

Scandinavian House Development AG

Luzern

Report of the statutory auditor
to the General Meeting

on the financial statements 2019

Report of the statutory auditor

to the General Meeting of Scandinavian House Development AG

Luzern

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Scandinavian House Development AG, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

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Furthermore, we draw attention to the fact that half of the share capital and legal reserves is no longer covered (article 725 paragraph 1 CO).

Additionally, we point out that contrary to the requirements of article 958 paragraph 3 CO, a business report was not prepared within six months of the end of the financial year and submitted to the general meeting of shareholders for approval. Furthermore, the annual general meeting of shareholders did not convene within six months of the end of the financial year, which is contrary to the requirements of article 699 paragraph 2 CO.

PricewaterhouseCoopers AG

Valentin Studer

Thorsten Giesen

Audit expert
Auditor in charge

Luzern, 13 November 2020

Enclosures:

- Financial statements (balance sheet, income statement and notes)

Scandinavian House Development AG, Luzern

Balance Sheet as at	31.12.2019		31.12.2018	
	CHF	%	CHF	%
Assets				
Current assets				
Cash	83.83	0.0	11.98	0.0
	83.83	0.0	11.98	0.0
Capital assets				
Financial assets				
Loan to subsidiary (subordinated)	0.00		1'010'857.96	
	0.00	0.0	1'010'857.96	99.4
Shareholdings				
Scandinavian House Sweden AB	800'000.00		5'854.00	
	800'000.00	100.0	5'854.00	0.6
Intangible fixed assets	1.00	0.0	1.00	0.0
	800'001.00	100.0	1'016'712.96	100.0
Total assets	800'084.83	100.0	1'016'724.94	100.0

Scandinavian House Development AG, Luzern

Balance Sheet as at	31.12.2019		31.12.2018	
	CHF	%	CHF	%
Liabilities and shareholder's equity				
Liabilities				
Accounts payable trade				
Accounts payable trade third parties	0.00		18'466.30	
Account payable trade Scandinavian House Sweden AG	153'824.00		0.00	
Accounts payable trade Marco Zanetti (Shareholder)	0.00		37'500.00	
	153'824.00	19.2	55'966.30	5.5
Other payable				
Current account Scandinavian House Sweden AB	142'210.08		0.00	
Current account Ake Leven (Shareholder)	31'755.78		31'755.78	
Current account Göran Lindberg (Shareholder)	76'557.60		76'557.60	
Current account Marco Zanetti (Shareholder)	18'179.05		18'179.05	
Current account Mikael Engström (Shareholder)	1'625.20		1'532.25	
Current account Manor Invest (Shareholder)	26.55		26.55	
Current account Daropain (Shareholder)	5'607.25		5'607.25	
Current account Uppder House Ltd. (Shareholder)	4'000.00		4'000.00	
Current account Universal Holding (Shareholder)	5'573.85		5'573.85	
	285'535.36	35.7	143'232.33	14.1
Accrued expenses	17'885.00	2.2	35'000.00	3.4
	457'244.36	57.1	234'198.63	23.0
Shareholder's equity				
Share Capital				
Basic capital	4'300'000.00		4'300'000.00	
	4'300'000.00	537.4	4'300'000.00	422.9
Accumulated losses				
Balance, beginning of year	-3'517'473.69		-3'492'148.39	
Annual loss	-439'685.84		-25'325.30	
	-3'957'159.53	-494.6	-3'517'473.69	-346.0
	342'840.47	42.9	782'526.31	77.0
Liabilities and shareholder's equity	800'084.83	100.0	1'016'724.94	100.0

Scandinavian House Development AG, Luzern

Statement of income and expenses 1.1. - 31.12.	2019		2018	
	CHF	%	CHF	%
Operating expenses	-109'295.29		-64'689.07	
Operating result before depreciation, interest and taxes	-109'295.29	0.0	-64'689.07	0.0
Operating result before interest and taxes	-109'295.29	0.0	-64'689.07	0.0
Financing				
Financial costs	-1'964.40	0.0	-46.70	0.0
	-1'964.40		-46.70	
Extraordinary results	-320'730.00	0.0	58'387.82	0.0
Income before taxes	-431'989.69	0.0	-6'347.95	0.0
Direct taxes	-7'696.15	0.0	-18'977.35	0.0
Annual loss	-439'685.84	0.0	-25'325.30	0.0

Scandinavian House Development AG, Luzern

Notes 2019

Summary of significant accounting policies

Principles of financial reporting

The present annual accounts for Scandinavian House Development AG have been prepared in accordance with the regulations of Swiss financial reporting law. The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.

Estimates and assumptions made by management

Financial reporting under the Code of Obligations requires certain estimates and assumptions to be made by management. These are made continuously and are based on past experience and other factors (e.g. anticipations of future results, which seem appropriate under the circumstances). The results subsequently achieved may deviate from these estimates. Actual items in the annual accounts, which are based on estimates and assumptions made by management are investments and financial assets whereby especially the recoverability of these items is dependant on estimates and assumptions made by

Information on full-time positions on annual average

Scandinavian House Development AG has an annual average of not over 10 full-time positions (previous

Participation	31.12.2019	31.12.2018
Company name	Share capital	Share capital
Business activity	Capital share	Capital share
Domicile	Book Value	Book Value
Scandinavian House Sweden AB (direct owned)	SEK 50'000	SEK 50'000
Holding and trading of assets	100%	100%
Stockholm, Sweden	CHF 800'000 1)	CHF 5'854
Scandinavian House Fastighetssholding AB (indirect owned)	SEK 50'000	SEK 50'000
Stockholm, Sweden	100%	100%
	SEK 10'050'000	SEK 10'050'000

1) The capital reserve of SEK 10'000'000 was reclassified from current account to participation as at 31.12.2019.

Extraordinary income

In 2018, an agreement was reached with the shareholder Marco Zanetti as well as with the fiduciary company Goldenschoue SA regarding the outstanding obligations. The outstanding liabilities to be paid according to the agreements were deferred and the remaining existing liabilities are derecognized as extraordinary income.

In 2019, the participation Scandinavian House Sweden AB has to be impaired due to the valuation of Scandinavian House Sweden AB

Going Concern

Due to the low amount of cash as of 31.12.2019 the board of directors and some shareholder guaranteed to provide liquidity to the company for at least 12 months after the balance sheet date.

Authorized share capital

The Board of Directors is authorised to increase the share capital of the Company at any time until 12 March 2022 by a maximum of CHF 2'150'000.00 by issuing a maximum of 1'720'000 fully paid-up registered shares with a nominal value of CHF 1.25 each. Increases in partial amounts are permitted.