Troelstrup A/S

Vester Voldgade 5
1552 København V
CVR No. 21144797

Annual report 01.12.2018 - 30.11.2019

The Annual General Meeting adopted the annual report on 15.04.2020

Jon Dyhre Hansen
Conductor

Contents

Entity details

Entity

Troelstrup A/S

Vester Voldgade 5

1552 København V

CVR No.: 21144797

Registered office: Copenhagen

Financial year: 01.12.2018 - 30.11.2019

Board of Directors

Jon Dyhre Hansen, Chairman of the Board

Cathrine Frederiksen

Claus Frederiksen

Anne-Sofie Frederiksen

Steen Christensen

Executive Board

Claus Frederiksen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Troelstrup A/S for the financial year 01.12.2018 - 30.11.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.11.2019 and of the results of its operations and cash flows for the financial year 01.12.2018 - 30.11.2019.

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, 10.02.2020

Executive Board

Claus Frederiksen
CEO

Board of Directors

Jon Dyhre Hansen
Chairman of the Board

Cathrine Frederiksen

Claus Frederiksen

Anne-Sofie Frederiksen

Steen Christensen

Independent auditor's report

To the shareholders of Troelstrup A/S

Opinion

We have audited the financial statements of Troelstrup A/S for the financial year 01.12.2018 - 30.11.2019, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.11.2019 and of the results of its operations and cash flows for the financial year 01.12.2018 - 30.11.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 10.02.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Primary activities

The company operates in the retail business of men's clothing and shoes, etc.

Development in activities and finances

This year's result was a loss of 2,165,835 DKK after which equity amounts to 9,825,333 DKK.

The board of directors considers the development in the year's result unsatisfactory.

The result is influenced by the transformation of the store's 5 floors into 4 different men's wear universes and complete reallocation of the product assortment.

The transformation was primarily undertaken as a response to external changes in consumer mindsets and purchase behaviour. The purpose of the transformation was to rethink the store, bring it up to date and align it with modern consumers' expectations for shopping experiences. This necessary transformation has been carried out during difficult financial times in the Danish retail market with declining consumer spending in a highly competitive market. These conditions have also had effect on the year's result.

Furthermore, with effect from August 1 2019 the women's wear department has been closed in order to focus the business entirely on men's clothing both instore and online, thus developing Troelstrup into the largest men's wear store in the North. The sales area previously used for women's wear has been transformed into a new men's wear department. This transformation has been successful.

The business will be further optimised by compressing the men's wear into 4 floors. In doing so, redundant sales area will be transformed into office space. This will allow the company to terminate leased office space thereby reducing occupancy costs.

In addition, by closing the women's wear department the business has been able to reduce staff costs.

Throughout the year, further investments has been made in the store's webshop, which remains an important part of the business's future trade and marketing platform.

The cost reductions made this year will not have full effect until 20/21. Therefore, management expects Troelstrup's annual report for 19/20 to show a loss. The loss is expected to be smaller than this year's result. A profit is expected in 20/21.

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.

Income statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Gross profit/loss		**9,600,668**	**12,354,842**
Staff costs	1	(11,616,072)	(11,424,929)
Depreciation, amortisation and impairment losses	2	(742,702)	(824,996)
Operating profit/loss		**(2,758,106)**	**104,917**
Other financial income	3	171,010	159,653
Other financial expenses	4	(190,358)	(195,776)
Profit/loss before tax		**(2,777,454)**	**68,794**
Tax on profit/loss for the year	5	611,619	(14,475)
Profit/loss for the year		**(2,165,835)**	**54,319**
Proposed distribution of profit and loss			
Retained earnings		(2,165,835)	54,319
Proposed distribution of profit and loss		**(2,165,835)**	**54,319**

Balance sheet at 30.11.2019

Assets

	Notes	2018/19 DKK	2017/18 DKK
Completed development projects	7	168,241	359,197
Intangible assets	6	**168,241**	**359,197**
Other fixtures and fittings, tools and equipment		1,174,206	1,061,770
Leasehold improvements		443,016	632,433
Property, plant and equipment	8	**1,617,222**	**1,694,203**
Deposits		1,812,038	1,776,899
Other financial assets		**1,812,038**	**1,776,899**
Fixed assets		**3,597,501**	**3,830,299**
Manufactured goods and goods for resale		13,416,217	14,495,756
Inventories		**13,416,217**	**14,495,756**
Trade receivables		738,625	919,017
Receivables from group enterprises		587,595	345,582
Deferred tax		866,518	254,899
Other receivables		540,865	255,835
Prepayments		561,979	414,472
Receivables		**3,295,582**	**2,189,805**
Cash		**57,535**	**67,602**
Current assets		**16,769,334**	**16,753,163**
Assets		**20,366,835**	**20,583,462**

Equity and liabilities

	Notes	2018/19 DKK	2017/18 DKK
Contributed capital	9	1,000,000	1,000,000
Reserve for development expenditure		280,174	280,174
Retained earnings		8,545,159	10,710,994
Equity		**9,825,333**	**11,991,168**
Bank loans		940,234	0
Prepayments received from customers		29,520	46,200
Trade payables		1,039,509	1,465,234
Income tax payable		0	7,126
Other payables		8,532,239	7,073,734
Current liabilities other than provisions		**10,541,502**	**8,592,294**
Liabilities other than provisions		**10,541,502**	**8,592,294**
Equity and liabilities		**20,366,835**	**20,583,462**
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Assets charged and collateral	13		
Related parties with controlling interest	14		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	280,174	10,710,994	11,991,168
Profit/loss for the year	0	0	(2,165,835)	(2,165,835)
Equity end of year	**1,000,000**	**280,174**	**8,545,159**	**9,825,333**

Cash flow statement for 2018/19

	Notes	2018/19 DKK	2017/18 DKK
Operating profit/loss		(2,758,106)	104,917
Amortisation, depreciation and impairment losses		742,702	824,996
Working capital changes	10	1,843,494	(608,164)
Cash flow from ordinary operating activities		**(171,910)**	**321,749**
Financial income received		171,010	159,653
Financial expenses paid		(190,358)	(195,776)
Income taxes refunded/(paid)		0	(482,244)
Cash flows from operating activities		**(191,258)**	**(196,618)**
Acquisition etc of intangible assets		0	(261,884)
Acquisition etc of property, plant and equipment		(828,700)	(1,170,957)
Sale of property, plant and equipment		346,809	0
Acquisition of fixed asset investments		(35,139)	(36,180)
Cash flows from investing activities		**(517,030)**	**(1,469,021)**
Other cash flows from financing activities		(242,013)	(236,528)
Cash flows from financing activities		**(242,013)**	**(236,528)**
Increase/decrease in cash and cash equivalents		**(950,301)**	**(1,902,167)**
Cash and cash equivalents beginning of year		67,602	1,969,769
Cash and cash equivalents end of year		**(882,699)**	**67,602**
Cash and cash equivalents at year-end are composed of:			
Cash		57,535	67,602
Short-term debt to banks		(940,234)	0
Cash and cash equivalents end of year		**(882,699)**	**67,602**

Notes

1 Staff costs

	2018/19 DKK	2017/18 DKK
Wages and salaries	10,327,871	10,166,419
Pension costs	1,184,942	1,159,908
Other social security costs	213,417	188,219
Other staff costs	(110,158)	(89,617)
	11,616,072	**11,424,929**

Average number of full-time employees	**28**	**27**

2 Depreciation, amortisation and impairment losses

	2018/19 DKK	2017/18 DKK
Amortisation of intangible assets	190,956	149,438
Depreciation of property, plant and equipment	566,919	675,558
Profit/loss from sale of intangible assets and property, plant and equipment	(15,173)	0
	742,702	**824,996**

3 Other financial income

	2018/19 DKK	2017/18 DKK
Financial income from group enterprises	26,151	772
Exchange rate adjustments	144,859	158,881
	171,010	**159,653**

4 Other financial expenses

	2018/19 DKK	2017/18 DKK
Other interest expenses	145,259	150,591
Exchange rate adjustments	246	467
Other financial expenses	44,853	44,718
	190,358	**195,776**

5 Tax on profit/loss for the year

	2018/19 DKK	2017/18 DKK
Current tax	0	7,126
Change in deferred tax	(611,619)	7,349
	(611,619)	**14,475**

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	834,939
Disposals	(254,600)
Cost end of year	**580,339**
Amortisation and impairment losses beginning of year	(475,742)
Amortisation for the year	(190,956)
Reversal regarding disposals	254,600
Amortisation and impairment losses end of year	**(412,098)**
Carrying amount end of year	**168,241**

7 Development projects

Development projects in progress and completed development projects consist of external system developer expenses of the company's web shop.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	3,608,335	3,902,723
Additions	802,800	25,900
Disposals	(554,704)	0
Cost end of year	**3,856,431**	**3,928,623**
Depreciation and impairment losses beginning of year	(2,546,564)	(3,270,290)
Depreciation for the year	(351,602)	(215,317)
Reversal regarding disposals	215,941	0
Depreciation and impairment losses end of year	**(2,682,225)**	**(3,485,607)**
Carrying amount end of year	**1,174,206**	**443,016**

9 Share capital

	Number	Nominal value DKK	Recorded par value DKK
Ordinary shares	1,000	1,000	1,000,000
	1,000	**1,000**	**1,000,000**

10 Changes in working capital

	2018/19 DKK	2017/18 DKK
Increase/decrease in inventories	1,079,539	(1,520,479)
Increase/decrease in receivables	(252,145)	362,013
Increase/decrease in trade payables etc	1,016,100	550,302
	1,843,494	**(608,164)**

11 Unrecognised rental and lease commitments

	2018/19 DKK	2017/18 DKK
Liabilities under rental agreements or leases with group enterprises until expiry	**2,324,379**	**3,047,349**

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where C. Frederiksen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities,and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Assets charged and collateral

The Entity does not have any assets charged and collateral pr. 30 November 2019.

14 Related parties with controlling interest

C. Frederiksen Holding ApS, Vester Voldgade 5, 1552 København V, owns all shares in the Entity and have controlling influence.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to 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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and 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 or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

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

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

The Entity is jointly taxed with all Danish group enterprises. 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

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

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

Property, plant and equipment
Plant and machinery, and other fixtures and fittings are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.
The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

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

Estimated useful lives and residual values are reassessed annually.

Items of 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 weighted average prices 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 writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.