

**Masai Clothing Company ApS
Central Business Registration No
10279488
Hammerensgade 1 st.tv.
1267 Copenhagen K**

Annual report 2015/16

The Annual General Meeting adopted the annual report on 30.11.2016

Chairman of the General Meeting

Name: Louise Quorning

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Entity details

Entity

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

Central Business Registration No: 10279488

Registered in: Copenhagen

Financial year: 01.07.2015 - 30.06.2016

Board of Directors

Sune Bjerregaard, chairman
Theis Bruun

Executive Board

Sune Bjerregaard
Theis Bruun

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 01.07.2015 - 30.06.2016.

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 Company's financial position at 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016.

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, 30.11.2016

Executive Board

Sune Bjerregaard

Theis Bruun

Board of Directors

Sune Bjerregaard
chairman

Theis Bruun

Independent auditor's reports

To the owner of Masai Clothing Company ApS

Report on the financial statements

We have audited the financial statements of Masai Clothing Company ApS for the financial year 01.07.2015 - 30.06.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as 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.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 30.11.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Bjørn Winkler Jakobsen

State Authorised Public Accountant

Ferass Hamade

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000	2011/12 DKK'000
Financial high-lights					
Key figures					
Revenue	344.583	320.526	297.950	250.215	212.708
Gross profit/loss	141.604	133.210	123.658	100.577	83.073
Operating profit/loss	110.898	97.355	87.715	65.910	48.777
Net financials	(936)	1.294	536	211	440
Profit/loss for the year	85.688	75.315	66.494	49.559	36.850
Total assets	125.906	97.701	119.072	90.199	75.449
Investments in property, plant and equipment	2.989	1.600	1.569	1.405	3.009
Equity	63.660	48.434	75.726	60.569	45.497
Ratios					
Gross margin (%)	41,1	41,6	41,5	40,2	39,1
Net margin (%)	24,9	23,5	22,3	19,8	17,3
Return on equity (%)	152,9	121,3	97,6	93,4	81,0
Solvency ratio (%)	50,6	49,6	63,6	67,2	60,3

Management commentary

Primary activities

As in prior years, the Company's principal activities during the year consist in design of women's wear sold through wholesale and retail channels. The Company's products are mainly marketed in Northern and Western Europe.

The Company's headquarters are located in Copenhagen and are 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.

Change in ownership

At 1 July 2015, the Company was sold along with other companies in the Masai Group to funds advised by Silverfleet Capital Partners LLP. This is the Company's first year in the new group structure. The transition into the new group structure has been successful and the Company has continued its development on the Danish Market in this FY. The transition has had no significant impact on the Company's operating profit.

Development in activities and finances

The Company's results and financial development have met expectations expressed by Management. The FY shows an increase in both the wholesale – and retail business. The income statement shows profit after tax of DKK 85,687,949.

Revenue from wholesale increased in this FY, mainly generated by the markets in England, Germany, France and Switzerland.

England, Denmark and Sweden still constitute the main wholesale markets for the Company. Significant growth in sales in Germany, Switzerland, the Netherlands and France does, however, show that these markets now account for an increased part of total revenue.

The retail sale in Denmark has increased as a result of the opening of a new store in Aarhus in the autumn of 2015 accompanied by an increase in sale in the other Danish stores.

Outlook

The directors aim at maintaining Management policies and consequently, the Company's growth has soared in recent years. They expect a continuous increase in growth for next year generated by sales from continuing operations, particularly from new store openings and the new web shop.

Even though the directors expect a net growth in the coming financial year, the results for next FY are expected to level with 2015/16 due to investment in the opening of new shops and other new sales channels as well as the expected accelerated growth.

The Company's online sales channel has been launched successfully in the beginning of August 2016.

Management commentary

Management regularly assesses the possibilities of new initiatives in both retail and wholesale markets - including the possibility of expanding the number of retail stores and expanding sales activities in existing and new markets.

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 the Company operates in a niche consumer segment with limited competition as well as the fact that the Company's end consumer is quite brand loyal.

The Company 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.

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 that sufficient working capital exists 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 exchange rates 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.

Management commentary

The planned transition of knowledge from the previous owners has to the satisfaction of Management been implemented with an adequate transfer of knowledge to new employees in a number of key possessions such as operations, finance, distribution and design.

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 product and concept in order to maintain the market position.

Moreover, during the financial year, the Company has invested in establishing a new sales channel through a newly established web shop. The web shop is expected to be launched in the beginning of the coming financial year and is of great strategic importance for the Company in order to maintain and grow the market position

Events after the balance sheet date

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

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 (medium-size).

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

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.

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.

Accounting policies

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, including rental income and gains from the sale of intangible assets and property, plant and equipment.

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.

Amortisation, depreciation 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.

Accounting policies

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.

Income taxes

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 the Danish parent company. 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 10 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 3 years.

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

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.

Accounting policies

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.

Dividend

The proposed dividend for the financial year is disclosed as a separate item in equity.

Accounting policies

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.

Financial highlights

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

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

Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Revenue	1	344.582.957	320.526
Other operating income		6.182.292	7.778
Cost of sales		(117.361.548)	(109.566)
Other external expenses		<u>(91.799.880)</u>	<u>(85.528)</u>
Gross profit/loss		141.603.821	133.210
Staff costs	2	(29.090.005)	(34.498)
Depreciation, amortisation and impairment losses	3	<u>(1.615.423)</u>	<u>(1.357)</u>
Operating profit/loss		110.898.393	97.355
Other financial income	4	962.357	1.585
Other financial expenses	5	<u>(1.898.405)</u>	<u>(291)</u>
Profit/loss from ordinary activities before tax		109.962.345	98.649
Tax on profit/loss from ordinary activities	6	<u>(24.274.396)</u>	<u>(23.334)</u>
Profit/loss for the year		<u>85.687.949</u>	<u>75.315</u>
Proposed distribution of profit/loss			
Dividend for the financial year		0	22.000
Extraordinary dividend		55.000.000	33.000
Retained earnings		<u>30.687.949</u>	<u>20.315</u>
		<u>85.687.949</u>	<u>75.315</u>

Balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Acquired intangible assets		4.107.658	0
Goodwill		1.344.166	1.355
Intangible assets	7	<u>5.451.824</u>	<u>1.355</u>
Other fixtures and fittings, tools and equipment		1.320.181	1.496
Leasehold improvements		2.458.773	1.158
Property, plant and equipment	8	<u>3.778.954</u>	<u>2.654</u>
Fixed assets		<u>9.230.778</u>	<u>4.009</u>
Manufactured goods and goods for resale		29.690.463	26.582
Inventories		<u>29.690.463</u>	<u>26.582</u>
Trade receivables		2.390.007	1.967
Receivables from group enterprises		6.544.222	9.425
Deferred tax assets	9	91.600	2.308
Other short-term receivables		6.319.410	3.369
Prepayments	10	2.599.797	690
Receivables		<u>17.945.036</u>	<u>17.759</u>
Cash		<u>69.039.353</u>	<u>49.351</u>
Current assets		<u>116.674.852</u>	<u>93.692</u>
Assets		<u><u>125.905.630</u></u>	<u><u>97.701</u></u>

Balance sheet at 30.06.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Contributed capital		1.000.000	1.000
Retained earnings		62.659.731	25.434
Proposed dividend		0	22.000
Equity		<u>63.659.731</u>	<u>48.434</u>
Trade payables		9.744.278	6.827
Debt to group enterprises		22.413.463	6.938
Income tax payable		23.901.857	23.194
Other payables		6.186.301	12.308
Current liabilities other than provisions		<u>62.245.899</u>	<u>49.267</u>
Liabilities other than provisions		<u>62.245.899</u>	<u>49.267</u>
Equity and liabilities		<u><u>125.905.630</u></u>	<u><u>97.701</u></u>
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Consolidation	13		

Statement of changes in equity for 2015/16

	Contributed capital DKK	Retained earnings DKK	Proposed extraordina- ry dividend DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1.000.000	25.434.455	0	22.000.000	48.434.455
Ordinary dividend paid	0	0	0	(22.000.000)	(22.000.000)
Extraordinary dividend paid	0	0	(55.000.000)	0	(55.000.000)
Exchange rate adjustments	0	8.381.188	0	0	8.381.188
Tax of equity postings	0	(1.843.861)	0	0	(1.843.861)
Profit/loss for the year	0	30.687.949	55.000.000	0	85.687.949
Equity end of year	1.000.000	62.659.731	0	0	63.659.731

Notes

	2015/16 DKK	2014/15 DKK'000
1. Revenue		
Denmark	98.532.847	94.186
Other countries	246.050.110	226.340
	344.582.957	320.526
	2015/16 DKK	2014/15 DKK'000
2. Staff costs		
Wages and salaries	28.058.701	32.470
Pension costs	1.566.626	1.766
Other social security costs	274.290	262
Staff costs classified as assets	(809.612)	0
	29.090.005	34.498
Average number of employees	71	65
	2015/16 DKK	2014/15 DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	234.583	145
Depreciation of property, plant and equipment	1.305.006	1.172
Profit/loss from sale of intangible assets and property, plant and equipment	75.834	40
	1.615.423	1.357
	2015/16 DKK	2014/15 DKK'000
4. Other financial income		
Financial income arising from group enterprises	255.556	4
Other financial income	706.801	1.581
	962.357	1.585
	2015/16 DKK	2014/15 DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	1.608.308	3
Other financial expenses	290.097	288
	1.898.405	291

Notes

	2015/16 DKK	2014/15 DKK'000
6. Tax on ordinary profit/loss for the year		
Current tax	23.901.857	23.194
Change in deferred tax for the year	372.539	140
	24.274.396	23.334
7. Intangible assets		
	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	0	6.550.000
Additions	4.107.658	300.000
Disposals	0	(175.000)
Cost end of year	4.107.658	6.675.000
Amortisation and impairment losses beginning of year	0	(5.195.367)
Amortisation for the year	0	(234.583)
Reversal regarding disposals	0	99.116
Amortisation and impairment losses end of year	0	(5.330.834)
Carrying amount end of year	4.107.658	1.344.166
	Other fix- tures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
8. Property, plant and equipment		
Cost beginning of year	4.779.544	6.172.753
Additions	1.061.508	1.927.240
Disposals	(728.720)	(397.866)
Cost end of year	5.112.332	7.702.127
Depreciation and impairment losses beginning of the year	(3.283.979)	(5.015.105)
Depreciation for the year	(678.891)	(626.115)
Reversal regarding disposals	170.719	397.866
Depreciation and impairment losses end of the year	(3.792.151)	(5.243.354)
Carrying amount end of year	1.320.181	2.458.773

Notes

	2015/16	2014/15
	DKK	DKK'000
9. Deferred tax		
Intangible assets	(969.960)	(85)
Property, plant and equipment	324.111	296
Inventories	773.461	276
Receivables	504.205	524
Equity	(630.517)	1.213
Liabilities other than provisions	90.300	84
	91.600	2.308

10. Prepayments

Prepayments primarily consist of prepayed expenses.

	2015/16	2014/15
	DKK	DKK'000
11. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	13.942	16.152

12. 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.

13. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Daisy 2015 Topco Limited, United Kingdom

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Daisy 2015 Holdco Limited, United Kingdom