

## **Vækstfabrikken Innovation House ApS**

Indiakaj 20  
2100 København Ø  
Business Registration No  
37942820

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 28.05.2019

### **Chairman of the General Meeting**

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Name: Mads Váczy Kragh

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## Entity details

### Entity

Vækstfabrikken Innovation House ApS

Indiakaj 20

2100 København Ø

Central Business Registration No (CVR): 37942820

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

### Board of Directors

Karsten Hector

Liu Qing

Ying Li

Marianna Teresa Grzymala-Lubanski

Helge Lykke Kristensen

### Executive Board

Mads Váczy Kragh

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

Postboks 10

5100 Odense C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Vækstfabrikken Innovation House ApS for the financial year 01.01.2018 - 31.12.2018.

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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.05.2019

### Executive Board

Mads Váczy Kragh

### Board of Directors

Karsten Hector

Liu Qing

Ying Li

Marianna Teresa Grzymala-  
Lubanski

Helge Lykke Kristensen

# Independent auditor's extended review report

## To the shareholders of Vækstfabrikken Innovation House ApS

### Conclusion

We have performed an extended review of the financial statements of Vækstfabrikken Innovation House ApS for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

### Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

## Independent auditor's extended review report

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with 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 commentary.

Odense, 28.05.2019

## Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Per Krause Therkelsen

State Authorised Public Accountant

Identification No (MNE) mne19698

## Management commentary

### Primary activities

The Company's objective is to provide incubation services to Asian enterprises wishing to enter Northern Europe and to Danish enterprises with interest in the Asian market.

### Development in activities and finances

Vækstfabrikken Innovation House China Denmark ApS is a development company with the intention to create a sustainable business incubator for Chinese businesses wanting to enter the Danish market and Danish businesses seeking toward Asia. Shareholders have collectively committed to providing capital of 4 million DKK to the company in order to create this business incubator. All shareholders are aware that the company will draw on this capital during the first three years of operation before providing a surplus in operation.

The year 2018 hasn't progressed according to plan due to minor occupancy of the physical workspaces and offices than expected. The increased virtual memberships hasn't been able to generate enough turnover to cover this.

The accumulated deficit is solely due to staff-related resources spent on recruitment and content to the businesses that reside on the premises of Innovation House. The premises have had an occupancy of 55% throughout the course of the year. A sustainable level is 85% or more in the current premises on Indiakaj and it is looking more and more difficult to generate the sustainable level of occupancy on these premises. The objective going forward is therefore to relocate the physical setup to another location on Gammel Kongevej in the center of Copenhagen with lower rent and broadening up the target group in the making of an International Hub which can focus not only on China hence creating a more attractive incubation services for international minded enterprises.

As a result of the loss for the year, the invested share capital is lost. The share capital is expected to be reestablished through the delayed capital contributions in the first quarters of 2019.

Attention going forward is therefore to generate the necessary turnover to generate a sustainable operation of Vækstfabrikken Innovation House.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
<b>Gross loss</b>		<b>(729.246)</b>	<b>(2.346)</b>
Depreciation, amortisation and impairment losses		<u>0</u>	<u>(214)</u>
<b>Operating profit/loss</b>		<b>(729.246)</b>	<b>(2.560)</b>
Other financial expenses		<u>(1.240)</u>	<u>(1)</u>
<b>Profit/loss for the year</b>		<b><u>(730.486)</u></b>	<b><u>(2.561)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(730.486)</u>	<u>(2.561)</u>
		<b><u>(730.486)</u></b>	<b><u>(2.561)</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Other fixtures and fittings, tools and equipment		0	591
<b>Property, plant and equipment</b>	2	<u>0</u>	<u>591</u>
Deposits		142.500	143
<b>Fixed asset investments</b>	3	<u>142.500</u>	<u>143</u>
<b>Fixed assets</b>		<u>142.500</u>	<u>734</u>
Trade receivables		16.138	56
Other receivables		136.191	66
Prepayments		60.756	0
<b>Receivables</b>		<u>213.085</u>	<u>122</u>
<b>Cash</b>		<u>341.215</u>	<u>328</u>
<b>Current assets</b>		<u>554.300</u>	<u>450</u>
<b>Assets</b>		<u>696.800</u>	<u>1.184</u>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		100.000	100
Retained earnings		<u>(1.391.644)</u>	<u>(661)</u>
<b>Equity</b>		<b><u>(1.291.644)</u></b>	<b><u>(561)</u></b>
Trade payables		103.709	23
Payables to group enterprises	4	1.417.446	1.667
Other payables		96.489	55
Deferred income		<u>370.800</u>	<u>0</u>
<b>Current liabilities other than provisions</b>		<b><u>1.988.444</u></b>	<b><u>1.745</u></b>
<b>Liabilities other than provisions</b>		<b><u>1.988.444</u></b>	<b><u>1.745</u></b>
<b>Equity and liabilities</b>		<b><u>696.800</u></b>	<b><u>1.184</u></b>
Staff costs	1		
Contingent liabilities	5		

## Statement of changes in equity for 2018

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	100.000	(661.158)	(561.158)
Profit/loss for the year	0	(730.486)	(730.486)
<b>Equity end of year</b>	<b>100.000</b>	<b>(1.391.644)</b>	<b>(1.291.644)</b>

## Notes

	<u>2018</u>	<u>2017</u>
<b>1. Staff costs</b>		
Average number of employees	<u>1</u>	<u>0</u>
		<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>2. Property, plant and equipment</b>		
Cost beginning of year		804.551
Disposals		<u>(804.551)</u>
<b>Cost end of year</b>		<u>0</u>
Depreciation and impairment losses beginning of year		(213.723)
Reversal regarding disposals		<u>213.723</u>
<b>Depreciation and impairment losses end of year</b>		<u>0</u>
<b>Carrying amount end of year</b>		<u>0</u>
		<b>Deposits DKK</b>
<b>3. Fixed asset investments</b>		
Cost beginning of year		<u>142.500</u>
<b>Cost end of year</b>		<u>142.500</u>
<b>Carrying amount end of year</b>		<u>142.500</u>

#### 4. Payables to group enterprises

The group enterprise has signed a subordination agreement proclaiming that the loan will be inferior to claims of other creditors.

#### 5. Contingent liabilities

The company has entered into a rental contract for 1 property with an annual fee of 600k DKK.

The contract is terminable at six months' notice, but not until at least 30.06.2020.

Entity participates in a Danish joint taxation arrangement where Vækstfabrikkerne ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act,

## Notes

the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

#### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Own work capitalised

Own work capitalised comprises staff costs and other in-house costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises etc.

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

## Accounting policies

Other fixtures and fittings, tools and equipment 5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Other financial liabilities

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

### Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.