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Masai Clothing Company ApS

Hammerensgade 1 st.tv
1267 Copenhagen K
Central Business Registration No 10279488

Annual report 2017/18

The Annual General Meeting adopted the annual report on 20.11.2018

Chairman of the General Meeting

Name: Christian Ro Mejer

Contents

Entity details

Entity

Masai Clothing Company ApS
Hammerensgade 1 st.tv
1267 Copenhagen K

Central Business Registration No: 10279488
Registered in: Copenhagen
Financial year: 01.07.2017 - 30.06.2018

Board of Directors

Sune Bjerregaard, Chairman
Louise Bechmann

Executive Board

Sune Bjerregaard
Louise Bechmann

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København 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 Masai Clothing Company ApS for the financial year 01.07.2017 - 30.06.2018.

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 30.06.2018 and of the results of its operations for the financial year 01.07.2017 - 30.06.2018.

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, 20.11.2018

Executive Board

Sune Bjerregaard	Louise Bechmann

Board of Directors

Sune Bjerregaard Chairman	Louise Bechmann

Independent auditor's report

To the shareholder of Masai Clothing Company ApS

Opinion

We have audited the financial statements of Masai Clothing Company ApS for the financial year 01.07.2017 - 30.06.2018, 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2018 and of the results of its operations for the financial year 01.07.2017 - 30.06.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 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.

Independent auditor's report

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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 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 audit 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 audit or otherwise appears to be materially misstated.

Independent auditor's report

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 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 commentary.

Copenhagen, 20.11.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen	Sune Baadsager Holm
State Authorised Public Accountant	State Authorised Public Accountant
Identification number (MNE) mne32127	Identification number (MNE) mne35443

Management commentary

	2017/18 DKK'000	2016/17 DKK'000	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000
Financial highlights					
Key figures					
Revenue	419.148	377.045	297.950	250.215	212.708
Gross profit/loss	133.296	137.536	123.658	100.577	83.073
Operating profit/loss	90.634	98.245	87.715	65.910	48.777
Net financials	8.495	1.961	536	211	440
Profit/loss for the year	77.402	78.838	66.494	49.559	36.850
Total assets	271.599	212.491	119.072	90.199	75.449
Investments in property, plant and equipment	5.221	4.151	1.569	1.405	3.009
Equity	196.239	140.588	75.726	60.569	45.497
Ratios					
Gross margin (%)	31,8	36,5	41,5	40,2	39,1
Net margin (%)	18,5	20,9	22,3	19,8	17,3
Return on equity (%)	46,0	72,9	97,6	93,4	81,0
Equity ratio (%)	72,3	66,2	63,6	67,2	60,3

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Ratios**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's principal activities during the period have – as in previous years – consisted of design of women's lifestyle wear sold through wholesale and retail channels. The Company's products are mainly marketed in Northern and Western Europe and now the US. The Company has its headquarters in Copenhagen and is represented by own and external showrooms in some of the largest cities in Northern and Western Europe. The Company has 13 retail stores in Denmark.

Development in activities and finances

The Company's results and financial development has almost met the expectations expressed by Management. The period has shown an increase in the turnover where there has been a slight decrease in the revenue on wholesale and an increase in our own channels Retail and E-commerce. The revenue from wholesale in US has increased significant the last year as has the revenue from our Webshop, which we have launched in UK, Germany, Ireland and Finland in august 2017.

The income statement shows a profit after tax of DKK 77.402 million.

The Company has merged with Masai Clothing Company Norge AS as of 1 July 2017. The merger has been recognised in accordance with the book value method and therefore comparative figures has not been restated.

Outlook

The Directors aim at maintaining Management policies.
They expect a growth in the Company's Retail-and E-commerce business. The Management expect a decline in the wholesale business but a growth in the wholesale business in US. Results for the next financial year are expected to decrease.

The company is changing from a mainly wholesale business to a multichannel business and the directors expect a growth in the years to come and an improvement of the results.

Particular risks

The principal risks and uncertainties facing the Company are broadly grouped as; Competitive, legislative and financial instrument risks.

Competitive Risks

The Company is generally less affected by competition than other companies in the fashion industry due to the fact that it operates in a niche consumer segment with limited competition as well as the fact that the Company's end consumers are quite brand loyal. But the Company is affected by the overall market situation in its major markets (Scandinavia, UK and Germany) and is aware of the fact that independent retailers in general are under increased competitive pressure from larger retailers and online sales - especially in smaller cities.

Management commentary

Legislative Risks
The Company is not subject to any essential legislative risks requiring a separate mention.

Financial Instrument Risks
The objectives of ongoing risk management aim to limit undue counterparty exposure, ensure sufficient working capital and monitor the management of risk at a business unit level.

Use of derivatives
The Company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchangerates by fixing the rate of any material payments in a foreign currency. The Company also uses interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements.

Intellectual capital resources
An essential part of the basics of business for the Company is design and conceptual development, which makes great demands on knowledge resources concerning employees engaged in this section of the Company.

In order to maintain this knowledge, it is of crucial importance for the Company to be able to recruit and keep employees with the relevant professional background. The Company aims at all times to secure the optimum mix of employees as well as to secure a necessary adaptability.

On a number of other essential business processes such as logistics and IT, the Company is seeking to secure the necessary adaptability by combining outsourcing and a mix of employees with high professional expert knowledge.

Environmental performance
Since the Company is a business without any form of production, it is the opinion of Management that the Company is not subject to any essential environmental conditions requiring a separate mention.

Research and development activities
The Company has no actual research activities, but has (similar to recent years) used considerable resources on development and design of products and concepts in order to maintain the market position.

Statutory report on corporate social responsibility
The Company is a member of Amfori whose mission is to enable each of their members to enhance human prosperity, use natural resources responsibly and drive open trade globally. The Amfori organization is responsible for the BSCI Code of Conduct.

The Company demands that all suppliers of goods (clothing) are working under the BSCI or Sedex Code of Conduct. In the last year all suppliers have been approved by BSCI or Sedex. The Company pays annual visits to suppliers, and suppliers are being audited as a minimum every second year by an independent

Management commentary

audit company monitored by BSCI and/or Sedex. The Code of Conduct secures the human rights and social environment for employees working with the Company's suppliers.

The Company has not in the current year have had a formalized policy on the environmental impact of it business. The Company will during next year be looking into the environmental impact of its business in order to make a positive difference. Types of packaging, transporting and production are being investigated.

The Company is examining how recycled material can be used in packaging as well as which mode of transportation will have the least negative impact on the environment and climate. In addition, visits to a number of sub-suppliers have been planned to monitor their production methods.

Statutory report on the underrepresented gender

This is the Company's first year of reporting on gender. The Company's overall goal for both the Board of directors and other management levels is to create a good and versatile workplace that promotes equal career opportunities for both women and men. The Company focuses on encouraging qualified candidates of both genders to apply for any position. On the Board of directors, the gender composition is 50% men and 50% women. For managers employed in the Company the gender composition is 64% women and 36% men which is close to equal as the total numbers of managers is not very large. The Company will continue to encourage and attract both genders to its management level, and we will look into the possibilities how to make this even more evident for all.

Events after the balance sheet date

No events have occurred after the end of the financial period which affects the Company's financial position.

Income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Revenue	1	419.148	377.045
Other operating income		5.239	7.286
Cost of sales		(157.721)	(140.637)
Other external expenses	2	(133.370)	(106.158)
Gross profit/loss		**133.296**	**137.536**
Staff costs	3	(38.320)	(36.310)
Depreciation, amortisation and impairment losses	4	(4.342)	(2.981)
Operating profit/loss		**90.634**	**98.245**
Other financial income	5	11.311	3.892
Other financial expenses	6	(2.816)	(1.931)
Profit/loss before tax		**99.129**	**100.206**
Tax on profit/loss for the year	7	(21.727)	(21.368)
Profit/loss for the year	8	**77.402**	**78.838**

Balance sheet at 30.06.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Completed development projects		5.777	5.655
Goodwill		1.889	1.113
Intangible assets	9	**7.666**	**6.768**
Other fixtures and fittings, tools and equipment		4.015	2.395
Leasehold improvements		4.596	3.636
Property, plant and equipment	10	**8.611**	**6.031**
Fixed assets		**16.277**	**12.799**
Manufactured goods and goods for resale		42.757	39.365
Inventories		**42.757**	**39.365**
Trade receivables		14.673	8.650
Receivables from group enterprises		137.278	92.827
Deferred tax	11	997	776
Other receivables		5.875	4.210
Prepayments	12	2.452	2.386
Receivables		**161.275**	**108.849**
Cash		**51.290**	**51.478**
Current assets		**255.322**	**199.692**
Assets		**271.599**	**212.491**

Balance sheet at 30.06.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital		1.001	1.000
Reserve for development expenditure		2.531	2.808
Retained earnings		192.707	136.780
Equity		**196.239**	**140.588**
Other provisions	13	1.263	513
Provisions		**1.263**	**513**
Joint taxation contribution payable		21.698	22.248
Non-current liabilities other than provisions		**21.698**	**22.248**
Trade payables		15.839	11.750
Payables to group enterprises		3.816	6.647
Joint taxation contribution payable		24.953	23.902
Other payables		7.791	6.843
Current liabilities other than provisions		**52.399**	**49.142**
Liabilities other than provisions		**74.097**	**71.390**
Equity and liabilities		**271.599**	**212.491**
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Mortgages and securities	16		
Related parties with controlling interest	17		
Transactions with related parties	18		
Group relations	19		

Statement of changes in equity for 2017/18

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.000	2.808	136.780	140.588
Effect of mergers and business combinations	1	0	15.268	15.269
Extraordinary dividend paid	0	0	(37.219)	(37.219)
Exchange rate adjustments	0	0	215	215
Tax of equity postings	0	0	(16)	(16)
Transfer to reserves	0	(277)	277	0
Profit/loss for the year	0	0	77.402	77.402
Equity end of year	**1.001**	**2.531**	**192.707**	**196.239**

Notes

	2017/18 DKK'000	2016/17 DKK'000
1. Revenue		
Wholesale	334.898	313.315
Retail	58.740	57.576
E-Commerce (Webshop)	25.510	6.154
	419.148	**377.045**

An overview of the Group's revenue by geographical market is set out below.

	2017/18 DKK'000	2016/17 DKK'000
Denmark	112.178	109.097
Sweden	61.260	65.539
United Kingdom	78.798	80.591
Norway	36.341	3.441
Germany	35.735	35.751
Finland	19.296	22.243
US	17.951	6.992
Other countries	57.589	53.391
	419.148	**377.045**

2. Fees to the auditor appointed by the Annual General Meeting

Fees to the auditor appointed by the Annual General Meeting is disclosed in the overlying parent. The Company has thereof, referring to the Danish Financial Act § 96, 3, not disclosed the auditor fees.

	2017/18 DKK'000	2016/17 DKK'000
3. Staff costs		
Wages and salaries	35.861	34.224
Pension costs	2.223	1.919
Other social security costs	336	298
Staff costs classified as assets	(100)	(131)
	38.320	**36.310**
Average number of employees	**83**	**77**

Notes

	Remuneration of management 2017/18 DKK'000	Pension liabilities 2017/18 DKK'000	Remuneration of management 2016/17 DKK'000	Pension liabilities 2016/17 DKK'000
Executive Board	2.480	143	3.093	149
	2.480	**143**	**3.093**	**149**

Management is employed in Daisy 2015 Management ApS. Remuneration is accounted as a proportional distribution for managing Masai Clothing Company ApS.

	2017/18 DKK'000	2016/17 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.731	1.276
Depreciation of property, plant and equipment	2.611	1.673
Profit/loss from sale of intangible assets and property, plant and equipment	0	32
	4.342	**2.981**

	2017/18 DKK'000	2016/17 DKK'000
5. Other financial income		
Financial income arising from group enterprises	7.450	3.223
Other financial income	3.861	669
	11.311	**3.892**

	2017/18 DKK'000	2016/17 DKK'000
6. Other financial expenses		
Other financial expenses	2.816	1.931
	2.816	**1.931**

Notes

	2017/18 DKK'000	2016/17 DKK'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	21.698	21.516
Change in deferred tax for the year	252	(148)
Adjustment concerning previous years	(223)	0
	21.727	**21.368**

	2017/18 DKK'000	2016/17 DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	77.402	78.838
	77.402	**78.838**

	Completed develop-ment projects DKK'000	Goodwill DKK'000
9. Intangible assets		
Cost beginning of year	6.700	6.675
Additions	1.629	1.000
Cost end of year	**8.329**	**7.675**
Amortisation and impairment losses beginning of year	(1.045)	(5.562)
Amortisation for the year	(1.507)	(224)
Amortisation and impairment losses end of year	**(2.552)**	**(5.786)**
Carrying amount end of year	**5.777**	**1.889**

7. Intangible assets (continued)

Recognised development projects comprise expenses held for the establishment of an E-commerce platform.

The project was established as the Company wished to reach a broader group of customers.

Notes

The E-commerce platform went online in August 2016. Investments has continued during the financial year to develop the functionality and to expand the market and thereby grow the business.

The market potential is considered sufficiently favourable and therefore, the incurred expenses are recognised.

	Other fixtures and fittings, tools and equipment DKK'000	**Leasehold improve-ments DKK'000**
10. Property, plant and equipment		
Cost beginning of year	6.133	9.796
Additions	2.909	2.312
Disposals	(67)	0
Cost end of year	**8.975**	**12.108**
Depreciation and impairment losses beginning of the year	(3.738)	(6.160)
Depreciation for the year	(1.259)	(1.352)
Reversal regarding disposals	37	0
Depreciation and impairment losses end of the year	**(4.960)**	**(7.512)**
Carrying amount end of year	**4.015**	**4.596**

Notes

	2017/18 DKK'000	2016/17 DKK'000
11. Deferred tax		
Intangible assets	(1.311)	(1.304)
Property, plant and equipment	176	291
Inventories	1.901	1.928
Receivables	311	367
Provisions	(139)	(124)
Liabilities other than provisions	76	70
Other taxable temporary differences	(17)	(452)
	997	**776**

Changes during the year	
Beginning of year	776
Recognised in the income statement	252
Recognised directly in equity	(31)
End of year	**997**

12. Prepayments

Prepayments primarily consist of prepaid expenses.

13. Other provisions

Other provisions mainly relate to provisions for expected returns.

	2017/18 DKK'000	2016/17 DKK'000
14. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**15.553**	**23.668**

15. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Daisy 2015 Management ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013/14 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Notes

16. Mortgages and securities

The Company has provided guarantees towards financial institutions in respect of loans. On 30 June 2018, total bank guarantees amounted to DKK 10.147 thousands.

17. Related parties with controlling interest

Daisy 2015 Management ApS is a related party and has a controlling interest in the Company.

18. Transactions with related parties

No transactions with related parties were made in 2017/18 that were not on arm's length basis

19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Daisy 2015 Holdco Limited, United Kingdom

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Daisy 2015 Topco Limited, United Kingdom

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these financial statements are consistent with those applied last year, except for smaller adjustments concerning classifications without effect on result and equity. This also applies in respect of that the reporting class has changed from medium to large.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Business combinations
Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Accounting policies

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities.

Cost of sales
Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

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

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for Company staff.

Accounting policies

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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 income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with Daisy 2015 Management ApS. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Goodwill
Goodwill comprises the Company's purchase of stores and leases. Goodwill is initially measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the expected useful life of up to ten years in relation to the lease contract.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise purchased software.

Intellectual property rights acquired are measured at cost less accumulated amortisation. The amortisation period is five years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment
Other fixtures and fittings, tools and equipment and leasehold improvements 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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
Cash flow statement is prepared in the overlying parent. The company has thereof, referring to the Danish Financial Statements Act § 86, not prepared cash flow statement.