Klein House ApS

Kløverbladsgade 56
2500 Valby

CVR no. 38 03 04 26

Annual report 2019/20

The annual report was presented and approved at the Company's annual general meeting on

20 August 2020

Søren Rose Kjær
chairman

Contents

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Klein House ApS for the financial year 1 July 2019 – 30 June 2020.

The annual report has been 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 assets, liabilities and financial position at 30 June 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020.

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

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

Copenhagen 20 August 2020
Executive Board:

Søren Rose Kjær	Bjarke Bundgaard Ingels

Independent auditor's report

To the shareholders of Klein House ApS

Opinion

We have audited the financial statements of Klein House ApS for the financial year 1 July 2019 – 30 June 2020 comprising income statement, balance sheet 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 Company's assets, liabilities and financial position at 30 June 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020 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.

Management's responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 20 August 2020
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Anja Bjørnholt Lüthcke
State Authorised
Public Accountant
mne26779

Management's review

Company details

Klein House ApS
Kløverbladsgade 56
2500 Valby

Telephone:	+45 72 21 72 27
Fax:	+45 35 12 72 27
CVR no.:	38 03 04 26
Established:	13 September 2016
Financial year:	1 July – 30 June

Executive Board

Søren Rose Kjær
Bjarke Bundgaard Ingels

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Management's review

Operating review

Principal activities

The Company's main purpose is to act as holding company, develop and own IP rights and associated business.

Development in activities and financial position

The loss for the year amounted to DKK -36 thousand (2018/19: DKK -157 thousand). Management considers the result for the year satisfactory.

The company has a 100 % interest in subsidiary Klein House LLC (United States) which is under liquidation.

Equity at 30 June 2020 amounted to DKK 2 thousand (2018/19: DKK 38 thousand).

At 30 June 2020, the Company has lost more than half of its share capital. The owners, LIGHTBOX ApS and BIG Investments ApS, have in writing declared their intention to provide the Company with sufficient financial support to ensure that the Company is able to meet its liabilities as they fall due until the company is liquidated. The company will be liquidated during 2020.

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Outlook

The company has after the year-end entered into a solvent liquidation and is expected to be liquidated during 2020.

Going concern

The Company has in 2019 received a letter of support from its parent company. In case of financial difficulties of the Company, the parent company intends to pay all liabilities and expenses as they fall due until the annual general meeting where the annual report for 2019/20 is approved. Refer to note 2 for further information.

Financial statements 1 July – 30 June

Income statement

DKK	Note	2019/20	2018/19
Gross loss		-67,386	-52,479
Staff costs	3	0	-75,299
Depreciation		-5,627	-5,626
Operating loss		-73,013	-133,404
Income from equity investments in group entities		36,996	-23,067
Financial expenses		0	-771
Loss before tax		-36,017	-157,242
Tax on loss for the year		0	0
Loss for the year		-36,017	-157,242

Proposed distribution of loss

Retained earnings		-36,017	-157,242
		-36,017	-157,242

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	30/6 2020	30/6 2019
ASSETS			
Fixed assets			
Property, plant and equipment			
Fixtures and fittings, tools and equipment		0	5,627
		0	0
Investments			
Equity investments in group entities	4	0	0
		0	0
Total fixed assets		0	5,627
Current assets			
Receivables			
Other receivables		2,520	2,328
Prepayments		0	194
		2,520	2,522
Cash at bank and in hand		21,006	57,950
Total current assets		23,526	60,472
TOTAL ASSETS		23,526	66,099

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	30/6 2020	30/6 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,800,000	1,800,000
Retained earnings		-1,797,631	-1,761,614
Total equity		2,369	38,386
Liabilities			
Current liabilities			
Other payables		21,157	27,713
Total liabilities		21,157	27,713
TOTAL EQUITY AND LIABILITIES		23,526	66,099

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of Klein House ApS for 2019/20 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

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

Omission of consolidated financial statements

Pursuant to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Income statement

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Income/loss from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Company's income statement after full elimination of intra-group gains/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Equity investments in group entities

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions if the Parent Company has a legal or actual obligation to cover the negative balance of the subsidiary.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report are not tied up in the revaluation reserve.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash and cash equivalents comprise cash deposits in the bank.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Liabilities

Other liabilities are measured at net realisable value.

2 Disclosure of material uncertainties regarding going concern

At 30 June 2020, the Company has lost more than half of its share capital. The owners, LIGHTBOX ApS and BIG Investments ApS, have in writing declared their intention to provide the Company with sufficient financial support to ensure that the Company is able to meet its liabilities as they fall due until the company is liquidated. The company will be liquidated during 2020.

3 Staff costs

Average number of full-time employees	0	1

4 Investments

The company has a 100 % interest in subsidiary Klein House LLC (United States) which is under liquidation.

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK	DKK
Klein House LLC	Brooklyn, NY 11201, USA	100%	0	0
			0	0