

**Ellos Denmark A/S**  
Kronprinsensgade 13  
1114 Copenhagen K  
Central Business Registration No  
24927814

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 15.05.2018

### **Chairman of the General Meeting**

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Name: Hans Bertil Ohlsson

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## Entity details

### Entity

Ellos Denmark A/S  
Kronprinsensgade 13  
1114 Copenhagen K

Central Business Registration No: 24927814

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

Website: [www.ellos.dk](http://www.ellos.dk)

### Board of Directors

Johan Stigson  
Bernt Johnny Eriksson  
Hans Bertil Ohlsson

### Executive Board

Hans Bertil Ohlsson

### Auditors

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

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Ellos Denmark A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 15.05.2018

### Executive Board

Hans Bertil Ohlsson

### Board of Directors

Johan Stigson

Bernt Johnny Eriksson

Hans Bertil Ohlsson

# Independent auditor's report

## To the shareholder of Ellos Denmark A/S

### Opinion

We have audited the financial statements of Ellos Denmark A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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.

## Independent auditor's report

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.

## Independent auditor's report

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, 15.05.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Jan Larsen  
State Authorised Public Accountant  
Identification number (MNE) mne16541

## Management commentary

### Primary activities

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.

In connection with the sale, the customers are offered credit financing.

### Development in activities and finances

In 2017, Ellos Denmark A/S realized a lower revenue than in 2015 with unchanged margin.

By 31.12.2017 the office in Denmark has been closed down and all personnel have been terminated. Operations will continue to be run by staff from the Swedish operations. A restructuring reserve of 0,6 MDKK has been allocated during the year to cover the costs of premises and personnel.

The Parent – Ellos Group AB – has issued a letter of support from which it appears that the Parent will provide the Company with the necessary liquidity until 31.12.2018 for which reason the Company will be able to settle its obligations when falling due.

### 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 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue		141.125	149.554
Cost of sales		(45.129)	(47.576)
Other external expenses		<u>(93.121)</u>	<u>(94.682)</u>
<b>Gross profit/loss</b>		<b>2.875</b>	<b>7.296</b>
Staff costs	1	<u>(2.774)</u>	<u>(1.991)</u>
<b>Operating profit/loss</b>		<b>101</b>	<b>5.305</b>
Other financial income	2	911	1.921
Other financial expenses		<u>(165)</u>	<u>(452)</u>
<b>Profit/loss before tax</b>		<b>847</b>	<b>6.774</b>
Tax on profit/loss for the year	3	<u>1.162</u>	<u>0</u>
<b>Profit/loss for the year</b>		<b>2.009</b>	<b>6.774</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>2.009</u>	<u>6.774</u>
		<b>2.009</b>	<b>6.774</b>

**Balance sheet at 31.12.2017**

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Trade receivables		2.312	2.793
Receivables from group enterprises		26.000	26.000
Deferred tax	4	1.162	0
Income tax receivable		0	50
Prepayments	5	2.314	3.576
<b>Receivables</b>		<b>31.788</b>	<b>32.419</b>
<b>Cash</b>		<b>481</b>	<b>9</b>
<b>Current assets</b>		<b>32.269</b>	<b>32.428</b>
<b>Assets</b>		<b>32.269</b>	<b>32.428</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Contributed capital		500	500
Retained earnings		9.591	7.582
<b>Equity</b>		<b>10.091</b>	<b>8.082</b>
Other provisions	6	6.211	5.685
<b>Provisions</b>		<b>6.211</b>	<b>5.685</b>
Bank loans		0	4.486
Trade payables		6.095	2.035
Payables to group enterprises		5.237	8.684
Other payables		4.635	3.456
<b>Current liabilities other than provisions</b>		<b>15.967</b>	<b>18.661</b>
<b>Liabilities other than provisions</b>		<b>15.967</b>	<b>18.661</b>
<b>Equity and liabilities</b>		<b>32.269</b>	<b>32.428</b>
Related parties with controlling interest	7		
Group relations	8		

## Statement of changes in equity for 2017

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	500	7.582	8.082
Profit/loss for the year	0	2.009	2.009
<b>Equity end of year</b>	<b>500</b>	<b>9.591</b>	<b>10.091</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	2.300	1.661
Other social security costs	341	254
Other staff costs	133	76
	<b>2.774</b>	<b>1.991</b>
Average number of employees	<b>3</b>	<b>3</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	539	471
Other financial income	372	1.450
	<b>911</b>	<b>1.921</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Tax on profit/loss for the year</b>		
Change in deferred tax for the year	189	0
Adjustment concerning previous years	(1.351)	0
	<b>(1.162)</b>	<b>0</b>
		<b>2017</b>
		<b>DKK'000</b>
<b>4. Deferred tax</b>		
Tax losses carried forward		1.162
		<b>1.162</b>

## Notes

### **5. Prepayments**

Prepaid expenses include additional purchase price for account and invoice receivables.

### **6. Other provisions**

Other provisions consist of provisions for returned goods and related costs.

### **7. Related parties with controlling interest**

Ellos Group AB, Borås, Sweden wholly owns the shares of the Company and has control over the Company.

### **8. Group relations**

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

Ellos Group Holding AB, Sweden

## 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.

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.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

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

#### Cost of sales

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

## Accounting policies

### 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 write-downs of receivables recognised in current assets.

### Staff costs

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

### Other financial income

Other financial income comprises interest income, net capital gains on payables and foreign currency transactions as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on payables and foreign currency transaction as well as 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.

### Balance sheet

#### 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 tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

#### Income tax payable or receivable

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

#### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.



## Accounting policies

### Cash

Cash comprises cash in hand and bank deposits.

### Other provisions

Other provisions comprise anticipated costs of returns etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

### Other financial liabilities

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