

Ganni A/S
Frederiksholms Kanal 4, 1220 København K
Company reg. no. 21 66 47 31
Annual report
1 January - 31 December 2018

The annual report have been submitted and approved by the general meeting on the 12 April 2019.

Eduardo, Salvador Velasco
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Ganni A/S for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 12 April 2019

Managing Director

Andrea Bardo
CEO

Board of directors

Eduardo, Salvador Velasco
Chairman

Pierre-Axel, Emmanuel Botuha

Christian Mariager

Nicolaj Reffstrup

Independent auditor's report

To the shareholders of Ganni A/S

Opinion

We have audited the annual accounts of Ganni A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 12 April 2019

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen

State Authorised Public Accountant
mne30153

Company data

The company

Ganni A/S
Frederiksholms Kanal 4
1220 København K

Company reg. no. 21 66 47 31

Financial year: 1 January - 31 December

Board of directors

Eduardo, Salvador Velasco, Chairman
Pierre-Axel, Emmanuel Botuha
Christian Mariager
Nicolaj Reffstrup

Managing Director

Andrea Bardo, CEO

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Danish Fashion Co A/S

Subsidiaries

Ganni Inc., Delaware
Ganni Limited, London
Ganni AB, Stockholm

Financial highlights

DKK in thousands.	2018	2017	2016	2015	2014
Profit and loss account:					
Gross profit	131.727	108.999	55.527	34.343	28.770
Results from operating activities	76.892	70.219	24.118	8.877	7.590
EBITDA	83.734	74.648	28.625	11.931	9.740
Net financials	-3.004	-10.449	-2.068	-1.828	-2.742
Results for the year	66.140	46.544	17.143	5.228	3.500
Balance sheet:					
Balance sheet sum	156.992	88.545	64.886	45.491	37.071
Investments in tangible fixed assets represent	9.806	8.201	4.075	7.827	2.873
Equity	97.150	40.560	32.189	16.345	11.117
Cash flow:					
Operating activities	52.992	38.677	20.875	8.711	4.464
Investment activities	-11.335	-9.395	-4.220	-8.806	-2.977
Financing activities	-14.137	-44.123	-2.357	1.952	4.441
Cash flow in total	27.519	-14.840	14.299	1.854	5.928
Employees:					
Average number of full time employees	79	70	60	51	47
Key figures in %:					
Acid test ratio	232,9	171,9	251,3	212,7	194,9
Solvency ratio	61,9	45,8	49,6	35,9	30,0
Return on equity	96,1	128,0	70,6	38,1	37,4

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

Management's review

The principal activities of the company

The company's main activity consists in the production of and trading with clothing and related activities.

Development in activities and financial matters

The gross profit for the year is DKK 131,7m against DKK 109,0m last year. The results from ordinary activities after tax are DKK 66,1m against DKK 46,5m last year. The management consider the results satisfactory.

This year's activity and results are as announced in the annual report for 2017.

Special risks

Exchange rate risks:

The result, cash flow and equity is influenced by development in currencies due to activities abroad. Currency risks is not covered by the use of financial instruments.

Environmental issues

The company has a goal of a more green economy and a protection of the environment. As part of this, a CSR strategy has been developed in cooperation with an internationally recognized consulting firm.

The implementation of the strategy helps focusing on running the business with a respect for sustainability and a social responsibility. The goal is that sustainable behavior will become an integrated part of Ganni's daily business. At the same time, this should be expressed in every product presented in the shops.

Long-term relations with the production partners play an important role so that the partners will share the company's goal of continuous minimization of the environmental impact. Among other things, focus is to improve sustainability in the production process – both as regards elimination of chemicals used in the production and minimization of energy consumption and CO2 emissions.

The expected development

Based on the sale of season 2019 collections, management expects continued rising revenue with an increased positive result before interest.

The past part of 2019 has confirmed expectations for 2019.

Accounting policies used

The annual report for Ganni A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of Ganni A/S and its group enterprises are included in the consolidated annual accounts for Danish Fashion Co A/S, København, CVR nr. 38747932.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the profit and loss account together with any changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging future cash flows are recognised under amounts owed or other debt in the equity.

If the future transaction results in the recognition of assets or liabilities, amounts which have been recognised in the equity previously, are transferred to the cost for the asset or the liability, respectively. If the future transaction results in income or costs, amounts which have been recognised in the equity currently, are transferred to the profit and loss account in the period in which the hedged item influenced the profit and loss account.

Accounting policies used

As regards any derived financial instruments which do not meet the criteria for being treated as hedging instruments, changes in the fair value are recognised currently in the profit and loss account.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories, cost of sales, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Accounting policies used

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development projects, trademarks and rights are measured at cost less accumulated depreciation and write-downs. Development projects, trademarks and rights are amortized on a straight-line basis over the remaining contract period, but no more than 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Furnishing of rented premises	5 years
Other plants, operating assets, fixtures and furniture	5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Accounting policies used

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

Accounting policies used

It is not possible to recognise the reserves with a negative amount.

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Ganni A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

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

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

Accounting policies used

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross profit	131.727.299	108.998.545
3 Staff costs	-47.993.522	-34.350.220
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-6.841.421	-4.429.110
Operating profit	76.892.356	70.219.215
Income from equity investments in group enterprises	8.519.218	0
Other financial income from group enterprises	292.687	0
Other financial income	131.931	370.007
4 Other financial costs	-3.428.376	-10.818.819
Results before tax	82.407.816	59.770.403
5 Tax on ordinary results	-16.267.602	-13.226.272
6 Results for the year	66.140.214	46.544.131

Balance sheet 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Fixed assets			
7	Completed development projects, including patents and similar rights arising from development projects	1.327.358	0
8	Acquired concessions, patents, licenses, trademarks and similar rights	168.363	447.300
9	Development projects in progress and prepayments for intangible fixed assets	0	717.834
	Intangible fixed assets in total	<u>1.495.721</u>	<u>1.165.134</u>
10	Other plants, operating assets, and fixtures and furniture	11.898.040	6.780.483
11	Decoration rented premises	8.083.220	8.998.267
	Tangible fixed assets in total	<u>19.981.260</u>	<u>15.778.750</u>
12	Equity investments in group enterprises	8.838.837	7.050
13	Other debtors	0	111.416
14	Deposits	1.123.581	1.083.976
	Financial fixed assets in total	<u>9.962.418</u>	<u>1.202.442</u>
	Fixed assets in total	<u>31.439.399</u>	<u>18.146.326</u>
Current assets			
	Manufactured goods and trade goods	37.553.254	24.800.513
	Prepayments for goods	2.647.374	3.209.201
	Inventories in total	<u>40.200.628</u>	<u>28.009.714</u>
	Trade debtors	34.340.596	31.872.396
	Amounts owed by group enterprises	19.468.508	226.122
	Receivable corporate tax	0	226.000
	Other debtors	58.616	20.000
15	Accrued income and deferred expenses	2.647.897	1.907.679
	Debtors in total	<u>56.515.617</u>	<u>34.252.197</u>
	Available funds	<u>28.836.170</u>	<u>8.136.625</u>
	Current assets in total	<u>125.552.415</u>	<u>70.398.536</u>
	Assets in total	<u>156.991.814</u>	<u>88.544.862</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Equity			
16	Contributed capital	1.572.000	1.572.000
	Reserves for net revaluation as per the equity method	8.796.287	0
	Reserve for development expenditure	1.035.340	559.910
	Results brought forward	85.746.495	38.428.377
	Equity in total	97.150.122	40.560.287
Provisions			
17	Provisions for deferred tax	3.122.524	400.601
	Provisions in total	3.122.524	400.601
Liabilities			
	Bank debts	2.804.067	6.624.725
	Long-term liabilities in total	2.804.067	6.624.725
18	Liabilities	4.200.000	4.516.680
	Bank debts	799.442	7.619.129
	Trade creditors	19.312.001	9.746.428
	Debt to group enterprises	15.075.103	10.884.969
	Corporate tax	4.082.237	1.869.750
	Other debts	10.446.318	6.322.293
	Short-term liabilities in total	53.915.101	40.959.249
	Liabilities in total	56.719.168	47.583.974
	Equity and liabilities in total	156.991.814	88.544.862

1 Subsequent events**2 Special items****19 Mortgage and securities****20 Contingencies****21 Related parties**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserves for net revaluation as per the equity method	Reserve for development expenditure	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 January						
2017	1.572.000	0	0	22.616.708	8.000.000	32.188.708
Distributed dividend	0	0	0	0	-8.000.000	-8.000.000
Share of results	0	0	0	45.984.221	0	45.984.221
Extraordinary dividend adopted during the financial year	0	0	0	-30.000.000	0	-30.000.000
Transferred from results brought forward	0	0	559.910	0	0	559.910
Fair value adjustment of hedging instruments	0	0	0	-221.220	0	-221.220
Tax on adjustment of hedging instruments	0	0	0	48.668	0	48.668
Equity 1 January						
2018	1.572.000	0	559.910	38.428.377	0	40.560.287
Share of results	0	8.519.218	0	57.145.566	0	65.664.784
Extraordinary dividend adopted during the financial year	0	0	0	-10.000.000	0	-10.000.000
Transferred from results brought forward	0	0	475.430	0	0	475.430
Exchange rate adjustments	0	277.069	0	0	0	277.069
Fair value adjustment of hedging instruments	0	0	0	221.220	0	221.220
Tax on adjustment of hedging instruments	0	0	0	-48.668	0	-48.668
	1.572.000	8.796.287	1.035.340	85.746.495	0	97.150.122

Cash flow statement 1 January - 31 December

All amounts in DKK.

Note	2018	2017
Results for the year	66.140.214	46.544.131
22 Adjustments	17.578.459	28.133.569
23 Change in working capital	-16.579.379	-11.083.044
Cash flow from operating activities before net financials	67.139.294	63.594.656
Interest received and similar amounts	424.619	370.008
Interest paid and similar amounts	-3.428.376	-10.818.819
Cash flow from ordinary activities	64.135.537	53.145.845
Corporate tax paid	-11.143.750	-14.468.408
Cash flow from operating activities	52.991.787	38.677.437
Purchase of intangible fixed assets	-1.568.656	-1.085.845
Purchase of tangible fixed assets	-9.805.872	-8.200.770
Purchase of financial fixed assets	-75.105	-108.369
Sale of financial fixed assets	114.416	0
Cash flow from investment activities	-11.335.217	-9.394.984
Repayments of long-term debt	-4.137.338	-6.122.935
Dividend paid	-10.000.000	-38.000.000
Cash flow from financing activities	-14.137.338	-44.122.935
Changes in available funds	27.519.232	-14.840.482
Available funds 1 January 2018	517.496	15.357.978
Available funds 31 December 2018	28.036.728	517.496
Available funds		
Available funds	28.836.170	8.136.625
Short-term bank debts	-799.442	-7.619.129
Available funds 31 December 2018	28.036.728	517.496

Notes

All amounts in DKK.

1. Subsequent events

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

2. Special items

Special items include significant income and expenses of a special nature in proportion to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any gains and losses related and which over time have a significant impact. Special items also include other significant amounts of non-recurring nature.

Special items for the year are specified below, showing where they are recognised in the income profit and loss account.

	2018	2017
	<u> </u>	<u> </u>
Costs:		
Exit-bonus Vækstfonden	0	6.240.000
	<u>0</u>	<u>6.240.000</u>
Special items are recognised in the following items in the annual accounts:		
Other financial costs	0	-8.000.000
Tax on ordinary results	0	1.760.000
Results of special items, net	<u>0</u>	<u>-6.240.000</u>

3. Staff costs

Salaries and wages	42.438.173	29.624.093
Pension costs	1.746.842	1.853.234
Other costs for social security	837.227	657.018
Other staff costs	2.971.280	2.215.875
	<u>47.993.522</u>	<u>34.350.220</u>
Executive board	3.477.877	1.272.874
Board of directors	0	75.000
	<u>3.477.877</u>	<u>1.347.874</u>
Average number of employees	<u>79</u>	<u>70</u>

Notes

All amounts in DKK.

	2018	2017
4. Other financial costs		
Financial costs, group enterprises	384.351	0
Other financial costs	3.044.025	10.818.819
	3.428.376	10.818.819
5. Tax on ordinary results		
Tax of the results for the year, parent company	13.582.237	13.869.750
Adjustment for the year of deferred tax	2.673.255	-639.056
Adjustment of tax for previous years	12.110	-4.422
	16.267.602	13.226.272
6. Proposed distribution of the results		
Reserves for net revaluation as per the equity method	8.519.218	0
Allocated to results brought forward	57.145.566	45.984.221
To be transferred to reserve for development expenditure	475.430	559.910
Distribution in total	66.140.214	46.544.131
7. Completed development projects, including patents and similar rights arising from development projects		
Transfers	2.197.421	0
Cost 31 December 2018	2.197.421	0
Amortisation for the year	-870.063	0
Amortisation and writedown 31 December 2018	-870.063	0
Book value 31 December 2018	1.327.358	0

The completed development projects concern the group's development of new products. Sales of the new products have been made in the current financial year.

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
8. Acquired concessions, patents, licenses, trademarks and similar rights		
Cost 1 January 2018	2.216.531	1.848.520
Additions during the year	89.069	368.011
Disposals during the year	<u>-1.784.638</u>	<u>0</u>
Cost 31 December 2018	<u>520.962</u>	<u>2.216.531</u>
Amortisation and writedown 1 January 2018	-1.769.231	-1.568.751
Amortisation for the year	-368.006	-200.480
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>1.784.638</u>	<u>0</u>
Amortisation and writedown 31 December 2018	<u>-352.599</u>	<u>-1.769.231</u>
Book value 31 December 2018	<u>168.363</u>	<u>447.300</u>
9. Development projects in progress and prepayments for intangible fixed assets		
Cost 1 January 2018	717.834	0
Additions during the year	1.479.587	717.834
Transfers	<u>-2.197.421</u>	<u>0</u>
Cost 31 December 2018	<u>0</u>	<u>717.834</u>
Book value 31 December 2018	<u>0</u>	<u>717.834</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
10. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2018	13.311.844	9.958.083
Additions during the year	8.032.187	3.353.761
Disposals during the year	<u>-1.283.810</u>	<u>0</u>
Cost 31 December 2018	<u>20.060.221</u>	<u>13.311.844</u>
Amortisation and writedown 1 January 2018	-6.531.361	-4.550.348
Depreciation for the year	-2.914.633	-1.981.013
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>1.283.813</u>	<u>0</u>
Amortisation and writedown 31 December 2018	<u>-8.162.181</u>	<u>-6.531.361</u>
Book value 31 December 2018	<u>11.898.040</u>	<u>6.780.483</u>
11. Decoration rented premises		
Cost 1 January 2018	17.104.007	12.256.998
Additions during the year	1.773.685	4.847.009
Disposals during the year	<u>-4.540.900</u>	<u>0</u>
Cost 31 December 2018	<u>14.336.792</u>	<u>17.104.007</u>
Depreciation and writedown 1 January 2018	-8.105.740	-5.858.120
Depreciation for the year	-2.688.738	-2.247.620
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>4.540.906</u>	<u>0</u>
Depreciation and writedown 31 December 2018	<u>-6.253.572</u>	<u>-8.105.740</u>
Book value 31 December 2018	<u>8.083.220</u>	<u>8.998.267</u>

Notes

All amounts in DKK.

	31/12 2018	31/12 2017
12. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2018	7.050	186.250
Additions during the year	35.500	7.050
Disposals during the year	0	-186.250
Cost 31 December 2018	42.550	7.050
Revaluations, opening balance 1 January 2018	0	-186.250
Results for the year before goodwill amortisation	8.519.218	0
Reversal of prior revaluations	0	186.250
Translation adjustment at year-end rate	277.069	0
Revaluation 31 December 2018	8.796.287	0
Book value 31 December 2018	8.838.837	7.050
Group enterprises:		
	Domicile	Share of ownership
Ganni Inc.	Delaware	100 %
Ganni Limited	London	100 %
Ganni AB	Stockholm	100 %
13. Other debtors		
Cost 1 January 2018	111.416	136.370
Disposals during the year	0	-24.954
Transfers	-111.416	0
Cost 31 December 2018	0	111.416
Book value 31 December 2018	0	111.416

Notes

All amounts in DKK.

	31/12 2018	31/12 2017
14. Deposits		
Cost 1 January 2018	1.083.976	982.657
Additions during the year	39.605	101.319
Cost 31 December 2018	1.123.581	1.083.976
Book value 31 December 2018	1.123.581	1.083.976

15. Accrued income and deferred expenses

Accrued income and deferred expenses comprises of prepaid rent, insurance and subscriptions etc.

16. Contributed capital

The share capital consists of 15,720 shares, each with a nominal value of DKK 100. No shares hold particular rights.

Within the latest five years, no changes in the share capital have taken place.

17. Provisions for deferred tax

Provisions for deferred tax 1 January 2018	400.601	1.088.325
Deferred tax of the results for the year	2.673.255	-639.056
Deferred tax recognised directly in equity	48.668	-48.668
	3.122.524	400.601

Provisions for deferred tax concerns intangible and tangible fixed assets, prepaid costs and tax loss to carry forward.

18. Liabilities

	Instalments first year	Outstanding debt after 5 years	Debt in total 31 Dec 2018	Debt in total 31 Dec 2017
Bank debts	4.200.000	0	7.004.067	11.141.405
	4.200.000	0	7.004.067	11.141.405

Notes

All amounts in DKK.

19. Mortgage and securities

For bank debts, tDKK 7.804, the company has provided security in company assets representing a nominal value of tDKK 24.000. This security comprises the below assets, stating the book values:

Inventories	tDKK 37.553
Receivable from sales and services	tDKK 25.394
Intangible fixed assets	tDKK 1.496
Other plants, operating assets, and fixtures and furniture	tDKK 11.898

20. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of tDKK 68. The leasing contracts have 33 months left to run, and the total outstanding leasing payment is tDKK 186.

Other contingent liabilities

The company entered into leasing contracts with a total liability of tDKK 4,479. The leasing contracts' notice periods are between 3-35 months.

Joint taxation

Danish Fashion Co A/S, company reg. no 38747932 being the administration company, the company is subject to the Danish scheme of joint taxation and, as from December 20 2017, unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Notes

All amounts in DKK.

21. Related parties

Controlling interest

Danish Fashion Co A/S
Frederiksholms Kanal 4
1220 Copenhagen C
Denmark

Majority shareholder

Consolidated annual accounts

The company is included in the consolidated annual accounts of Danish Fashion Co A/S, Frederiksholms Kanal 4, 1220 Copenhagen C, Denmark.

22. Adjustments

Depreciation and amortisation	6.841.440	4.429.113
Income from equity investments in group enterprises	-8.519.218	0
Other financial income	-424.618	-370.007
Other financial costs	3.428.376	10.818.819
Tax on ordinary results	16.267.602	13.226.272
Other adjustments	-15.123	29.372
	17.578.459	28.133.569

23. Change in working capital

Change in inventories	-12.190.914	-6.162.236
Change in debtors	-22.489.420	-19.855.677
Change in trade creditors and other liabilities	18.100.955	14.934.869
	-16.579.379	-11.083.044