Asian Import ApS

Farum Gydevej 73, DK-3520 Farum

Annual Report for 1 July 2019 - 30 June 2020

CVR No 14 53 16 88

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27/11 2020

Tom Deichmann
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Asian Import ApS for the financial year 1 July 2019 - 30 June 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019/20.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Farum, 27 November 2020

Executive Board

Claus Walther Jensen

Board of Directors

Gitte Breil Chairman	Julie Breil	Claus Walther Jensen

Independent Auditor's Report

To the Shareholders of Asian Import ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Asian Import ApS for the financial year 1 July 2019 - 30 June 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance 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.

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 Company's and the Group'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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

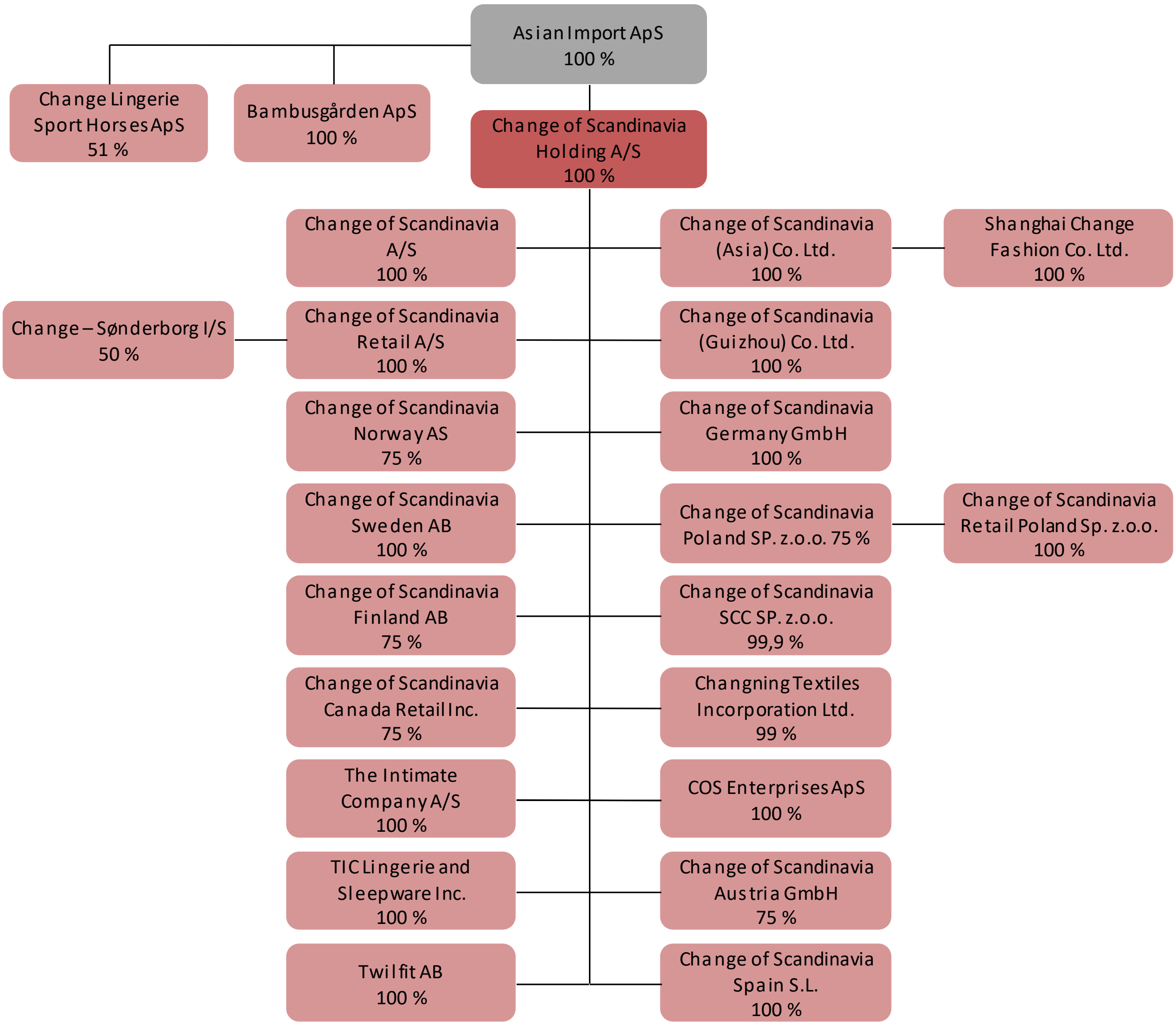
Hillerød, 27 November 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Aslund Pedersen statsautoriseret revisor mne17120	Michael Blom statsautoriseret revisor mne32797

Company Information

The Company	Asian Import ApS Farum Gydevej 73 DK-3520 Farum CVR No: 14 53 16 88 Financial period: 1 July - 30 June Municipality of reg. office: Furesø
Board of Directors	Gitte Breil, Chairman Julie Breil Claus Walther Jensen
Executive Board	Claus Walther Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

Group Chart


Asian Import ApS
100 %
Change Lingerie Sport Horses ApS
51 %
Bambusgården ApS
100 %
Change of Scandinavia Holding A/S
100 %
Change of Scandinavia A/S
100 %
Change of Scandinavia (Asia) Co. Ltd.
100 %
Shanghai Change Fashion Co. Ltd.
100 %
Change – Sønderborg I/S
50 %
Change of Scandinavia Retail A/S
100 %
Change of Scandinavia (Guizhou) Co. Ltd.
100 %
Change of Scandinavia Norway AS
75 %
Change of Scandinavia Germany GmbH
100 %
Change of Scandinavia Sweden AB
100 %
Change of Scandinavia Poland SP. z.o.o. 75 %
Change of Scandinavia Retail Poland Sp. z.o.o.
100 %
Change of Scandinavia Finland AB
75 %
Change of Scandinavia SCC SP. z.o.o.
99,9 %
Change of Scandinavia Canada Retail Inc.
75 %
Changning Textiles Incorporation Ltd.
99 %
The Intimate Company A/S
100 %
COS Enterprises ApS
100 %
TIC Lingerie and Sleepware Inc.
100 %
Change of Scandinavia Austria GmbH
75 %
Twilfit AB
100 %
Change of Scandinavia Spain S.L.
100 %

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	522.434	490.142	422.423	360.604	361.742
Gross profit/loss	337.785	267.212	226.987	200.328	178.996
EBITDA	114.132	55.628	42.003	48.849	28.428
Operating profit/loss	-4.142	30.689	21.063	33.142	13.683
Profit/loss before financial income and expenses	84.494	30.285	17.862	33.142	13.683
Net financials	-4.782	-8.185	-15.001	-20.733	-14.106
Net profit/loss for the year	59.952	19.795	1.616	7.644	-2.353
Balance sheet					
Balance sheet total	491.158	294.311	267.796	283.032	267.175
Equity	82.262	25.026	2.764	1.268	4.762
Cash flows					
Cash flows from:					
- operating activities	85.916	47.644	51.670	25.642	28.169
- investing activities	-46.648	-26.931	-33.225	-17.790	-31.644
including investment in property, plant and equipment	-29.746	-19.803	-24.203	-27.645	-35.212
- financing activities	8.090	-8.766	-13.680	5.694	3.941
Change in cash and cash equivalents for the year	47.358	11.947	4.765	13.546	466
Number of employees	808	628	559	499	432
Ratios					
Gross margin	64,7%	54,5%	53,7%	55,6%	49,5%
Profit margin	16,2%	6,2%	4,2%	9,2%	3,8%
Return on assets	17,2%	10,3%	6,7%	11,7%	5,1%
Solvency ratio	16,7%	8,5%	1,0%	0,4%	1,8%
Return on equity	111,8%	142,5%	80,2%	253,5%	-53,8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of Asian Import ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

The primary activities of the Group are design, manufacture and sale of lingerie, swimwear, nightwear and underwear, which are distributed mainly through the Change lingerie concept stores in Denmark, Norway, Sweden, Finland, Germany, Poland, Canada, Austria, Spain, Ireland, the Baltic States and Singapore as well as e-commerce.

Development in the year

The income statement of the Group for 2019/20 shows a profit of TDKK 59,952, and at 30 June 2020 the balance sheet of the Group shows equity of TDKK 82,262.

The result of the year has been affected by the Covid-19 pandemic. A large part of the company's retail stores were temporarily closed during the spring and the early summer due to governmental restrictions in the various markets. This resulted in loss of turnover during the time of closure, however a proportion of the loss in turnover in the physical stores was covered by increased e-commerce activity.

During the spring, the company obtained commitment from its main financing partner to increase the company's credit facility. A robust business model and fast implementation of a contingency plans meant that the company never had to make use of the extra credit facility.

The result of the year is also affected by the acquisition of Twilfit, Sweden's largest underwear retail chain. The group took over Twilfit end of April 2020. Twilfit has existed for almost 100 years and with +50 stores, Twilfit covers all major cities in Sweden. With the acquisition of Twilfit, the Change Group is now the lingerie specialist market leader within all Scandinavian countries.

A purchase price allocation of the Twilfit assets taken over has been performed and affects the result of the year positively by approximately TDKK 54,872. The value of the Twilfit customer club, leasehold improvement and store furniture has been assessed worth more than the book value at the time of the acquisition, while Twilfit's IT system and a proportion of the inventory has been written off.

Before the outbreak of the Covid-19 pandemic, the company continued its growth and expansion plans. For the first 8 month of the fiscal year the company experienced a sales growth above 6% in own stores that had also been open the same 8 month the year before. This growth in turnover is a result of the execution of the company's sales and operational excellence program.

In addition to the acquisition of Twilfit mentioned above, the company also continued its expansion plan

Management's Review

in other markets. The company entered Spain as a new market by opening 5 own stores in January in Catalonia. A total of 13 stores was also opened in existing markets with 3 in Poland, 2 in Denmark, 2 in Finland, 2 in Sweden, 2 in Austria and 2 in Canada.

The company continuously assess the store portfolio and with the aim of only having stores that contribute to the Group result it was decided to close 3 stores.

The past year and follow-up on development expectations from last year

As expected, the result of the year has improved compared to last year and the management finds the financial development satisfactory. The financial activity of the company until the Covid-19 outbreak followed the plan. However as described above, the Covid-19 outbreak had a negative effect on the result of the year, while the acquisition of Twilfit affected the result positively.

Special risks - operating risks and financial risks

Operating risks

It is assessed that the Company is not exposed to any special business or financial risks apart from risks common to the industry.

Foreign exchange risks

The Company is exposed to general currency risks as regards its operations, however the risk mainly relates to CNY. The majority part of the Company's purchasing of goods and material is done in CNY while the Company invoices in DKK, SEK, NOK, EUR, PLN and CAD.

According to the policy approved by the Board of Directors, the risks related to purchases done in CNY are hedged using forward exchange contracts running for up to 12 month.

The risk of the Covid-19 pandemic

The Company is exposed to the risk of a general decline in consumer consumption, should new governmental restrictions be imposed to the retail market due to the Covid-19 pandemic. Based on the company's financial performance from the outbreak of the Covid-19 pandemic and until the date of this report, it is assessed that the company has a strong business model and will be able to cope with a temporary decline in the general retail activity.

A severe and long lock-down of our production and retail activities due to new Covid-19 restrictions is considered a special risk for the company, but it is also assessed that the effect will be less severe than for other retail companies.

Management's Review

Targets and expectations for the year ahead

In 2020/21 the Company expects a decline in the financial result, due to the one-time effect in 2019/20 of the Twilfit purchase price allocation, which will also increase depreciations in this and the following years. Without the effect of the Twilfit acquisition, the company would expect an increase in the financial result as business is back to normal for the first 4 months of the fiscal year. However, the result could be affected negatively by potential restrictions depending on the development of the Covid-19 pandemic.

Continuous investments and improvements of the e-commerce platform is expected to contribute to sales growth.

Due to the uncertainty of the Covid-19 pandemic, the company will limit the number of new store openings this year and focus on further optimization of the business model and the integration of the Twilfit stores.

Research and development

The Company's intellectual capital resources are related to the development of products and future sales activities. Good quality, production of new products and the right market approach is sufficent to ensure return on the research and development activites.

External environment

The Group's environmental impact on its surroundings is very limited. The Group strives to improve and optimize its energy consumption.

Statement of corporate social responsibility

Management has decided not to implement any formal policies on corporate social responsibility in accordance with section 99a of the Danish Financial Statement Act. The decision is based on an evaluation of the possible benefit compared to the resources needed to implement such policies.

Statement on gender composition

The Company has less than 50 employees and is therefore not obliged to disclose its policies on gender composition. However, the Company has decided to expose it gender composition in the Board of Directors. The Board of Directors consists of six members, three men and three women – and with it, the Company practices an even distribution of men and women on the Board of Directors.

Uncertainty relating to recognition and measurement

The measurement of certain assets and liabilities are based on accounting estimates performed by Management. The estimates are performed in accordance with the accounting policies applied and are based on assumptions and experiences considered realistic and reasonable by Management.

Management's Review

Unusual events

The financial position at 30 June 2020 of the group and the result of the activities and cash flows of the Group has been affected by the Covid-19 pandemic. A large part of the company's retail stores were temporarily closed during the spring and the early summer due to governmental restrictions in the various markets. This resulted in loss of turnover during the time of closure, however a proportion of the loss in turnover in the physical stores was covered by increased e-commerce activity. The company has also received permanent financial aid from governmental packages in various countries, most significantly in Denmark, Norway, Canada and Germany. The Groups cash flow has also been positively affected by a 12 month postponement of 3 months VAT and salary tax payment in Sweden.

The acquisition of Twilfit is also considered an unusual effect.

Subsequent events

The second wave of the Covid-19 pandemic has until the date of this report not had any significant effect that could change the view of Group's ability to continue normal operations. Please refer to the Management's review section for further comments related to the Covid-19 risks.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 July - 30 June

	Note	Group		Parent	
		2019/20	2018/19	2019/20	2018/19
		TDKK	TDKK	TDKK	TDKK
Revenue	3	**522.434**	**490.142**	**1.942**	**1.926**
Work on own account recognised in assets		3.487	2.911	0	0
Other operating income	4	88.636	2.330	74	99
Expenses for raw materials and consumables		-111.891	-87.871	0	0
Other external expenses		-164.881	-140.300	-353	-83
Gross profit/loss		**337.785**	**267.212**	**1.663**	**1.942**
Staff expenses	5	-223.653	-208.620	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	6	-29.638	-25.573	-505	-503
Other operating expenses	7	0	-2.734	0	0
Profit/loss before financial income and expenses	8	**84.494**	**30.285**	**1.158**	**1.439**
Income from investments in subsidiaries	9	0	0	69.974	20.518
Income from investments in associates		170	131	0	0
Financial income	10	5.085	1.033	21	15
Financial expenses	11	-10.037	-9.349	-5.266	-6.628
Profit/loss before tax		**79.712**	**22.100**	**65.887**	**15.344**
Tax on profit/loss for the year	12	-19.760	-2.305	103	1.987
Net profit/loss for the year		**59.952**	**19.795**	**65.990**	**17.331**

Balance Sheet 30 June

Assets

		Group		Parent	
	Note	2019/20	2018/19	2019/20	2018/19
		TDKK	TDKK	TDKK	TDKK
Completed development projects		3.486	2.910	0	0
Acquired licenses		21.397	15.326	0	0
Acquired trademarks		9.810	6.882	0	0
Customer base		74.045	0	0	0
Goodwill		26.500	28.029	0	0
Development projects in progress		6.274	9.126	0	0
Intangible assets	13	**141.512**	**62.273**	**0**	**0**
Land and buildings		26.775	14.927	14.363	14.869
Other fixtures and fittings, tools and equipment		22.783	15.644	0	0
Leasehold improvements		49.139	34.187	0	0
Property, plant and equipment in progress		245	2.556	0	0
Property, plant and equipment	14	**98.942**	**67.314**	**14.363**	**14.869**
Investments in subsidiaries	15	0	0	137.324	129.133
Investments in associates	16	380	342	0	0
Other receivables	17	12.630	11.557	0	0
Fixed asset investments		**13.010**	**11.899**	**137.324**	**129.133**
Fixed assets		**253.464**	**141.486**	**151.687**	**144.002**
Inventories	18	**101.227**	**90.674**	**0**	**0**
Trade receivables		2.868	8.120	11	0
Receivables from group enterprises		0	0	5.635	511
Other receivables		16.909	742	0	0
Deferred tax asset	22	21.442	10.380	0	0
Corporation tax		0	0	8.835	1.497
Prepayments	19	13.243	8.262	9	0
Receivables		**54.462**	**27.504**	**14.490**	**2.008**

Balance Sheet 30 June

Assets

	Note	Group		Parent	
		2019/20	2018/19	2019/20	2018/19
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand		**82.005**	**34.647**	**289**	**16**
Currents assets		**237.694**	**152.825**	**14.779**	**2.024**
Assets		**491.158**	**294.311**	**166.466**	**146.026**

Balance Sheet 30 June

Liabilities and equity

	Note	Group 2019/20 TDKK	Group 2018/19 TDKK	Parent 2019/20 TDKK	Parent 2018/19 TDKK
Share capital		300	300	300	300
Reserve for net revaluation under the equity method		0	0	21.159	37.271
Reserve for development costs		2.720	2.271	0	0
Retained earnings		73.665	10.271	55.226	-24.729
Proposed dividend for the year		111	0	111	0
Equity attributable to shareholders of the Parent Company		**76.796**	**12.842**	**76.796**	**12.842**
Minority interests		5.466	12.184	0	0
Equity	20	**82.262**	**25.026**	**76.796**	**12.842**
Provision for deferred tax	22	28.569	0	10.208	3.262
Other provisions	23	624	447	0	0
Provisions		**29.193**	**447**	**10.208**	**3.262**
Subordinate loan capital		50.000	0	0	0
Mortgage loans		15.821	9.801	8.945	9.801
Credit institutions		1.729	70.840	0	48.593
Lease obligations		8.265	3.000	0	0
Deposits		541	400	0	0
Deferred income		4.787	5.032	4.787	5.032
Long-term debt	24	**81.143**	**89.073**	**13.732**	**63.426**
Mortgage loans	24	948	830	843	830
Credit institutions	24	94.844	72.685	0	5.078
Lease obligations	24	877	7.312	0	0
Trade payables		109.747	42.292	266	601
Payables to group enterprises		0	0	62.148	57.923
Payables to owners and Management		85	0	0	0
Corporation tax		6.761	7.051	0	0
Other payables	25	67.933	40.246	2.473	2.064
Deferred income	24,26	17.365	9.349	0	0
Short-term debt		**298.560**	**179.765**	**65.730**	**66.496**

Balance Sheet 30 June

Liabilities and equity

		Group		Parent	
	Note	2019/20	2018/19	2019/20	2018/19
		TDKK	TDKK	TDKK	TDKK
Debt		**379.703**	**268.838**	**79.462**	**129.922**
Liabilities and equity		**491.158**	**294.311**	**166.466**	**146.026**
Usædvanlige forhold	1				
Subsequent events	2				
Distribution of profit	21				
Contingent assets, liabilities and other financial obligations	29				
Related parties	30				
Fee to auditors appointed at the general meeting	31				
Accounting Policies	32				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	300	0	2.271	10.271	0	12.842	12.184	25.026
Exchange adjustments	0	0	0	-2.280	0	-2.280	-560	-2.840
Ordinary dividend paid	0	0	0	0	0	0	-550	-550
Fair value adjustment of hedging instruments, beginning of year	0	0	0	875	0	875	0	875
Fair value adjustment of hedging instruments, end of year	0	0	0	-809	0	-809	0	-809
Tax on adjustment of hedging instruments for the year	0	0	0	-15	0	-15	0	-15
Other equity movements	0	0	0	5.907	0	5.907	-5.284	623
Development costs for the year	0	0	2.720	-2.720	0	0	0	0
Depreciation, amortisation and impairment for the year	0	0	-2.271	2.271	0	0	0	0
Net profit/loss for the year	0	0	0	60.165	111	60.276	-324	59.952
Equity at 30 June	**300**	**0**	**2.720**	**73.665**	**111**	**76.796**	**5.466**	**82.262**

Statement of Changes in Equity

Parent

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	300	39.381	0	-26.839	0	12.842	0	12.842
Exchange adjustments	0	0	0	-2.280	0	-2.280	0	-2.280
Fair value adjustment of hedging instruments, beginning of year	0	0	0	875	0	875	0	875
Fair value adjustment of hedging instruments, end of year	0	0	0	-809	0	-809	0	-809
Tax on adjustment of hedging instruments for the year	0	0	0	-15	0	-15	0	-15
Other equity movements	0	0	0	193	0	193	0	193
Net profit/loss for the year	0	-18.222	0	84.101	111	65.990	0	65.990
Equity at 30 June	**300**	**21.159**	**0**	**55.226**	**111**	**76.796**	**0**	**76.796**

Cash Flow Statement 1 July - 30 June

	Note	Group 2019/20 TDKK	Group 2018/19 TDKK
Net profit/loss for the year		59.952	19.795
Adjustments	27	-20.100	37.401
Change in working capital	28	53.574	892
Cash flows from operating activities before financial income and expenses		**93.426**	**58.088**
Financial income		5.085	1.033
Financial expenses		-10.038	-9.349
Cash flows from ordinary activities		**88.473**	**49.772**
Corporation tax paid		-2.557	-2.128
Cash flows from operating activities		**85.916**	**47.644**
Purchase of intangible assets		-18.030	-7.378
Purchase of property, plant and equipment		-29.746	-19.803
Fixed asset investments made etc		0	-1.355
Sale of property, plant and equipment		996	1.436
Dividends received from associates		132	169
Cash flows from investing activities		**-46.648**	**-26.931**
Repayment of mortgage loans		-789	-829
Repayment of loans from credit institutions		-46.951	-12.124
Reduction of lease obligations		-6.704	-3.189
Raising of mortgage loans		7.000	0
Raising of loans from credit institutions		0	7.694
Lease obligations incurred		5.534	0
Raising of other long-term debt		50.000	0
Other adjustments		0	-318
Cash flows from financing activities		**8.090**	**-8.766**
Change in cash and cash equivalents		**47.358**	**11.947**
Cash and cash equivalents at 1 July		34.647	22.700
Cash and cash equivalents at 30 June		**82.005**	**34.647**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		82.005	34.647
Cash and cash equivalents at 30 June		**82.005**	**34.647**

Notes to the Financial Statements

1 Usædvanlige forhold

The financial position at 30 June 2020 of the group and the result of the activities and cash flows of the Group has been affected by the Covid-19 pandemic. A large part of the company's retail stores were temporarily closed during the spring and the early summer due to governmental restrictions in the various markets. This resulted in loss of turnover during the time of closure, however a proportion of the loss in turnover in the physical stores was covered by increased e-commerce activity. The company has also received permanent financial aid from governmental packages in various countries, most significantly in Denmark, Norway, Canada and Germany. The Groups cash flow has also been positively affected by a 12 month postponement of 3 months VAT and salary tax payment in Sweden.

The acquisition of Twilfit is also considered an unusual effect. Please refer to the Management's review section for comments related to this subject.

2 Subsequent events

The second wave of the Covid-19 pandemic has until the date of this report not had any significant effect that could change the view of Group's ability to continue normal operations. Please refer to the Management's review section for further comments related to the Covid-19 risks.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
3 Revenue				
Geographical segments				
Revenue, Denmark	158.307	164.107	1.942	1.926
Revenue, other European countries	326.494	278.238	0	0
Revenue, rest of the world	37.633	47.797	0	0
	522.434	**490.142**	**1.942**	**1.926**
Business segments				
Retail and web	509.826	476.484	0	0
Franchise	10.978	12.971	0	0
Rent	1.630	687	1.942	1.926
	522.434	**490.142**	**1.942**	**1.926**

Notes to the Financial Statements

		Group		Parent	
		2019/20	2018/19	2019/20	2018/19
		TDKK	TDKK	TDKK	TDKK
4	**Other operating income**				
	Compensation Covid-19	13.135	0	0	0
	Badwill, purchase Twilfit AB	73.206	0	0	0
	Profit on sale of fixed assets	660	175	0	0
	Other income	1.635	2.155	74	99
		88.636	**2.330**	**74**	**99**

The Company have received compensation related to Covid-19 in a number of countries.

The Group acquired the shares in Twilfit AB in 2020. The acquired assets had a lager market value than reflected in the purchase price. Because of this the Company has booked the expected market value of the customer base at the time for the acquisition. Please refer to the management's review for a further description.

		Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
5	**Staff expenses**				
	Wages and salaries	192.893	180.654	0	0
	Pensions	11.082	10.221	0	0
	Other social security expenses	16.232	13.102	0	0
	Other staff expenses	3.446	4.643	0	0
		223.653	**208.620**	**0**	**0**
	Including remuneration to the Executive Board and Board of Directors	**1.555**	**1.745**	**0**	**0**
	Average number of employees	**808**	**628**	**0**	**0**

		Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
6	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	11.177	11.628	0	0
	Depreciation of property, plant and equipment	18.461	13.945	505	503
		29.638	**25.573**	**505**	**503**

Notes to the Financial Statements

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
7 Other operating expenses				
Loss on sale of fixed assets	0	1.326	0	0
Other expenses	0	1.408	0	0
	0	**2.734**	**0**	**0**

8 Special items

Ajustment of shares in subsidaries	0	0	5.715	0
Compensation, Covid-19	13.135	0	0	0
Badwill, Twilfit AB	73.206	0	0	0
	86.341	**0**	**5.715**	**0**

The Company have received compensation related to Covid-19 in a number of countries.

The Group acquired the shares in Twilfit AB in 2020. The acquired assets had a lager market value than reflected in the purchase price. Because of this the Company has booked the expected market value of the customer base at the time for the acquisition. Please refer to the management's review for a further description.

	Parent	
	2019/20	2018/19
	TDKK	TDKK
9 Income from investments in subsidiaries		
Share of profits of subsidiaries	69.974	20.518
	69.974	**20.518**

10 Financial income

Other financial income	2.137	186	20	15
Exchange adjustments	2.948	847	1	0
	5.085	**1.033**	**21**	**15**

Notes to the Financial Statements

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
11 Financial expenses				
Interest paid to group enterprises	0	0	2.077	1.828
Other financial expenses	9.967	9.349	3.188	4.800
Exchange adjustments, expenses	70	0	0	0
Exchange loss	0	0	1	0
	10.037	**9.349**	**5.266**	**6.628**

12 Tax on profit/loss for the year

Current tax for the year	2.139	5.793	-168	0
Deferred tax for the year	17.660	-4.411	65	-1.987
Adjustment of tax concerning previous years	-39	923	0	0
	19.760	**2.305**	**-103**	**-1.987**

Notes to the Financial Statements

13 Intangible assets

Group

	Completed development projects	Acquired licenses	Acquired trademarks	Customer base	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	5.551	50.313	14.704	0	38.886	9.125
Exchange adjustment	0	0	-75	0	0	0
Additions for the year	3.487	977	4.443	75.300	0	6.273
Transfers for the year	0	9.124	0	0	0	-9.124
Cost at 30 June	9.038	60.414	19.072	75.300	38.886	6.274
Impairment losses and amortisation at 1 July	2.641	34.987	7.822	0	10.857	0
Exchange adjustment	0	0	-12	0	0	0
Amortisation for the year	2.911	4.030	1.452	1.255	1.529	0
Impairment losses and amortisation at 30 June	5.552	39.017	9.262	1.255	12.386	0
Carrying amount at 30 June	**3.486**	**21.397**	**9.810**	**74.045**	**26.500**	**6.274**

Finalized development projects relate to the development of the Company's existing products and new collections for sale in the next financial year. The development projects are finalized or is expected to be finalized in time to go to market with the products according to the marketing plan. The projects are progressing according to plan, and sufficent resources is allocated by Management to the development. The new products are expected to be sold in the present market and trough the Company's existing stores and web sales.

Development projects in progress relates to the groups new IT system and platforms.

Notes to the Financial Statements

14 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	19.563	32.225	98.626	2.556
Net effect from change of accounting policy	0	-2.393	0	0
Exchange adjustment	-3	0	-1.358	-8
Additions for the year	12.608	13.593	24.920	0
Disposals for the year	0	-509	-288	0
Transfers for the year	0	711	1.690	-2.303
Cost at 30 June	32.168	43.627	123.590	245
Impairment losses and depreciation at 1 July	4.636	16.581	64.439	0
Exchange adjustment	-1	-1.319	-1.654	0
Depreciation for the year	758	6.041	11.666	0
Reversal of impairment and depreciation of sold assets	0	-459	0	0
Impairment losses and depreciation at 30 June	5.393	20.844	74.451	0
Carrying amount at 30 June	**26.775**	**22.783**	**49.139**	**245**
Including assets under finance leases amounting to	0	7.625	795	0

Notes to the Financial Statements

14 Property, plant and equipment (continued)

Parent

	Land and buildings
	TDKK
Cost at 1 July	19.415
Kostpris at 30 June	19.415
Impairment losses and depreciation at 1 July	4.547
Depreciation for the year	505
Impairment losses and depreciation at 30 June	5.052
Carrying amount at 30 June	**14.363**

15 Investments in subsidiaries

	Parent	
	2019/20	2018/19
	TDKK	TDKK
Cost at 1 July	89.752	89.752
Additions for the year	60	0
Disposals for the year	-40.269	0
Transfers for the year	0	0
Cost at 30 June	49.543	89.752
Value adjustments at 1 July	39.381	14.307
Exchange adjustment	-2.256	-470
Net profit/loss for the year	71.388	21.931
Dividend to the Parent Company	-19.775	0
Other equity movements, net	29	5.026
Amortisation of goodwill	-1.413	-1.413
Value adjustments at 30 June	87.354	39.381
Equity investments with negative net asset value amortised over receivables	427	0
Carrying amount at 30 June	**137.324**	**129.133**
Remaining positive difference included in the above carrying amount at 30 June	18.375	19.788

Notes to the Financial Statements

15 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Change of Scandinavia Holding A/S	Farum	100%
Bambusgården ApS	Farum	100%
Change Lingerie Sport Horses ApS	Farum	51%
Change of Scandinavia A/S	Farum	100%
Chnage of Scandinavia Retail A/S	Farum	100%
Change of Scandinavia Sweden AB	Härryda	100%
OY Change of Scandinavia Finland AB	Helsinki	75%
Change of Scandinavia Norway AS	Tranby	75%
Change of Scandinavia Germany GmbH	Berlin	100%
Change of Scandinavia Canada Retail Inc.	Montreal	75%
Shanghai Fashion Co. Ltd.	China	100%
Changing Textiles Incorporation Ltd.	Hong Kong	99%
The Intimate Company A/S	Farum	100%
Change of Scandinavia SSC SP. z.o.o. Lodz SP	Lodz	100%
Change of Scandinavia Poland SP. z o.o.	Lodz	75%
TiC Lingerie and Sleepware Inc.	Montreal	100%
COS Enterprises ApS	Farum	100%
Change of Scandinavia Co Ltd.	China	100%
Change of Scandinavia Retail Poland Sp.z.o.o.	Lodz	100%
Change Lingerie GmbH	Wein	75%
Twilfit AB	Stockholm	100%
Change of Scandinavia Spain S.L.	Barcalona	100%
Change of Scandinavia Gui Zhou Ltd.	China	75%

16 Investments in associates

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	125	125	0	0
Disposals for the year	-25	0	0	0
Cost at 30 June	100	125	0	0

Notes to the Financial Statements

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
16 Investments in associates (continued)				
Value adjustments at 1 July	217	255	0	0
Disposals for the year	25	0	0	0
Net profit/loss for the year	170	131	0	0
Dividends received	-132	-169	0	0
Value adjustments at 30 June	280	217	0	0
Carrying amount at 30 June	**380**	**342**	**0**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Change - Sønderborg I/S	Sønderborg	I/S	50%

17 Other fixed asset investments

	Group
	Other receiv-ables
	TDKK
Cost at 1 July	11.556
Exchange adjustment	-33
Additions for the year	2.815
Disposals for the year	-1.708
Cost at 30 June	12.630
Impairment losses at 1 July	0
Impairment losses at 30 June	0
Carrying amount at 30 June	**12.630**

Notes to the Financial Statements

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
18 Inventories				
Raw materials and consumables	101.227	90.674	0	0
	101.227	**90.674**	**0**	**0**

19 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

20 Equity

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares	100	100
B-shares	100	100
C-shares	100	100
		300

There have been no changes in the share capital during the last 5 years.

21 Distribution of profit

	Group 2019/20 TDKK	Group 2018/19 TDKK	Parent 2019/20 TDKK	Parent 2018/19 TDKK
Proposed dividend for the year	111	0	111	0
Reserve for net revaluation under the equity method	0	0	-18.222	22.964
Minority interests' share of net profit/loss of subsidiaries	-324	2.463	0	0
Retained earnings	60.165	17.332	84.101	-5.633
	59.952	**19.795**	**65.990**	**17.331**

Notes to the Financial Statements

22 Provision for deferred tax

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 July	-10.380	-10.411	3.262	5.316
Amounts recognised in the income statement for the year	17.660	-4.411	65	-1.987
Amounts recognised in equity for the year	-153	4.442	6.881	-67
Provision for deferred tax at 30 June	**7.127**	**-10.380**	**10.208**	**3.262**

The recognised tax asset comprises financial lease debt, tax loss carry-forwards and tax on reversed internal profit. Management expect that the deferred tax asset is to be ultilised in the futurer. In connecstion with the assessment of the utilasation of the tax asset, special empasis has been placed on the Company and Group having expected future growth in both revenue and profit. The realized figures shows an growth in both revenue and profit.

23 Other provisions

The amount relates to provision for renovation of facilities related to rental agreements with stores.

Other provisions	624	447	0	0
	624	**447**	**0**	**0**

Notes to the Financial Statements

24 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
Between 1 and 5 years	50.000	0	0	0
Long-term part	50.000	0	0	0
Within 1 year	0	0	0	0
	50.000	**0**	**0**	**0**
Mortgage loans				
After 5 years	12.038	5.575	5.575	6.479
Between 1 and 5 years	3.783	4.226	3.370	3.322
Long-term part	15.821	9.801	8.945	9.801
Within 1 year	948	830	843	830
	16.769	**10.631**	**9.788**	**10.631**
Credit institutions				
Between 1 and 5 years	1.729	70.840	0	48.593
Long-term part	1.729	70.840	0	48.593
Within 1 year	0	0	0	5.078
Other short-term debt to credit institutions	94.844	72.685	0	0
Short-term part	94.844	72.685	0	5.078
	96.573	**143.525**	**0**	**53.671**
Lease obligations				
Between 1 and 5 years	8.265	3.000	0	0
Long-term part	8.265	3.000	0	0
Within 1 year	877	7.312	0	0
	9.142	**10.312**	**0**	**0**

Notes to the Financial Statements

24 Long-term debt (continued)

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
Deposits				
Between 1 and 5 years	541	400	0	0
Long-term part	541	400	0	0
Within 1 year	0	0	0	0
	541	**400**	**0**	**0**
Deferred income				
After 5 years	0	0	4.787	5.032
Between 1 and 5 years	4.787	5.032	0	0
Long-term part	4.787	5.032	4.787	5.032
Within 1 year	0	0	0	0
Other deferred income	17.365	9.349	0	0
	22.152	**14.381**	**4.787**	**5.032**

The subordinated loan has been issued on specific conditions. If the Companay is sold before the loan is expired the Companay shall pay a premium to the creditor.

Notes to the Financial Statements

25 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK
Liabilities	876	4.883	0	0

Forward exchange contracts have been concluded to hedge future sale of goods in USD. At the balance sheet date fair value of the forward exchange contract amounts to DKK 876 thousand (liability). The forward exchange contracts terminates within 2-13 months.

26 Deferred income

Deferred income consists of prepaid giftcards and profit on sales and leaseback agreements.

27 Cash flow statement - adjustments

	Group	
	2019/20	2018/19
	TDKK	TDKK
Financial income	-5.085	-1.033
Financial expenses	10.037	9.349
Depreciation, amortisation and impairment losses, including losses and gains on sales	28.983	26.911
Income from investments in associates	-170	-131
Tax on profit/loss for the year	19.760	2.305
Other adjustments	-73.625	0
	-20.100	**37.401**

Notes to the Financial Statements

28 Cash flow statement - change in working capital

	Group	
	2019/20	2018/19
	TDKK	TDKK
Change in inventories	9.574	-19.414
Change in receivables	-1.684	10.695
Change in other provisions	177	448
Change in trade payables, etc	45.441	4.848
Fair value adjustments of hedging instruments	66	4.315
	53.574	**892**

Notes to the Financial Statements

	Group		Parent	
	2019/20	2018/19	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK

29 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Grunde og bygninger med en regnskabsmæssig værdi på	26.775	14.927	14.363	14.869

The following assets have been placed as security with :

Bank debts of the Company and the affilate, Change of Scandinavia Retail A/S and Change of Scandinavia A/S are secured by way of a Company charge in intangible and tangible assets and inventories of DKK 60,000 thousand nominal value. The booked value of assets at 30 June amounts to	123.522	119.048	0	0
Bank debts of the Company and the affilate, Change of Scandinavia Norway AS are secured by way of a Company charge in fixed assets and inventories of DKK 1,297 thousand nominal value. The booked value of assets at 30 June amounts to	18.623	30.563	0	0

Rental and lease obligations

Rental ans lease agreements untill expiry in total	373.271	264.227	0	0

Guarantee obligations

Rent and payment gurantees for rental agreements	30.931	24.923	0	0

Notes to the Financial Statements

29 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Asian Import ApS and Change of Scandinavia Holding A/S has issued letters of support to some subsidiaries.

Asian Import ApS has issued a bail to Sydbank and Nykredit for loans issued to the subsidiaries Change of Scandinavia Holding A/S, Change of Scandinavia A/S and Change of Scandinavia Retail A/S.

The Group holds ownership interests in the partnership Change Sønderborg I/S. Consequently, the Group is liable in accordance with the rules of the Executive Order on the Danish Act on Certain Commercial Undertakings stating that all owners are personally liable without limitation as well as jointly and severally liablefor the obligations of the undertaking.

The Company's and the subsidiary's bank loans are secured by way of a charge of DKK 500 thousand nominal granted on the shares in Change of Scandinavia A/S and Change of Scandinavia Retail A/S, respectively.

The line of credit in Change of Scandinavia Canada Retail Inc. is secured by a pledge of inventory of the Bank Act and a moveable hypothec constituting a first ranking security interest over all present and future tangible and intangible assets in the amount of kDKK 21,109 (kCAD 4,200). A shareholder of the company has guarantees this line of credit and has subordinated their claims up to kDKK 7,643 (kCAD 1,525).

The carrying amount of assets pledged in Change of Scandinavia Canada Retail Inc. equals kDKK 26,627 (kCAD 5,334).

Change of Scandinavia Finland AB has a bank limit for kDKK 745 (kEUR 100) guaranteed by mortgage on company assets.

Notes to the Financial Statements

29 Contingent assets, liabilities and other financial obligations (continued)

Change of Scandinavia Retail Poland Sp. z o.o. has kDKK 1,414 (kPLN 845) limit of bank guarantees. This guarantees are secured in value of kDKK 1,004 (kPLN 600) by Change of Scandinavia A/S and by the inventory of Change of Scandinavia Retail Poland Sp. z o.o. in amount of kDKK 410 (kPLN 245).

Twilfit AB has a bank guarantees in the value of kDKK 3,664 (kSEK 5,160) and mortgage of kDKK 29,114 (kSEK 41,000)secured by the company's inventory.

A distributor of goods to a subsidiary has raised a claim against the subsidiary. The distributor is claiming that the subsidiary has breached their trade agreement. The subsidiary has rejected the claim. Management in the subsidiary and the board in Change of Scandinavia Holding A/S disagrees in the claimed breach. Based on a legal assessment made by the subsidiary's lawyer, the management and the board find no risk in the claimed amount.

Asien Import ApS has issued an pledge to Nykredit in the shares owned in Change of Scandinavia Holding A/S.

Nykredit has an transport in the rent rights in the properties owned by Asian Import ApS.

Notes to the Financial Statements

30 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

No transactions with related parties were made in the financial year 2018/19 which were not made on arm's length basis.

31 Fee to auditors appointed at the general meeting

	Group	
	2019/20	2018/19
	TDKK	TDKK
PricewaterhouseCoopers (Deloitte - comparison figures)		
Audit fee	583	455
Other assurance engagements	40	0
Tax advisory services	135	141
Other services	180	154
	938	**750**
Other		
Audit fee	183	102
Tax advisory services	10	49
Other services	66	112
	259	**263**
	1.197	**1.013**

Notes to the Financial Statements

32 Accounting Policies

The Annual Report of Asian Import ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019/20 are presented in TDKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Asian Import ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

32 Accounting Policies (continued)

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.

- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.

- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.

- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.

- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

32 Accounting Policies (continued)

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and

Notes to the Financial Statements

32 Accounting Policies (continued)

recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

32 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years. Management believes that the Group will have benefits from the required assets during this period.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5-8 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition. Development costs are amortised over its useful life, which is assessed at 1 year.

Notes to the Financial Statements

32 Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	50	years
Plant and machinery		years
Other fixtures and fittings, tools and equipment	3 - 8	years
Leasehold improvements	5 - 8	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 14,100 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items"Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries

Notes to the Financial Statements

32 Accounting Policies (continued)

and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

32 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Other provisions relates to provision for renovation of facilities related to rental agreements with stores.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

32 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

32 Accounting Policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$