ringsholm

Independent Auditor's Report

To the Shareholder of Thorco Management 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 Thorco Management 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.

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

Independent Auditor's Report

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, 4 June 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam
State Authorized Public Accountant
mne27768

Bo Schou-Jacobsen
State Authorized Public Accountant
mne28703

Company Information

The Company

Thorco Management A/S
Tuborg Parkvej 10
DK-2900 Hellerup

CVR No: 37 46 37 60
Financial period: 1 January - 31 December
Municipality of reg. office: Gentofte

Board of Directors

Thor Stadil, Chairman
Jan Egtved Knudsen
Jesper Malik Møller Ringsholm

Executive Board

Thomas Nørballe Mikkelsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2018 USD	2017 USD
Gross profit		4.925.024	6.913.953
Staff expenses	4	-3.911.933	-4.574.971
Resultat før afskrivninger		1.013.091	2.338.982
Depreciation, amortisation and impairment of intangible assets		-400.000	-400.000
Profit/loss before financial income and expenses		613.091	1.938.982
Financial income		233.804	558
Financial expenses	5	-210.803	-1.021.852
Profit/loss before tax		636.092	917.688
Tax on profit/loss for the year	6	-145.577	-275.724
Net profit/loss for the year		490.515	641.964

Distribution of profit

Proposed distribution of profit

Retained earnings		490.515	641.964
		490.515	641.964

Balance Sheet 31 December

Assets

	Note	2018 USD	2017 USD
Goodwill		933.333	1.333.333
Intangible assets	7	933.333	1.333.333
Fixed assets		933.333	1.333.333
Receivables from group enterprises		11.348.185	9.927.028
Other receivables		74.737	874.011
Deferred tax asset		56.216	20.953
Prepayments		34.303	48.384
Receivables		11.513.441	10.870.376
Cash at bank and in hand		38.504	677.313
Currents assets		11.551.945	11.547.689
Assets		12.485.278	12.881.022

Balance Sheet 31 December

Liabilities and equity

	Note	2018 USD	2017 USD
Share capital		73.996	73.996
Retained earnings		1.383.286	892.770
Equity		1.457.282	966.766
Other provisions	8	46.000	0
Provisions		46.000	0
Trade payables		353.343	50.629
Payables to group enterprises		10.270.780	11.471.285
Deposits		0	2.783
Other payables		357.873	389.559
Short-term debt		10.981.996	11.914.256
Debt		10.981.996	11.914.256
Liabilities and equity		12.485.278	12.881.022
Going concern	1		
Subsequent events	2		
Key activities	3		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		
Accounting Policies	11		

Statement of Changes in Equity

	<u>Share capital</u> USD	<u>Retained earnings</u> USD	<u>Total</u> USD
Equity at 1 January	73.996	892.771	966.767
Net profit/loss for the year	0	490.515	490.515
Equity at 31 December	73.996	1.383.286	1.457.282

The company's share capital amounts to TDKK 500.

Notes to the Financial Statements

1 Going concern

The Company is financed by group loans. In order for the Company to continue as a going concern, it must be possible to extend the existing financing agreements and to procure liquidity for continued operations. At this time, no agreements securing continued operations have been made. Consequently, the Company's ability to continue as a going concern, and thus its ability to meet its commitments as they fall due, is subject to uncertainty. Management expects financing to be procured to continue the planned activities.

2 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

3 Key activities

The primary activities of the Company are to carry out management activity and other related activities within.

	<u>2018</u> USD	<u>2017</u> USD
4 Staff expenses		
Wages and salaries	3.485.763	4.057.892
Pensions	308.884	350.546
Other social security expenses	40.528	58.108
Other staff expenses	<u>76.758</u>	<u>108.425</u>
	<u>3.911.933</u>	<u>4.574.971</u>
Average number of employees	<u>38</u>	<u>44</u>
5 Financial expenses		
Interest paid to group enterprises	181.920	225.439
Other financial expenses	28.883	10.004
Exchange loss	<u>0</u>	<u>786.409</u>
	<u>210.803</u>	<u>1.021.852</u>

Notes to the Financial Statements

	<u>2018</u>	<u>2017</u>
	USD	USD
6 Tax on profit/loss for the year		
Current tax for the year	180.840	240.164
Deferred tax for the year	-35.263	-20.953
Adjustment of tax concerning previous years	0	56.513
	<u>145.577</u>	<u>275.724</u>

Notes to the Financial Statements

7 Intangible assets

	Goodwill USD
Cost at 1 January	2.000.000
Cost at 31 December	2.000.000
Impairment losses and amortisation at 1 January	666.667
Amortisation for the year	400.000
Impairment losses and amortisation at 31 December	1.066.667
Carrying amount at 31 December	933.333

8 Other provisions

The Company has provisions regarding re-establishment of lease.

	2018 USD	2017 USD
Other provisions	46.000	0
	46.000	0

9 Contingent assets, liabilities and other financial obligations

Leje- og leasingforpligtelser

Lease obligations under operating leases. Total future lease payments:

Within 1 year	239.200	88.018
Between 1 and 5 years	0	8.327
	239.200	96.345

Other contingent liabilities

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 Thornico A/S, 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

10 Related parties

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Thornico A/S	Odense, Denmark

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Thorco Management 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 USD with exchange rate USD 651,94 at 31 December 2018 (31 December 2017 - USD 620,28).

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.

Income Statement

Revenue

Revenue is recognised at fair value to the agreed consideration exclusive of VAT and net of discounts relating to sales.

Expenses regarding administration services

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

Other external expenses

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

Notes to the Financial Statements

11 Accounting Policies (continued)

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses. With reference to section 32 of the Danish Financial Statement Act, revenue has not been disclosed in the annual report.

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.

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.

The Company is jointly taxed with Danish Group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

11 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

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 deferred 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

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