

Interim report

2018-01-01 – 2018-09-30
Reinhold Europe AB (publ)
Org. nr. 556706–3713

Reinhold Europe AB (publ.), 556706–3713, offers modern real estate-related products in a company based on tradition and innovation. In the late 1950s, Reinhold Gustafsson decided to implement the idea of building traditional Swedish functionalism and combining high quality and reasonable rents. A focus that made Reinhold one of Sweden's most legendary builder. Beaten by faith in creating win-win solutions in all business, Reinhold Gustafsson often stated that *"it's better to have a part in a larger number of projects, each providing reasonable profitability, than having a few projects with the highest profitability"*.

Today, this is history and the new Reinhold Europe shall not own or manage real estate, but the legacy lives on in the company's visions and daily business activities now with a new focus on real estate-related products and services with high returns.



The English version is for convenience only and in case of any discrepancy, the Swedish text will prevail.

1. Summary of Q1 - Q3 2018 for the group

Summary of Q1 - Q3 2018 for the Group

The following summary refers to the period Q1 - Q3 2018.

The Group consists of the parent company Reinhold Europe AB (publ) and Waxy International AB (publ), which was acquired in Q3 to 100%.

- Revenue for the period amounts to 192(0) KEUR
- The result for the period amounts to – 1 436 (-1,108) KEUR
- The number of shares amounts to 117 926 724 (900 000 A shares and 117 026 724 Class B shares)
- Earnings per share -0,01 EUR (-0,01 EUR)

2. Summary of Q1 - 3 2018 for the parent company

The following summary refers to the period Q1 - 3 2018 with comparative period Q1 - Q3 2017.

- Revenue for the period amounts to 54 KEUR (0 KEUR)
- The result for the period amounts to -368 KEUR (-1 095 KEUR)
- Cash and cash equivalents amounted to EUR 0 (0 KEUR), in addition short-term receivables to 123 KEUR (168 KEUR)
- The number of shares amounts to 117 926 724 (900 000 A shares and 117 026 724 Class B shares)

3. Summary of Q3 2018 for the group

Following summary relates to the period Q3 2018

- Revenue for the period amounts to 123 (0) KEUR
- The result for the period amounts to – 607 (-558) KEUR

4. Summary of Q3 2018 for the parent company

Following summary relates to the period Q3 2018.

- Revenues for the period amount to 54 (0) (0) KEUR
- The result for the period amounts to -202 (-558) KEUR

5. Comments from the Board of Directors

The third quarter has been characterized by work on financing the subsidiary and continued market activities in the housing and energy sectors. Unfortunately, due to external circumstances, we have not been able to reach a conclusion within any of the sections.

Work on finding a new CEO is in progress, as a temporary solution, CFO Ingvar Rehbinder has served as CEO until a permanent solution has been found.

As previously announced, the business is focused on three branches

- property-related services
- -Car care services
- -Energy saving products

Work on the establishment of Waxy's first facility in the Kungens Kurva area just south of Stockholm, follows plan. The focus of the business area is to build a chain of car care facilities where private and corporate customers are offered professional car care in an environmentally and time-efficient manner. Work on finding several places for continued expansion continued and we have been able to announce that Södertälje and Norrtälje will be opened in H1 2019, in addition, lease contracts have been signed in Ystad, Uppsala and Gothenburg

In the case of energy saving products, discussions with several stakeholders are ongoing and the company has good hopes of publishing entered agreements during the fourth quarter.

The Group's earnings in 2018 and Q3 are weighted by interest expense on previous liabilities. The Board's previously published opinion that the reported balance sheet and income statement includes all items that the company may have incurred under previous administrations.

Bobby Mandl

Chairman of the Board

6. Ownership

6.1. Share capital

The share capital as per 2018-09-30 is divided into 117 926 724 shares, of which 900 000 are A shares and 117 026 724 are B shares. The A share entitles to 10 votes and the B share to 1 vote. Each share gives equal rights to the company's assets and profits.

The share is traded on the Warsaw stock exchange under ticker RHD and closing price 2018-09-30 was 0.34 PLN. At the end of the period, the company's market value was EUR 9,9 million.

The Board has been authorized by the AGM to issue 32,000,000 new B shares.

7. Significant events during the period:

- 2018-09-18 Waxy announces that facilities in Norrtälje, Ystad, Gothenburg and Uppsala will be the next places for the company's expansion.
- 2018-09-30 Reduction of the company's share capital decided at the Extraordinary General Meeting registered by the Swedish Companies Registration Office

8. Significant events after the period:

- 2018-10-15 The company establishes the subsidiary WXY Holding AB 559175-2976 through acquisition of stock company and decides to sell the shares in Waxy International AB to the subsidiary WXY Holding AB through a share issue in WXY Holding.
- 2018-11-10 The Swedish Companies Registration Office registers an increase in the company's share capital in accordance with the Board's decision and the Annual General Meeting's authorization 2018-07-30 on a new issue which is paid through debt cancellation.
- 2018-11-15 The Company resolves at the Extraordinary General Meeting that the shares of the subsidiary Waxy Holding will be offered to the company's shareholders.
- 2018-11-15 The Swedish Companies Registration Office registers an increase of the share capital to EUR 66,939 and the company's number of shares amounts to 900,000 Class A shares and 142,624,724 Class B shares. The change related to the determined offset issue.

9. Upcoming reporting dates

2019-02-28	Yearend report 2018	2018-10-01 - 2018-12-31
2019-04-30	Annual report 2018	2018-01-01 - 2018-12-31
2019-05-31	Interim Q1 report 2019	2019-01-01 – 2019-03-31
2019-08-30	Interim H1 report 2019	2019-04-01 – 2019-06-30
2019-11-30	Interim report Q3 2019	2019-07-01 – 2019-09-30

10. Other information from the company

10.1. Personnel

The company has no employees, only one long-term contracted consultant.

10.2. Investments

The Group through its subsidiary is active in constructing car maintenance facilities in Norrtälje and Södertälje with planned completion in Q1 2019.

10.3. Parent Company

The group activities is still in start-up phase, as plan are as presently the housing module business and the energy saving product business will be organized within the parent company.

10.4. Risk Factors

There are several risk factors that may affect the Company's operations. In short, it can be said that the company has observed and has an action plan to counter possible disturbances. The company may be affected by the demand for the housing market. Other significant risks are that key personnel choose to leave the company. In order to counteract this, we have identified key competencies and are constantly seeking recruitment of new staff who will possess these skills.

10.5. Transactions with related parties

The subsidiary has purchased services from the Parent Company in the form of financial services and paid interest on loans. Otherwise, the company has purchased services from key personnel.

10.6. Accounting principles

The accounting principles are described in Note 1 on page 17 (and in Appendix 2).

10.7. Financial position

The Group's financial position is still very precarious. The balance sheet is weighted by debts which emanate from the previous financial year and taxes attributable to the fiscal year 2015. Equity is negative. However, several activities are ongoing to restore this, including the Board's authorization at the Annual General Meeting 2018-07-30 to issue 32,000,000 new shares. As previously stated in this report, the Board of Directors has signed an agreement with two creditors in October that their claim amounting to EUR 1.6 million will be offset against 24,598,000 new B shares.

10.8. Audit

The present interim report has been subject to review by the company's auditors

11. The Boards of Directors certificate

The Board and the Managing Director certifies that this interim report provides a true and fair view of the company's and the Group's operations, financial position and results and describes significant risks and uncertainties faced by the company and its subsidiaries.

Stockholm, 30th of November 2018

Bobby Mandl
Chairman of the Board

Harry Rosenberg
Member of the Board

Ingvar Rehbinder
Member the Board/
Acting CEO

This information is the information that Reinhold Europe AB is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication on Thursday, November 30, 2018 at 16:00

12. The auditor's report

I have conducted a review of the financial interim information in brief for Reinhold Europe AB as of 30 September 2018 and the nine-month period ending on that date. The Board and the Managing Director are responsible for establishing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. My responsibility is to express a conclusion

This interim report based on my review.

INSTRUCTION AND SCOPE OF THE OVERVIEW

I have conducted my review in accordance with International Standard on Review Engagements ISRE 2410 Review of financial interim information conducted by the company elected auditor. A review will consist of making requests, primarily to persons who are responsible for financial matters and accounting issues, to conduct analytical review and that take other review measures. A review has a different orientation and one significantly less scope than the focus and scope of an audit according to International Standards on Auditing and good auditing practice in general. The audit measures that taken in a review, makes it impossible for me to get such a security that I become aware of all the important circumstances that could have been identified if an audit was carried out. Therefore, the stated conclusion based on a review does not have the assurance that a pronounced conclusion based on an audit has.

BASIS FOR EXCLUDED END WITH DEFINITIVE OPINION

As noted in the audit reports for 2016 and 2017, the previous year's significant shortcomings in the management of the company have resulted in significant restrictions on the ability to obtain audit evidence for significant items in both the income statement and the balance sheet.

CONCLUDED WITH DEVIATION

Due to the significance of the circumstances described in the paragraph "Basis for Comprehensive Opinion", my review shows that the interim report has not been prepared in all material respects in

accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act

SIGNIFICANT UNCERTAINTY FACTORS REGARDING THE CONTINUATION OF CONTINUED OPERATION

As shown in the interim report, the Group's financial position is very precarious and have a pronounced need of additional funding to ensure its ability to continue operations.

Stockholm, November 30, 2018.

Johan Kaijser

Chartered Public Accountant

Johan Kaijser

Chartered Accountant

13. Financial reports

Amounts in KEUR

13.1. Summary Income statement for the group*¹

		2018-01-01	2017-01-01
		2018-09-30	2017-09-30
Operating Income, etc	1, 2, 4		
Net Sales		192	0
Other operating income		184	0
Operating Expenses		-240	0
Other external expenses		-793	-1 240
Personnel			
Depreciation			
Operating result		-843	-1 240
Financial items		-595	0
Result from Financial items		-595	131
Result after financial items		-1 437	-1 108
Result before taxes		-1 437	-1 108
Taxes charged on the result		-21	0
Result for the period		-1 459	-1 108
Average number of shares		117 926 724	117 026 724
Earnings per share		-0,01	-0,01

13.2. *Balance sheet in summary for the group*

	2018-09-30	2017-09-30
ASSETS		
Fixed assets		
Intangible assets	1 584	1 677
Tangible fixed assets	1 774	26
Total assets	3 358	1 703
Other long-term receivables	610	
Total financial assets	610	
Current assets		
Receivables	571	205
Cash and cash equivalents	6	10
Total current assets	577	215
TOTAL AASSETS	4 545	1 918
EQUITY AND LIABILITIES		
Equity		
Share capital	55	6 241
Other contributed capital	8 142	8 141
Balanced earnings incl. profit fi	-11 444	-15 129
Shareholders equity attributable	-3 247	-746
Long-term liabilities	2 947	475
Current liabilities	4 845	2 190
TOTAL EQUITY AND LIA	4 545	1 918

13.3. Cash-flow report in summary for the group

	2018-09-30	2017-09-30
Cash flow from current operations		
Operating profit	-841	-1 059
Adjustments for items not included in cash flow	-21	-54
Paid Interest	-595	-37
Cash flow from operating activities before changes in working capital	-1 457	-1 149
Changes in working capital		0
Change in operating receivables	-162	-8
Change in operating liabilities	11	1 247
Cash flow from current operations	-151	1 239
Investment		0
Investments in property, plant and equipment	-579	-90
Cash flow from investing activities	-579	-90
	0	0
Loans raised and the like	2 188	0
Cash flow from financing activities	2 188	0
The year's cash flow	1	0
Cash and cash equivalents at the beginning of the	5	0
Cash and cash equivalents at year-end*	6	0

*refers to the subsidiary

13.4. Report over changes in own capital for the group

	Share Capital	Other Contributed Capital	Other Equity	Accrued equity incl this years result	Total Equity
Opening Balance	6 241	8 141	0	-16 630	-2 248
Reduction in share capital	-6 186	0	0	6 186	0
New Issue	0	0	0	0	0
Shareholders Contribution	0	0	0	531	531
Currency deviation	0	0	-74	0	-74
Year result	0	0	0	-1 457	-1 457
Closing Balance	55	8 141	-74	-11 370	-3 247

13.5. *Income statement for the parent company*

	2018-01-01 2018-09-30	2017-01-01 2017-09-30	2018-07-01 2018-09-30	2017-07-01 2017-09-30
KEUR				
Operating income etc				
Net sales	0	1	54	1
Oter operating income	185	0	110	0
Operating expenses				
Other external expenses	-292	-1 227	-176	-653
Personnel costs	0	0	0	0
Other operating expenses	0	168	0	125
	0	0	0	0
Operating Profit	-107	-1 059	-11	-528
Financial Items	-241	-37	-170	-30
Result after financial items	-348	-1 095	-181	-558
Result before taxtes				
	-21	0	-21	0
Net Result of the period	-369	-1 095	-202	-558
Number of shares	117 926 724	117 926 724	117 926 724	109 926 724

13.6. Balance sheet in summary for the parent company

ASSETS	2018-09-30	2017-09-30
Fixed Assets		
Financial Assets	2 689	1 761
Total Fixed Assets	2 689	1 761
Current Assets		
Receivables	123	168
Cash and bank balances	0	0
Total Current Assets	123	168
TOTAL ASSETS	2 812	1 928
 EQUITY AND LIABILITIES		
Equity		
Share capital	55	6 241
Premium Fund	8 673	8 141
Retained earnings	-10 256	-14 020
Result of the year	-369	-1 095
Total Equity	-1 897	-733
Long term liabilities and appro	475	475
Short term Liabilities		
Accounts payable	236	0
Current tax liabilities	1 057	0
Other debts	2 607	2 186
Accrued expenses and paid-up	334	0
Total short-term liabilities	4 234	2 186
TOTAL EQUITY AND LL	2 812	1 928

13.7. *Cash-flow report in summary for the parent company*

	2018-01-01	2017-01-01
	2018-09-30	2017-09-30
Cash flow from current operations		
Operating profit	-107	-1 181
Adjustments for items not included in cash flow	-21	-54
Paid Interest	-241	-142
Cash flow from operating activities before changes in working capital	-369	-1 377
Changes in working capital		
Change in operating receivables	507	-387
Change in operating liabilities	53	1 582
Cash flow from current operations	560	1 195
Investment		
Investments in property, plant and equipment	-723	-100
Cash flow from investing activities	-723	-100
Loans raised and the like	0	0
Cash flow from financing activities	532	0
The year's cash flow	0	0
Cash and cash equivalents at the beginning of the year	0	0
Cash and cash equivalents at end of period	0	0

*refers to the subsidiary

14. Notes

14.1. Note 1 Accounting and valuation principles

Reinhold Europe's quarterly report has been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated accounts have been prepared in accordance with IFRS as adopted by the EU and the following reference to 9 chapters in the Annual Accounts Act. The parent company's accounts have been prepared in accordance with RFR 2, Accounting for Legal Entities and the Annual Accounts Act. The parent company and the group's accounting policies in accordance with IFRS are attached, Appendix 4.

14.2. Note 2 Financial assets and liabilities

The Reinhold Europe Group holds financial assets classified as "Loans and receivables" which are reported at accrued acquisition value. All liabilities are reported at accrued acquisition value. Financial assets and liabilities that are reported at accrued acquisition value in all cases have short maturities.

The fair value of these is therefore deemed to be in accordance with the book value. No financial assets or liabilities have been moved between the valuation categories.

The financial assets consist of a leasehold amounting to 339 KEUR.

14.3. Note 3 Intangible fixed assets

Accumulated investment	2017-01-01	2017-06-30	2017-09-30
Opening balance	0	0	0
Acquisition of business	0	0	2 016
Closing balance	0	0	2 016

The acquisition relates to goodwill attributable to the subsidiary Waxy International AB

14.4. Note 4 Acquisition of business

The Group's financial assets refer to in its entirety Goodwill in Waxy International AB. The parent company's financial assets refer to shares in Waxy International AB, 1 739 KEUR.

The Group	
Acquisition value	1 739
Accumulated result during the period	-11
Share of the period result	-11
Stated Value	1 728

The shares in Waxy International AB are pledged until all the financing terms of the Acquisition Contract have been met.

14.5. Note 5 Financial fixed assets

The Group's financial assets refer to a total of 334 rental deposition for the Waxy premises rental. The parent company's financial assets refer to shares in Waxy International AB, 1 761 KEUR.

14.6. Not 6 Pledged Collateral

The shares in Waxy International AB are pledged until all the financing terms of the Acquisition Contract have been meet.

15. Appendix 1 - Background and history

Background and history

Modern real estate-related products in a company based on tradition and innovation.

In the late 1950s, Reinhold Gustafsson decided to implement the idea of building traditional Swedish functionalism and combining high quality and reasonable rents. A focus that made Reinhold one of Sweden's most legendary builder. Beaten by faith in creating win-win solutions in all business, Reinhold Gustafsson often stated that "it's better to have a part in a larger number of projects, each providing reasonable profitability, than having a few projects with the highest profitability".

Today, this story and the new Reinhold Europe are not owned or managed by real estate, but the legacy lives on in the company's visions and daily business activities now with a new focus on real estate-related products and services with high returns.

Our vision is that all activities should be conducted from a sustainable perspective, creating good profitability for the owners while creating added value for our customers.

We achieve this by focusing our Real Estate Development on the major housing needs of new arrivals and elderly, offering real estate solutions with efficient production.

We do this by collaborating with experienced entrepreneurs and committed municipalities, and we do this by providing quality assured and flexible apartment modules that are quickly and easily built into full-fledged homes and houses, where the majority of steel structures are made from recycled steel.

This gives us another opportunity to build purposeful and affordable housing for young people and students.

Reinhold shall be characterized by long-term, credibility and clear corporate responsibility. Our projects are characterized by ecological sustainability, cost-effectiveness and clear added value. Our accommodations are characterized by participation, well-being and social and economic sustainability.

16. Appendix 2 Accounting principles

16.1. Summary of important accounting principles

The most important accounting principles applied when preparing this consolidated financial statement are set out below.

The parent company's accounting policies follow the Group unless otherwise stated. The differences are listed at the end of this Appendix.

Reason for the preparation of reports

The consolidated accounts of Reinhold Europe AB (publ) have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. It has been prepared in accordance with the acquisition value method. There are no financial instruments that are valued at fair value.

The preparation of reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management requires certain assessments when applying the Group's accounting principles. The areas that include a high degree of assessment, which are complex or areas where assumptions and estimates are essential for the consolidated accounts are mainly intangible fixed assets and accounts receivable linked to the activities previously carried out in the group.

New standards and interpretations that have not yet been applied by the Group

With the exception of IFRS 16 Leases (replacing IAS 17 Lease Agreement and beginning on January 1, 2019, but not yet adopted by the EU), none of the IFRS or IFRIC interpretations that have not yet entered into force are expected to have a significant impact on the Group. The Group holds leases and is deemed to be affected by IFRS 16. IFRS 16 implies that, for the lessee, almost all leases are to be reported in the balance sheet; as asset and liability. The income statement reports depreciation and interest expenses on the liability.

16.2. Principles for consolidated accounts

Subsidiaries are all companies over which the Group has controlling influence. The Group controls a company when it is exposed to or is entitled to variable returns from its holding in the company and is able to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The acquisition method is used to account for the Group's business combinations. The purchase price for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities borne by the Group to former owners of the acquired company and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities that arise as a result of a conditional purchase agreement. Identifiable acquired assets and liabilities assumed in a business combination are initially valued at fair value on acquisition date. For each acquisition - i.e., acquisition for acquisition - the Group decides whether non-controlling interest in the acquire is reported at fair value or on the proportionate share of the holding in the carrying amount of the acquirer's identifiable net assets. Acquisition-related costs are expensed when incurred. If the business combination is carried out in several stages, the previous equity interests in the acquired company are revalued to its fair value at the acquisition date. Any gain or loss resulting from the revaluation is recognized in the income statement. Each conditional

purchase price to be transferred by the Group is reported at fair value at the acquisition date. Subsequent changes in the fair value of a conditional purchase consideration classified as an asset or liability are reported in accordance with IAS 39 either in the income statement or in other comprehensive income.

Intra-Group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated.

16.3. Principles for transactions in foreign currency

Functional currency and report currency

Items included in the financial statements of the various entities in the Group are valued at the currency used in the economic environment in which each company is primarily active (functional currency). The consolidated accounts use Euro (EUR), which is the Group's reporting currency.

Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the exchange rates prevailing on the transaction date or the date on which the items are revalued. Exchange rate gains and losses arising from the payment of such transactions and the translation of monetary assets and liabilities in foreign currency at the closing date are recognized in the income statement. Exceptions are when the transactions constitute hedges that meet the terms of hedge accounting for cash flows or net investments, as gains / losses are reported in other comprehensive income.

Foreign exchange gains and losses relating to loans and cash equivalents are reported in the income statement as financial income or expenses. All other exchange gains and losses are reported in the item Other income and other operating expenses. For consolidated periods, the Group has only financial exchange gains and losses.

16.4. Group Companies

Waxy International AB reports in SEK.

Income and financial position of all Group companies that have a different functional currency than the reporting currency are translated into the Group's reporting currency as follows:

- assets and liabilities for each of the balance sheets are translated at the closing date rate;
- Income and expenses for each of the income statements are translated at the average exchange rate, and
- All exchange rate differences that arise are reported in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of this business and translated at the closing date. Exchange rate differences are reported in other comprehensive income.

16.5. Cash-flow analysis

The cash flow statement is prepared according to the indirect method. This means, among other things, that the reported income is adjusted for non-liquidity items.

16.6. Intangible assets

Goodwill

Reported goodwill is related to the acquisition of Waxy International AB, and is valued at acquisition value.

Goodwill arises from acquisition of subsidiaries and refers to the amount by which the purchase price exceeds the fair value of identifiable acquired net assets.

Goodwill impairment is tested annually or more often if events or changes in conditions indicate a possible depreciation. The carrying amount of the cash-generating unit to which goodwill is attributable is compared to the recoverable amount, which is the higher of value in use and fair value minus selling expenses. Any write-downs are recognized immediately as a cost and are not reversed

16.7. Tangible fixed asset

All tangible fixed assets are reported at cost less depreciation. The acquisition value includes expenses directly attributable to the acquisition of the asset.

Additional expenses are added to the asset's carrying amount or reported as a separate asset, whichever is appropriate only when it is likely that the future financial benefits associated with the asset will be allocated to the Group and the asset's acquisition value can be measured reliably. The reported value of the replaced part is removed from the balance sheet. All other forms of repairs and maintenance are reported as expenses in the income statement during the period they arise.

Inventories, tools and installations 5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on disposal are determined by a comparison between sales revenue and the carrying amount and reported net in other operating income and other operating expenses

16.8. Ongoing investments

Ongoing new plant and advance relates to the establishment of a laundry facility in the Kungens Kurva area. The plant is expected to be completed i

16.9. Impairment of non-financial assets

Assets are assessed for impairment whenever events or changes in circumstances indicate that the

reported value may not be recoverable. For assets that are not yet ready for use (eg unfinished balance sheet development costs), impairment losses are required at least once a year.

An impairment loss is made by the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs and its value in use. When assessing impairment requirements, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units). For assets that have previously been written down, a review of whether reversals should be made on each balance sheet date is made.

16.10. Financial assets

The Group classifies its financial assets and liabilities in the following categories: loan receivables and accounts receivable and liabilities at accrued acquisition value. The classification depends on the purpose for which the financial asset or liability has been acquired. Management determines the classification at the first reporting date

Classification

Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted on an active market. They are included in current assets with the exception of expiration dates more than 12 months after the end of the reporting period, which are classified as non-current assets. Group loan receivables, accounts receivable, other receivables, accrued income and liquid assets.

Accounting and valuation

Purchases and sales of financial assets are reported on the business day - the date when the Group undertakes to buy or sell the asset. Financial instruments are recognized initially at fair value plus transaction costs. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or transferred and the Group has transferred virtually all risks and benefits associated with ownership. Loan receivables and accounts receivable are reported after acquisition date at accrued acquisition value using the effective interest rate method.

Offsetting

Financial assets and liabilities are offset and reported with a net amount in the balance sheet only when there is a legal right to settle the reported amounts and an intention to settle them with a net amount or to simultaneously realize the asset and settle the liability. The legal right must not be dependent on future events and it must be legally binding on the company and the counterparty both in normal business and in case of payment, insolvency or bankruptcy.

Impairment of financial assets

Assets recognized at amortized cost

For the category loan receivables and accounts receivable, the write-down is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future non-performing loan losses) discounted to the original effective interest rate of the financial asset. The reported value of the asset is written down and the write-down amount is reported in the consolidated income statement.

16.11. Cash and cash equivalents

Liquid funds are defined as, in addition to cash and bank balances, also short-term investments that can easily be converted into a known amount of cash and bank and exposed to an insignificant risk of value fluctuations. The Group has no short-term investments for reported periods.

16.12. Share capital

Stock shares are classified as equity.

Transaction costs directly attributable to the issue of new common shares are reported, net of tax, in equity as a deduction from the emission allowance.

16.13. Trade payables

Trade payables are liabilities to pay for goods or services that have been acquired in the current business from suppliers. Trade payables are classified as current liabilities if they appear within one year or earlier (or during normal business cycle if longer). If not, they are recorded as long-term liabilities.

Trade payables are recognized initially at fair value and subsequently at accrued acquisition value using the effective interest rate method.

16.14. Liabilities valued at accrued acquisition value

Here, the Group reports all of its long and current liabilities. Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently reported at accrued acquisition value and any difference between the amount received (net after transaction costs) and the repayment amount

are recognized in the income statement over the loan period, using the effective interest rate method.

16.15. Provisions

A provision is a liability that is uncertain as to maturity date or amount. A provision is recognized when the Group has an existing legal or informal obligation as a result of an event occurring and it is likely that an outflow of resources will be required to settle the commitment and a reliable estimate of the amount can be made.

16.16. Current and deferred income tax

The tax expense for the period comprises current and deferred taxes. Tax is reported in the income statement, except when the tax refers to items recognized in other comprehensive income or directly in equity. In such cases, tax is also reported in other comprehensive income and equity.

The current tax expense is calculated on the basis of the tax rules that were decided or, in practice, decided in the countries where the parent company and its subsidiaries are active and generate taxable income. Management regularly evaluates the claims made in self-declarations regarding situations where applicable tax rules are subject to interpretation. It, when deemed appropriate, makes provisions for amounts likely to be paid to the tax authorities.

Deferred tax is recognized on all temporary differences that arise between the tax value of assets and liabilities and their reported values in the consolidated accounts. Deferred tax liability, however, is not recognized if it arises as a result of the initial recognition of goodwill.

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Deferred tax assets are reported to the extent that future tax surpluses will be available, against which the temporary differences can be utilized.

Deferred tax assets and liabilities are settled when there is a legal right to set off current tax assets and liabilities and when the deferred tax assets and tax liabilities relate to taxes debited by a single tax authority and concern either the same taxpayer or different taxpayers where there is an intention to adjust the balances through net payments.

16.17. Revenue recognition

Revenue is valued at the fair value of what is received or will be received, and corresponds to the amounts received for the goods sold, less discounts, returns and VAT.

The Group reports an income when its amount can be measured reliably, it is likely that future economic benefits will accrue to the company and specific criteria have been met for each of the Group's operations as described below. The Group has yet to begin revenue generation.

Interest income is recognized as income using the effective interest method. When the value of a receivable in the loan and receivables category has decreased, the Group reduces the carrying amount at the recoverable amount, which is estimated by future cash flow, discounted by the original effective

interest rate of the instrument, and continues to solve the discount effect as interest income. Interest income on impaired loan receivables and accounts receivable is reported in initial effective interest.

16.18. Leasing

Leasing where a significant part of the risks and benefits of ownership is retained by the lease donor is classified as operational leasing. Payments made during the lease term (after deduction of any incentives from the lease donor) are expensed in the income statement on a straight-line basis over the lease term.

The Group has no financial leases.

16.19. The parent company's accounting principles

The parent company will establish, starting with the current financial year 2017-01-01-2017-12-31, prepare its annual report in accordance with the Annual Accounts Act and the Swedish Financial Reporting Recommendation RFR2, Accounting for Legal Entities and the Emergency Group's statement. The rules of RFR2 imply that the parent company in the annual report of the legal entity shall apply all of the EU-approved IFRS / IAS rules and statements as far as possible within the framework of the Annual Accounts Act and with regard to the relationship between accounting and taxation. The recommendation specifies which exceptions should be made from IFRS / IAS. The provisions of IFRS / IAS are set out in the consolidated accounts note 1 Reading principles.

The Parent Company applies the accounting policies specified for the Group with the exception of the following:

Shares in subsidiaries

Subsidiaries are reported according to the acquisition method, which means that the balance sheet shows the holdings at cost less any impairment losses. Dividends from subsidiaries are reported as dividend income.

Reporting of Group contributions

Group contributions are reported in accordance with the alternative rule in RFR 2, which means that both group contributions received and received are reported as financial statements in the income statement.

Presentation of income statement and balance sheet

The Parent Company complies with the Annual Accounts Act. means another allocation of equity. For this reason, the parent company reports the short-term investments, cash and bank balances separately in its balance sheet. Subsidiaries are reported according to the acquisition method, which means that the balance sheet shows the holdings at cost less any impairment losses. Dividends from subsidiaries are reported as dividend income.

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