

# HUGO BOSS Nordic ApS

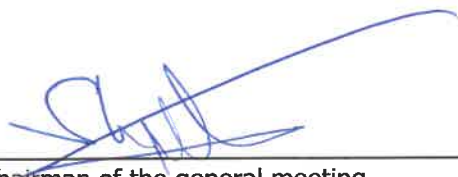
CVR-nr. 26 59 64 67

Støberigade 12  
2450 København SV

## Annual Report

*1 January 2018 - 31 December 2018*

The annual Report has been presented and approved on the company's general meeting  
*Copenhagen* the *24* of May 2019



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Chairman of the general meeting  
Stephan Ulrich Born

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## Company information

Reporting Company	HUGO BOSS Nordic ApS Støberigade 12 DK-2450 København SV
Telephone	+45 33 18 80 00
Registration no.	26 59 64 67
Reporting period:	01/01/2018 - 31/12/2018
Auditor	ERNST & YOUNG Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4 2000 Frederiksberg DK Denmark Registration no: 30700228 P-number: 1013415044
Bank	Skandinaviska Enskilda Banken, Danmark/ Nordic Branch of Skandinaviska Enskilda Banken AB, Sverige Landemærket 10 DK-1119 København DK Denmark

## Statement by Management

Today, management has considered and approved the annual report of HUGO BOSS Nordic ApS for the financial year 1 January 2018 – 31 December 2018

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

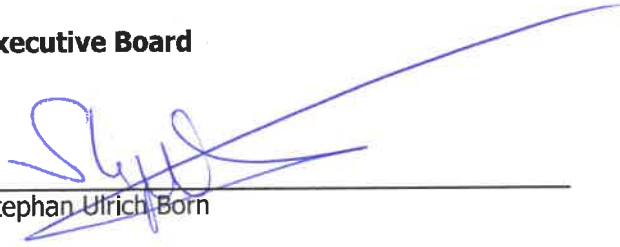
In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2018 and of the results of its operations for the financial year 1 January 2018 – 31 December 2018.

In our opinion, the management's review gives a fair review of the development and performance of the Company, the results for the year and financial position together with a description of the principal risks and uncertainties the company face.

The annual report is submitted for adoption by the annual general meeting

Copenhagen, 24<sup>th</sup> of May, 2019

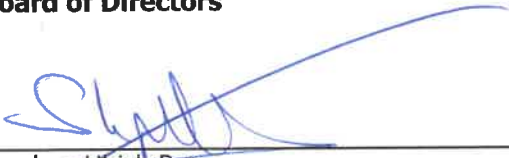
### Executive Board



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Stephan Ulrich Born

### Board of Directors



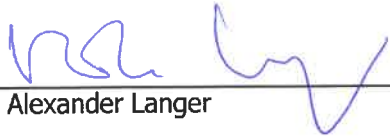
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Stephan Ulrich Born  
Chairman



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Bernd Hartmut Hake



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Mark Alexander Langer

## **Independent auditor's reports**

To the shareholders of HUGO BOSS Nordic ApS

### **Opinion**

We have audited the financial statements of HUGO BOSS Nordic ApS 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 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 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 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 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.
- ▶ 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.

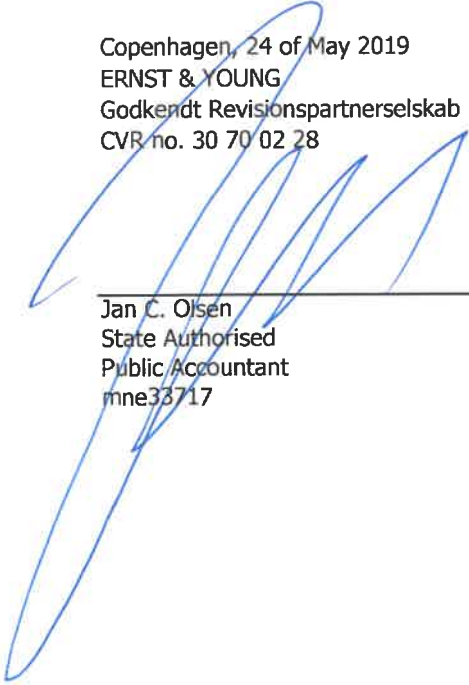
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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.

Copenhagen, 24 of May 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



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Jan C. Olsen  
State Authorised  
Public Accountant  
mne33717



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Simon Blendstrup  
State Authorised  
Public Accountant  
mne44060

## Management's Review

### Key figures and ratios

m.DKK

<b>Key figures</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Net turnover	412,6	341,4	346,3	312,3	315,5
Gross profit	89,7	71,2	81,5	78,5	73,2
Operating Income	15,8	6,9	25,4	23,3	15,7
Net financial expenses	-1,3	-0,5	-1,3	-0,9	-0,9
<b>Profit for the year</b>	<b>11,1</b>	<b>2,4</b>	<b>18,7</b>	<b>17,1</b>	<b>11,2</b>

Balance sheet	123,8	130,0	120,4	108,3	97,8
Investments in tangible assets	6,9	19,4	10,7	7,2	9,4
<b>Equity</b>	<b>48,8</b>	<b>37,8</b>	<b>50,4</b>	<b>46,6</b>	<b>40,5</b>

### Key ratios

Profit ratio	3,8%	2,0%	7,3%	7,5%	5,0%
Contribution margin	21,7%	20,9%	23,5%	25,1%	23,2%
Equity ration (solidity)	39,5%	29,1%	41,8%	43,0%	41,4%
Return on equity	25,6%	5,5%	38,6%	39,3%	27,4%

<b>Average full-time employees</b>	<b>116</b>	<b>111</b>	<b>106</b>	<b>106</b>	<b>104</b>
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### Main activity

The company's main activities has like previous years consisted of marketing and sale of the Group's product through the channels wholesale and retail.

The wholesales consider beside Denmark, Iceland, Faroe Island, Greenland, Estonia and Latvia. Whereas retail sales only are at the Danish market.

Furthermore we have had an increased sales to related parties, because the subsidiaries in Estonia and Latvia buys via the Denmark for the retail stores in those countries.

### Development in activities and finances

The profit of the year is positive and has increased 4 times compared with last years result. The increased profit is due to higher sales, especially due to the markets in Estonia and Latvia. Furthermore our own retail has increased by 9% which comes primarily from organic growth and only a minor part of the increased retail sales comes from expansion. The development is inline with the expectations for the year where we had expected an increase net sales and a retained positive result.

The expectation for 2018 was a 14% net sales increase from 2017. Net sales has increased by 21% so even better than expected, which primarily comes from WHS which has increased by 20%. Profit expectation was an increase above 200% against 2017, looking at actual achievement the profit has increased by 361% which all can relates to higher net sales and better margin (app. 2%).

There has been a transfer pricing case with the Danish tax authorities for the period 2012 to 2017, which has final been settled during 2018.

Furthermore it is important to mention that the result has been effected by impairment test of fixed assets, the result is therefore impacted by 11.0 mill. DKK from writedown related to the impairment of fixed asset.

Byside the above mention there has during the year not occurred any inessentials circumstances.



## **Management's Review, continued**

### **Expectations to the future**

HUGO BOSS Nordic expect to increase net sales and retain a positive result in 2019.

The expectations to the positive result in 2019 is expected to primarily come from organic growth in both WHS and Retail. Like for like growth in Retail expect to be between 3%-5% depending on the store. WHS net sales expect to be slightly lower than for 2018. We expect Intercompany sales to be slightly lower than for 2018. Furthermore we hope to launch our own internet site which also should contribute to the net sales and performance in 2019. Overall we expect that the total net sales will and profit before tax will stay at the same level as 2018.

### **Risk report**

#### ***Currency risk***

Currency risks are extremely low, because all sales (wholesale and retail) are in DKK. Further the parent company bears the currency risk, and invoices merchandise to HUGO BOSS Nordic ApS in DKK.

#### ***Credit risk***

The interest-bearing net debt does not pose a significant amount. Changes in interest rates have therefor no significant direct effect on the result.

### **Other circumstances**

#### ***External environment***

HUGO BOSS is not affected by any external environments and measures to prevent, reduce or remedy.

#### ***Research and development***

There has been no research and development during the year.

## Income statement 1 jan 2018 - 31 dec 2018

	Note	2018 (DKK)	2017 (DKK)
Revenue	3	412.618.177	341.366.673
Cost of sales		-253.395.843	-202.753.041
Other operating income		527.234	266.492
Other external expenses		-70.032.635	-67.692.458
<b>Gross profit</b>		<b>89.716.934</b>	<b>71.187.666</b>
Employee expenses	4	-53.158.936	-51.043.316
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets		-20.795.321	-13.197.489
<b>Profit from ordinary operating activities</b>		<b>15.762.677</b>	<b>6.946.861</b>
Other finance income	5	239.202	504.191
Other finance expense	6	-1.571.931	-1.008.431
<b>Profit from ordinary activities before tax</b>		<b>14.429.948</b>	<b>6.442.621</b>
Tax expense	7	-3.346.108	-4.037.724
<b>Profit</b>		<b>11.083.840</b>	<b>2.404.897</b>

## Balance sheet 31 December 2018

	Note	31.12.2018 (DKK)	31.12.2017 (DKK)
<b>ASSETS</b>			
Acquired other similar rights		0	0
<b>Intangible assets</b>	8	<b>0</b>	<b>0</b>
Fixtures, fittings , tools and equipment		4.491.935	6.969.650
Leasehold improvements		11.187.590	22.577.696
<b>Tangible assets</b>	9	<b>15.679.525</b>	<b>29.547.346</b>
Deferred tax asset	10	1.273.836	818.735
Deposits	11	8.964.215	8.835.787
<b>Other non-current assets</b>		<b>10.238.051</b>	<b>9.654.522</b>
<b>Total non-current assets</b>		<b>25.917.576</b>	<b>39.201.868</b>
Inventories		38.414.469	35.642.777
Trade receivables		27.716.334	36.972.968
Receivables from Group enterprises		4.689.982	0
Prepaid expenses	12	2.972.501	4.204.360
Other receivables		360.713	1.482.838
<b>Receivables</b>		<b>74.154.000</b>	<b>78.302.943</b>
<b>Cash and cash equivalents</b>		<b>23.705.648</b>	<b>12.446.885</b>
<b>Total current assets</b>		<b>97.859.648</b>	<b>90.749.828</b>
<b>Total assets</b>		<b>123.777.224</b>	<b>129.951.696</b>

**Balance sheet 31 December 2018**

	<u>Note</u>	<u>31.12.2018</u> (DKK)	<u>31.12.2017</u> (DKK)
<b>EQUITY and LIABILITIES</b>			
Share capital		250.000	250.000
Retained earnings		28.593.006	37.509.166
Proposed dividend		20.000.000	0
<b>Total equity</b>		<b><u>48.843.006</u></b>	<b><u>37.759.166</u></b>
Other provisions	13	2.762.238	2.644.706
<b>Non current liabilities</b>		<b><u>2.762.238</u></b>	<b><u>2.644.706</u></b>
Trade payables		16.358.268	13.301.410
Payables to group enterprises		34.018.324	55.302.979
Tax payables		367.094	1.085.013
Other payables		20.428.080	17.837.123
Deferred income	14	1.000.213	2.021.299
<b>Current liabilities</b>		<b><u>72.171.980</u></b>	<b><u>89.547.824</u></b>
<b>Total liabilities</b>		<b><u>74.934.218</u></b>	<b><u>92.192.530</u></b>
<b>Total equity and liabilities</b>		<b><u>123.777.224</u></b>	<b><u>129.951.696</u></b>
Accounting policies	1		
Contractual commitments	15		
Contingent liabilities and securities	16		
Related parties	17		

### Statement of changes in equity 1 jan 2018 - 31 dec 2018

	Share- capital	Retained earnings	Proposed dividend	Total
<b>Equity as of 1 January 2018</b>	<b>250.000</b>	<b>37.509.166</b>	<b>0</b>	<b>37.759.166</b>
Profit	0	-8.916.160	20.000.000	11.083.840
<b>Equity as of 31 December 2018</b>	<b>250.000</b>	<b>28.593.006</b>	<b>20.000.000</b>	<b>48.843.006</b>

The share capital consists of 500 shares of DKK 500 each.

The share capital of TDKK 250 has been unchanged the last 5 years.

## Notes

### 1 Accounting policies

#### Accounting policy

The annual report has been prepared in accordance with the Danish Financial Statements Act applying to Reporting class C, medium-size enterprise.

The financial statements have been prepared in accordance with the same accounting policies as last year.

#### Recognition and measurement in general

Revenues are recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as financial income or financial expenses.

Assets are recognised in the balance sheet when it is probable future income benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of the liability can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Upon recognition and measurement, predictable losses and risks which occur before the presentation of the annual report and which confirm or disprove matters existing on the balance sheet date are taken into consideration.

#### Transactions in foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the payment date are recognised in the income statement as financial income or expenses.

Fixed assets purchased in foreign currency are translated at the exchange rate at the transaction date.

Receivable, payable 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 one in effect at the balance sheet date are recognised in the income statement as financial income or expenses.

## Notes

### 1 Accounting policies (continued)

#### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of finished goods and commission is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

##### Cost of sales

Cost of sales includes merchandise which is consumed to achieved the net sales for the year.

##### Other income and expenses

Other income and expenses includes income and expenses besides the main activity of the company like profit or loss from sale of fixed asset.

##### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Employee expenses

Employee expenses include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. Made to the entity's employees. The item is net of refunds made by public authorities.

##### Financial income and expenses

Financial income and expenses and similar items include interest income and expenses, realised and unrealised exchange gains and losses on payables and transactions in foreign currency, as well as surcharges and allowances under the tax on account scheme etc.

##### Tax expense

Tax for the year, which consists of current taxes 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 by the portion attributable directly to equity with the portion attributable directly to equity.

## Notes

### 1 Accounting policies (continued)

#### Balance sheet

##### Intangible assets

Intangible assets, such as Key Money are measured at cost less accumulated depreciation and impairment.

Cost comprises the acquisition price.

The assets are depreciated by the straight-line method over the expected economic life based on the following assessment of the assets expected useful lifetime:

Key Money: 10 years (max)

Depreciation period is based on the length of the lease agreement.

##### Tangible assets

Fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment. Basis for depreciation is cost less expected value after the end useful lifetime.

Cost comprises the acquisition price, cost directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The cost of a total asset is divided into separate elements which are depreciated individually when the useful lives of the individual elements differ.

The assets are depreciated by the straight-line method over the expected economic life and the length of the lease contract, based on the following assessment of the assets expected useful lifetime:

Fixtures and fittings, EDB-equipment, tools and equipment: 1-5 years  
Leasehold improvements: 1-10 years

The basis of depreciation is calculated in consideration of the residual value of the asset and is reduced by impairment, if any. The residual value is fixed at the date of acquisition and is subject to annual review. When the residual value exceeds the carrying amount of the asset, depreciation will no longer take place.

In connection with changes in the depreciation period or the residual value, the effect of depreciation is recognised in future as a change in the accounting estimate.

##### Leases

Leases in respect of which the entity does not bear all significant risks and enjoy all significant benefits associated with the title to the assets are considered operating leases. Payments under operating leases are recognized in the income statement over the term of the lease.



## Notes

### 1 Accounting policies (continued)

#### **Impairment of non-current assets**

Intangible assets and fixtures, fittings and equipment are reviewed for impairment on an annual basis. Where there is indication of impairment, each individual asset or group of assets generating independent cash flows is tested for impairment. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price (recoverable amount). Where an impairment loss is recognised on a group of assets, a loss is first allocated to goodwill and then to the other assets on a pro rata basis.

#### **Deposits**

Deposits are measured as the lower of cost or net realisable value.

#### **Inventories**

Inventories are measured at the lower of cost calculated according to the FIFO principle and net realisable value. The net realisable value is calculated as the selling price less costs of completion and costs necessary to make the sale.

The cost of goods for resale comprises the acquisition price plus delivery costs.

#### **Receivables**

Receivables are recognised at the lower amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

#### **Prepaid expenses**

Deferred income asset comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to the nominal value.

#### **Equity**

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

#### **Corporate tax**

Current tax liabilities and receivables are recognised in the balance sheet, as estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and prepaid tax.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortizable goodwill.

## Notes

### 1 Accounting policies (continued)

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystalize as current tax. Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Changes in deferred tax caused by changes in regulations or rates are to recognised in the income statement.

#### Cash equivalents

Cash equivalents comprises cash balances and bank balances.

#### Other provisions

Provisions comprise anticipated costs related to return of goods and claims etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

#### Liabilities other than provisions

Liabilities are measured at net realisable value and is related to provision for holiday allowance, employee earnings, VAT e.g.

#### Cash flow statement

The Company has decided not to include a cash flow statement, as it is included in a cash flow statement for HUGO BOSS AG Group in accordance with the Danish Financial Statement Act. §86, 4.

#### Key figures

The key ratios have been calculated in accordance with the Danish Society of Financial Analysts 'Recommendations and Financial Ratios 2015'.

The key ratios are calculated as below:

Profit ratio:	$\frac{\text{Operating income} \times 100}{\text{Net turnover}}$
Contribution margin:	$\frac{\text{Gross profit} \times 100}{\text{Net turnover}}$
Equity ratio (solidity):	$\frac{\text{Equity, end} \times 100}{\text{Total liabilities}}$
Return on equity:	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$

## Notes

### 2 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. Expenses incurred to extensive structuring of processes and basis structural adjustments, as well as any relating disposal gains and losses, and which over time have a material impact. Special items also comprise significant one-off items, which in the opinion of Management do not form part of the Company's operating activities.

As disclosed in the Management's review, the profit for the year is affected by several matters that in the opinion of the Board of Directors do not form part of the operating activities.

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

	<u>2018</u>	<u>2017</u>
	(DKK)	(DKK)
Writedown on assets (impairment of assets)	<u>11.020.148</u>	<u>0</u>
Special items are recognised in the below financial statement items:		
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets	<u>11.020.148</u>	<u>0</u>
<b>Net profit/loss from special items</b>	<b><u>11.020.148</u></b>	<b><u>0</u></b>
<b>3 Revenue</b>		
Net sales	400.740.041	330.573.674
Commission income	<u>11.878.136</u>	<u>10.792.999</u>
<b>Total</b>	<b><u>412.618.177</u></b>	<b><u>341.366.673</u></b>
<b>4 Employee expenses</b>		
Salary and wages	46.468.038	44.783.066
Pensions	2.013.156	1.871.220
Other social security costs	976.724	678.053
Other employee expenses	<u>3.701.019</u>	<u>3.710.977</u>
<b>Total</b>	<b><u>53.158.936</u></b>	<b><u>51.043.316</u></b>
Average number of full-time employees	<u>116</u>	<u>111</u>

By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to Management is not disclosed

The members of the board has not received any remuneration.

### 5 Financial income

Interest income, other	121.104	102.891
Foreign exchange gains, group companies	30.560	372.965
Foreign exchange gains, other	<u>87.538</u>	<u>28.335</u>
<b>Total</b>	<b><u>239.202</u></b>	<b><u>504.191</u></b>

## Notes

	2018	2017
	(DKK)	(DKK)
<b>6 Financial expenses</b>		
Interest expenses, group companies	468.662	435.579
Interest expenses, other	629.616	56.354
Foreign exchange loss, group companies	105.983	31.304
Foreign exchange loss, other	367.670	485.194
<b>Total</b>	<b>1.571.931</b>	<b>1.008.431</b>
<b>7 Tax on profit for the year</b>		
Corporate income tax	3.772.142	1.015.278
Corporate income tax regarding previous years	-881.135	1.636.851
Changes in deferred tax	455.101	1.385.595
<b>Total</b>	<b>3.346.108</b>	<b>4.037.724</b>
<b>8 Intangible assets</b>		Intangible assets
		<i>Key Money</i>
Acquisition price, beginning of year		6.709.320
Additions during the year		0
<b>Acquisition price, at year-end</b>		<b>6.709.320</b>
Depreciation and impairment losses, beginning of year		-6.709.320
Depreciation for the year		0
<b>Depreciation and impairment losses, at year-end</b>		<b>-6.709.320</b>
<b>Net book value as of December 31, 2018</b>		<b>0</b>
Depreciation years		10 years
<b>9 Tangible assets</b>		
	Fixtures, fittings, tools and Equipment	IT-equipment
Acquisition price, beginning of year	32.876.061	3.573.970
Additions during the year	744.300	184.708
Disposals during the year	0	0
<b>Acquisition price, at year-end</b>	<b>33.620.361</b>	<b>3.758.678</b>
Depreciation and impairment losses, beginning of year	-26.838.392	-2.641.989
Depreciation for the year	-2.788.322	-618.401
Impairment losses for the year	0	0
Disposals during the year	0	0
<b>Depreciation and impairment losses, at year-end</b>	<b>-29.626.714</b>	<b>-3.260.390</b>
<b>Net book value as of December 31, 2018</b>	<b>3.993.647</b>	<b>498.288</b>
Depreciation period	1-5 years	3 years

## Notes

		Leasehold improvements
Acquisition price, beginning of year		64.025.838
Additions during the year		5.998.492
Disposals during the year		0
<b>Acquisition price, at year-end</b>		<b>70.024.330</b>
Depreciation and impairment losses, beginning of year		-41.448.142
Depreciation for the year		-6.368.449
Impairment losses for the year		-11.020.149
Disposals during the year		0
<b>Depreciation and impairment losses, at year-end</b>		<b>-58.836.740</b>
<b>Net book value as of December 31, 2018</b>		<b>11.187.590</b>
Depreciation period		1-10 <i>years</i>
<b>10 Financial assets</b>		Deposits
Original cost as of January 1, 2018		8.835.787
Additions		128.428
Disposals		0
<b>Net book value as of December 31, 2018</b>		<b>8.964.215</b>
	2018	2017
	(DKK)	(DKK)
<b>11 Prepaid expenses</b>		
Prepaid insurance	31.323	112.483
Other prepaid expenses	2.941.178	4.091.877
<b>Total</b>	<b>2.972.501</b>	<b>4.204.360</b>
<b>12 Deferred tax</b>		
Deferred tax comprises inventories, intangible and tangible assets.		
Deferred income tax is determined using the tax rate at the balance sheet date that apply when the deferred tax is expected to be released as current tax.		
The company expect to offset the deferred income tax in the positive tax result within the next 2-3 years.		
Deferred tax, beginning of year	818.735	2.204.330
Deferred tax, adjustment previous years	0	-552.938
Deferred tax for the year	455.101	-832.657
<b>Deferred tax at year-end</b>	<b>1.273.836</b>	<b>818.735</b>
<b>13 Other provisions</b>		
<b>Returns:</b>		
Other provisions of 2.762 TDKK (2017: 2.645 TDKK) for anticipated returns based on previous experience on the level of returns.		
The return is expected to be payable within one year from the balance sheet date.		

## Notes

	<u>2018</u>	<u>2017</u>
	(DKK)	(DKK)
<b>14 Deferred income</b>		
Contribution to be recognised in income statement, in the following years	1.000.213	2.021.299
<b>Total</b>	<b><u>1.000.213</u></b>	<b><u>2.021.299</u></b>

## 15 Contractual commitments

The Company has entered into tenancy agreements of renting premises. The total rent commitment amounts to TDKK 29.858 at December 31, 2018 (2017: TDKK 23.113), of which TDKK 20.261 mature in 2019 (2018: TDKK 17.018). The tenancy agreements have different termination possibilities and can be terminated in the period January 1, 2018 to October 31, 2025.

The Company has entered into leases of office equipment and cars. The total lease commitments amount to TDKK 497 at December 31, 2018 (2017: TDKK 926), of which TDKK 405 (2018: TDKK 558) mature in 2019. The remaining lease commitments mature within 2 years.

## 16 Contingent liabilities and securities

	<u>2018</u>	<u>2017</u>
	(DKK)	(DKK)
Bank guarantee	1.792.500	1.050.000
<b>Total</b>	<b><u>1.792.500</u></b>	<b><u>1.050.000</u></b>

## 17 Related parties

HUGO BOSS Nordic ApS' related parties comprises of the following:

### Controlling interest

Related parties with controlling interests is the Company's parent company:

HUGO BOSS International B.V.  
Boeing Avenue 255-257, NL-119 PD Schiphol Rijk  
Holland

The company is a wholly owned subsidiary of HUGO BOSS International B.V., a company incorporated in the Netherlands. HUGO BOSS International B.V. is the holding and finance company of the HUGO BOSS Group owned by HUGO BOSS AG.

The directors regard HUGO BOSS AG, a company incorporated in Germany, as the ultimate parent undertaking an controlling party. Copies of the ultimate parent undertaking's group financial statements can be obtained from Dieselstrasse 12, 72555 Metzingen, Germany.

HUGO BOSS Nordic ApS is included in the financial statements for:

HUGO BOSS AG  
Dieselstrasse 12, 72555 Metzingen  
Germany

### Transactions with related parties

	<u>2018</u>	<u>2017</u>
	(t. DKK)	(t. DKK)
Net sales to group companies	40.426	18.101
Net sales to parent company	0	0
Cost of goods from group companies	90.201	43.474
Cost of goods from parent company	169.471	89.646
Income from other services from group companies	-6.442	-4.081
Cost of services from parent company	18.466	20.813
Interest expenses from parent company	469	436
Receivables from group companies	4.690	0
Payable to group companies	0	1.119
Payables to parent company	34.018	54.184

### 18 Proposed distribution of results

	<u>2018</u>	<u>2017</u>
	(DKK)	(DKK)
Proposed dividend recognised in equity	20.000.000	0
Retained earnings	-8.916.160	2.404.897
	<b><u>11.083.840</u></b>	<b><u>2.404.897</u></b>