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PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Hårklinikken ApS

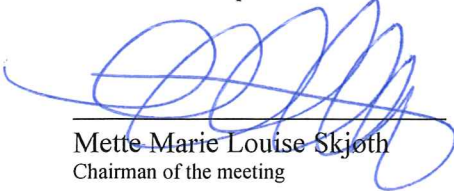
Amaliegade 42, 1256 København K

Company reg. no. 25 63 59 14

Annual report

1 January - 31 December 2017

The annual report has been submitted and approved by the general meeting on the 18 June 2018.



Mette Marie Louise Skjøth
Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.



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Management's report

The board of directors and the managing director have today presented the annual report of Hårklinikken ApS for the financial year 1 January to 31 December 2017.

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 as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

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, 18 June 2018

Managing Director

Lene Wang Kristensen

Board of directors

Lars Skjøth
Chairman

Mette Marie Louise Skjøth



Independent auditor's report

To the shareholder of Hårklinikken ApS

Opinion

We have audited the annual accounts of Hårklinikken ApS for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet 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 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 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.

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:



Independent auditor's report

- 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.

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.



Independent auditor's report

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, 18 June 2018

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Elan Schapiro
State Authorised Public Accountant
MNE-nr. 33765



Company data

The company	Hårklinikken ApS Amaliegade 42 1256 København K
	Company reg. no. 25 63 59 14 Established: 22 September 2000 Domicile: Financial year: 1 January - 31 December 17th financial year
Board of directors	Lars Skjøth, Chairman Mette Marie Louise Skjøth
Managing Director	Lene Wang Kristensen
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K
Parent company	Skjøth Holding ApS
Subsidiary	Hårklinikken GmbH, Germany



Management's review

The principal activities of the company

Like previous years, the principal activities are treatment of hair loss and scalp diseases, including sales and marketing of hair and scalp products in Denmark, both in retail as well as in clinics.

Development in activities and financial matters

The gross profit for the year is 6.276 tDKK against 6.076 tDKK last year. The results from ordinary activities after tax are 738 tDKK against 763 tDKK last year.

The development of the company's activities and financial matters are shown in the following profit and loss accounts and the balance sheet. The management consider the results satisfactory.

In 2017, revenue continued to increase. Continued sales growth of hair treatments and products are expected in 2018 for Hårklinikken ApS.

Hårklinikken ApS is still the market leader in the treatment of hair loss and scalp diseases.

Hårklinikken ApS is considered as second to none ambassadors in the market.



Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Gross profit	6.276.431	6.075.615
1 Staff costs	-5.255.360	-5.135.940
Depreciation and writedown relating to tangible fixed assets	-9.201	-20.225
Operating profit	1.011.870	919.450
Income from equity investment in group enterprise	-135.285	-51.843
Other financial income from group enterprises	143.045	162.073
Other financial income	1.516	12.651
Other financial costs	-34.741	-16.156
Results before tax	986.405	1.026.175
2 Tax on ordinary results	-248.330	-262.718
Results for the year	738.075	763.457
Proposed distribution of the results:		
Dividend for the financial year	700.000	2.500.000
Allocated to results brought forward	38.075	0
Allocated from results brought forward	0	-1.736.543
Distribution in total	738.075	763.457



Balance sheet 31 December

All amounts in DKK.

Assets		2017	2016
Note		<u> </u>	<u> </u>
Fixed assets			
3	Other plants, operating assets, and fixtures and furniture	15.512	24.713
	Tangible fixed assets in total	<u>15.512</u>	<u>24.713</u>
5	Equity investment in group enterprise	1	1
6	Deposits	<u>275.851</u>	<u>266.803</u>
	Financial fixed assets in total	<u>275.852</u>	<u>266.804</u>
	Fixed assets in total	<u>291.364</u>	<u>291.517</u>
Current assets			
	Manufactured goods and trade goods	<u>657.771</u>	<u>811.984</u>
	Inventories in total	<u>657.771</u>	<u>811.984</u>
	Trade debtors	12.703	81.094
7	Amounts owed by group enterprises	2.762.090	4.532.273
	Deferred tax assets	3.764	4.132
	Other debtors	<u>113.310</u>	<u>186.426</u>
	Debtors in total	<u>2.891.867</u>	<u>4.803.925</u>
	Other securities and equity investments	<u>20.486</u>	<u>19.529</u>
	Securities in total	<u>20.486</u>	<u>19.529</u>
	Available funds	<u>657.910</u>	<u>1.141.947</u>
	Current assets in total	<u>4.228.034</u>	<u>6.777.385</u>
	Assets in total	<u>4.519.398</u>	<u>7.068.902</u>



Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Equity			
8	Contributed capital	125.000	125.000
9	Results brought forward	326.197	292.747
10	Proposed dividend for the financial year	700.000	2.500.000
	Equity in total	<u>1.151.197</u>	<u>2.917.747</u>
 Liabilities			
	Prepayments received from customers	53.043	102.443
	Trade creditors	1.618.733	2.255.668
	Corporate tax	247.962	263.978
	Other debts	1.448.463	1.529.066
	Short-term liabilities in total	<u>3.368.201</u>	<u>4.151.155</u>
	Liabilities in total	<u>3.368.201</u>	<u>4.151.155</u>
	Equity and liabilities in total	<u>4.519.398</u>	<u>7.068.902</u>

11 Mortgage and securities

12 Contingencies



Notes

All amounts in DKK.

	<u>2017</u>	<u>2016</u>
1. Staff costs		
Salaries and wages	4.622.560	4.524.282
Pension costs	293.929	308.777
Other costs for social security	39.477	39.950
Other staff costs	299.394	262.931
	<u>5.255.360</u>	<u>5.135.940</u>
Average number of employees	<u>12</u>	<u>12</u>
2. Tax on ordinary results		
Tax of the results for the year, parent company	247.962	263.978
Adjustment for the year of deferred tax	368	-1.260
	<u>248.330</u>	<u>262.718</u>
3. Other plants, operating assets, and fixtures and furniture		
Cost 1 January	<u>561.454</u>	<u>561.454</u>
Cost 31 December	<u>561.454</u>	<u>561.454</u>
Amortisation and writedown 1 January	-536.741	-527.540
Depreciation for the year	-9.201	-9.201
Amortisation and writedown 31 December	<u>-545.942</u>	<u>-536.741</u>
Book value 31 December	<u>15.512</u>	<u>24.713</u>
4. Decoration rented premises		
Cost 1 January	<u>129.964</u>	<u>129.964</u>
Cost 31 December	<u>129.964</u>	<u>129.964</u>
Depreciation and writedown 1 January	-129.964	-118.940
Depreciation for the year	0	-11.024
Depreciation and writedown 31 December	<u>-129.964</u>	<u>-129.964</u>



Notes

All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
5. Equity investment in group enterprise		
Acquisition sum, opening balance 1 January	<u>7</u>	<u>7</u>
Cost 31 December	<u>7</u>	<u>7</u>
Revaluations, opening balance 1 January	-3.401.132	-3.465.283
Adjustment of previous revaluations	-75.964	0
Translation by use of the exchange rate valid on balance sheet date	-4.625	115.993
Results for the year before goodwill amortisation	<u>-59.321</u>	<u>-51.842</u>
Revaluation 31 December	<u>-3.541.042</u>	<u>-3.401.132</u>
Offsetting against debtors	3.541.036	3.401.126
Set off against debtors and provisions for liabilities	<u>3.541.036</u>	<u>3.401.126</u>
Book value 31 December	<u>1</u>	<u>1</u>

The financial highlights for the enterprise according to the latest approved annual report

	Share of ownership	Equity	Results for the year	Book value at Hårklinikken ApS
Hårklinikken GmbH, Germany	100 %	-3.541.036	-59.321	1

6. Deposits		
Cost 1 January	266.803	260.886
Additions during the year	<u>9.048</u>	<u>5.917</u>
Cost 31 December	<u>275.851</u>	<u>266.803</u>
Book value 31 December	<u>275.851</u>	<u>266.803</u>

7. Amounts owed by group enterprises

The company issues a letter of subordination concerning its receivable t.DKK 2.629 to group enterprise, Skjøth Holding ApS, vis-à-vis other creditors of Skjøth Holding ApS.



Notes

All amounts in DKK.

	<u>31/12 2017</u>	<u>31/12 2016</u>
8. Contributed capital		
Contributed capital 1 January	125.000	125.000
	<u>125.000</u>	<u>125.000</u>
9. Results brought forward		
Results brought forward 1 January	292.747	1.913.303
Profit or loss for the year brought forward	38.075	-1.736.543
Exchange rate adjustment	-4.625	13.048
Adjustment of previous years' impairment	0	102.939
	<u>326.197</u>	<u>292.747</u>
10. Proposed dividend for the financial year		
Dividend 1 January	2.500.000	0
Distributed dividend	-2.500.000	0
Dividend for the financial year	700.000	2.500.000
	<u>700.000</u>	<u>2.500.000</u>
11. Mortgage and securities		
For bank debts for the group, the company has provided security in Hårklinikken ApS' goodwill and leasehold rights at a total amount of DKK 7.000 thousand.		
The company has provided guarantees for the parent company, Skjøth Holding ApS' bank debt at a total amount of DKK 1.568 thousand.		
12. Contingencies		
Contingent liabilities		
The contingent liability covers rent for leases in Copenhagen and Aarhus, and amounts to DKK 415 thousand.		



Notes

All amounts in DKK.

• **Contingencies (continued)**

Joint taxation

Skjøth Holding ApS being the administration company, the company is subject to the Danish scheme of joint taxation and 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.



Accounting policies used

The annual report for Hårklinikken ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

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

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods, 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.

Other operating income and costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

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



Accounting policies used

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 tangible fixed assets respectively.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses concerning financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investment in group enterprise

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

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

Tangible fixed assets

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

The basis of depreciation is cost with the deduction of expected residual value after the end of the useful life of the asset.

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

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

Useful life



Accounting policies used

<i>Decoration rented premises</i>	<i>10 years</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>

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.

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.

Financial fixed assets

Equity investment in group enterprise

Equity investment in group enterprise is 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.

Group 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.

To the extent the equity exceeds the cost, the net revaluation of equity investment in group enterprise is transferred to the reserves under the equity for net revaluation as per the equity method. Dividend from group enterprise expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprise.

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 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.



Accounting policies used

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

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, Hårklinikken ApS 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 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

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