

# Ellos Denmark A/S

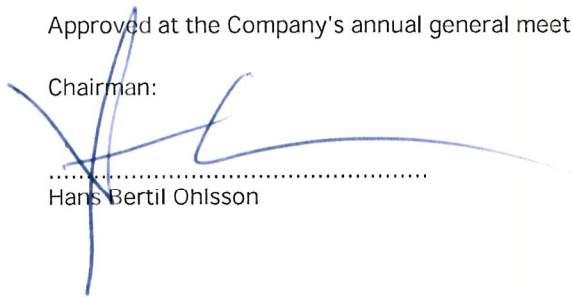
Sundkrogsgade 21, 2100 Copenhagen Ø

CVR no. 24 92 78 14

## Annual report 2018

Approved at the Company's annual general meeting on 10 June 2019

Chairman:

  
.....  
Hans Bertil Ohlsson

The EY logo consists of the letters 'EY' in a bold, sans-serif font. The 'E' and 'Y' are connected at the top. The 'E' has a horizontal bar that extends to the right, overlapping the 'Y'. The 'Y' has a vertical stem that goes down to the right.

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## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Ellos Denmark A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 10 June 2019  
Executive Board:




.....  
Hans Bertil Ohlsson

Board of Directors:



.....  
Johan Stigson  
Chairman



.....  
Bernt Johnny Eriksson



.....  
Hans Bertil Ohlsson



## Independent auditor's report

To the shareholders of Ellos Denmark A/S

### Opinion

We have audited the financial statements of Ellos Denmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 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 (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company 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 rules and requirements.

### 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 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 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 as to 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 the 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 internal control.



## Independent auditor's report

- ✦ 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 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 Company to cease to continue as a going concern.
- ✦ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Odense, 10 June 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Søren Smedegaard Hvid  
State Authorised Public Accountant  
mne31450



## Management's review

### Company details

Name	Ellos Denmark A/S
Address, Postal code, City	Sundkrogsgade 21, 2100 Copenhagen Ø
CVR no.	24 92 78 14
Established	16 December 1975
Registered office	Copenhagen Kommune
Financial year	1 January - 31 December
Website	<a href="http://www.ellos.dk">www.ellos.dk</a>
Board of Directors	Johan Stigson, Chairman Bernt Johnny Eriksson Hans Bertil Ohlsson
Executive Board	Hans Bertil Ohlsson
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark



## Management's review

### Business review

Ellos Denmark A/S is a wholly owned subsidiary of Ellos Group AB, Sweden, and is part of Ellos Group Holding AB.

The Company's business area is sale of clothing and other products for home and leisure primarily via e-commerce to the private market.

### Financial review

The income statement for 2018 shows a profit of DKK 1,452 thousand against a profit of DKK 2,009 thousand last year, and the balance sheet at 31 December 2018 shows equity of DKK 11,543 thousand.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2018	2017
	Gross profit	2,290,526	2,874,182
3	Staff costs	-156,043	-2,774,403
	Profit before net financials	2,134,483	99,779
4	Financial income	641,947	910,204
	Financial expenses	-316,473	-163,374
	Profit before tax	2,459,957	846,609
5	Tax for the year	-1,008,246	1,162,403
	Profit for the year	1,451,711	2,009,012
	Recommended appropriation of profit		
	Retained earnings	1,451,711	2,009,012





## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Non-fixed assets		
	Receivables		
	Trade receivables	3,041,677	2,312,987
	Receivables from group enterprises	25,588,084	26,504,975
	Deferred tax assets	8,255,591	1,162,403
	Other receivables	170,341	0
	Prepayments	1,878,610	2,289,781
		<u>38,934,303</u>	<u>32,270,146</u>
	Cash	0	219
	Total non-fixed assets	<u>38,934,303</u>	<u>32,270,365</u>
	TOTAL ASSETS	<u>38,934,303</u>	<u>32,270,365</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500,000	500,000
	Retained earnings	11,043,037	9,591,326
	Total equity	<u>11,543,037</u>	<u>10,091,326</u>
	Provisions		
6	Other provisions	4,762,787	6,210,354
	Total provisions	<u>4,762,787</u>	<u>6,210,354</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	860	0
	Trade payables	1,807,050	1,484,236
	Payables to group enterprises	8,581,069	9,847,912
	Corporation tax payable	8,328,274	0
	Other payables	3,911,226	4,636,537
		<u>22,628,479</u>	<u>15,968,685</u>
	Total liabilities other than provisions	<u>22,628,479</u>	<u>15,968,685</u>
	TOTAL EQUITY AND LIABILITIES	<u>38,934,303</u>	<u>32,270,365</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 7 Collateral
- 8 Related parties



## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	500,000	7,582,314	8,082,314
Transfer through appropriation of profit	0	2,009,012	2,009,012
Equity at 1 January 2018	500,000	9,591,326	10,091,326
Transfer through appropriation of profit	0	1,451,711	1,451,711
Equity at 31 December 2018	<u>500,000</u>	<u>11,043,037</u>	<u>11,543,037</u>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Ellos Denmark A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. A few reclassifications have been made in the balance sheet as of 31 December 2017.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Income statement

##### Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Gross profit

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

##### Staff costs

Staff costs include staff cost recharges regarding employees of Swedish group companies

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

##### Provisions

Provisions comprise anticipated expenses relating to product returns, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Liabilities are measured at net realisable value.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

DKK	2018	2017
3 Staff costs		
Wages/salaries	-146,702	2,299,495
Other social security costs	248,743	447,796
Other staff costs	54,002	27,112
	<u>156,043</u>	<u>2,774,403</u>

A restructuring reserve of DKK 0,6 million has this year been allocated to wages/salaries.

The Company has no employees. Staff costs can be attributed to staff cost recharges regarding employees of Swedish group companies.

DKK	2018	2017
4 Financial income		
Interest receivable, group entities	575,884	538,994
Other financial income	66,063	371,210
	<u>641,947</u>	<u>910,204</u>

5 Tax for the year		
Estimated tax charge for the year	8,101,434	0
Deferred tax adjustments in the year	-7,093,188	-1,162,403
	<u>1,008,246</u>	<u>-1,162,403</u>

#### 6 Other provisions

Other provisions mainly consist of anticipated expenses relating to product returns.

#### 7 Collateral

The group which Ellos Denmark A/S belongs to has been granted a bank credit amounting to SEK 850 million as of 31 December 2018. The shares in the major group companies have been pledged as security for the credit facility. In addition, the group companies including Ellos Denmark A/S have issued an unlimited guarantee for the credit facility.

#### 8 Related parties

Ellos Denmark A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Ellos Group AB	Borås, Sweden	Participating interest