Naked ApS

Slagtehusgade 36, 1., DK-1715 Copenhagen V

Annual Report for 1 October 2017 - 30 September 2018

CVR No 28 10 88 93

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 17/1 2019

Stine Lindholm Pedersen
Chairman of the General Meeting

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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Naked ApS for the financial year 1 October 2017 - 30 September 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 30 September 2018 of the Company and of the results of the Company operations for 2017/18.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 17 January 2019

Executive Board

Stine Lindholm Pedersen

Independent Auditor's Report

To the Shareholder of Naked ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2018 and of the results of the Company's operations for the financial year 1 October 2017 - 30 September 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Naked ApS for the financial year 1 October 2017 - 30 September 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

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 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 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 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 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.

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.

- 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 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.

Hellerup, 17 January 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
statsautoriseret revisor
mne18651

Company Information

The Company	Naked ApS Slagtehusgade 36, 1. DK-1715 Copenhagen V
	CVR No: 28 10 88 93 Financial period: 1 October - 30 September Incorporated: 15 September 2004 Financial year: 14th financial year Municipality of reg. office: Copenhagen
Executive Board	Stine Lindholm Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Bankers	Nordea Bank

Income Statement
1 October 2017 - 30 September 2018

	Note	2017/18	2016/17
		DKK	DKK
Gross profit/loss		**16.937.945**	**14.652.874**
Staff expenses	2	-9.033.687	-6.320.046
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-440.924	-287.726
Profit/loss before financial income and expenses		**7.463.334**	**8.045.102**
Financial income		0	351
Financial expenses		-496.719	-455.374
Profit/loss before tax		**6.966.615**	**7.590.079**
Tax on profit/loss for the year	3	-1.500.421	-1.720.224
Net profit/loss for the year		**5.466.194**	**5.869.855**

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	4.000.000	4.000.000
Retained earnings	1.466.194	1.869.855
	5.466.194	**5.869.855**

Balance Sheet 30 September 2018

Assets

	Note	2017/18	2016/17
		DKK	DKK
Acquired licenses and rights		571.002	748.837
Intangible assets	4	**571.002**	**748.837**
Other fixtures and fittings, tools and equipment		141.725	121.191
Leasehold improvements		123.665	158.366
Property, plant and equipment	5	**265.390**	**279.557**
Deposits		405.600	445.572
Fixed asset investments		**405.600**	**445.572**
Fixed assets		**1.241.992**	**1.473.966**
Inventories		**12.414.695**	**10.245.738**
Trade receivables		1.428.573	973.938
Receivables from group enterprises		520.772	267.429
Other receivables		1.055.494	377.509
Deferred tax asset		22.111	0
Prepayments		188.947	18.750
Receivables		**3.215.897**	**1.637.626**
Cash at bank and in hand		**6.612.812**	**4.210.871**
Currents assets		**22.243.404**	**16.094.235**
Assets		**23.485.396**	**17.568.201**

Balance Sheet 30 September 2018

Liabilities and equity

	Note	2017/18	2016/17
		DKK	DKK
Share capital		124.995	125.000
Retained earnings		6.571.121	5.104.926
Proposed dividend for the year		4.000.000	4.000.000
Equity	6	**10.696.116**	**9.229.926**
Prepayments received from customers		96.990	99.380
Trade payables		5.983.462	3.368.060
Payables to group enterprises		2.981.550	1.225.467
Corporation tax		1.522.532	1.756.083
Other payables		2.204.746	1.889.285
Short-term debt		**12.789.280**	**8.338.275**
Debt		**12.789.280**	**8.338.275**
Liabilities and equity		**23.485.396**	**17.568.201**
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Notes to the Financial Statements

1 Key activities

The company's main activity is sales of fashion wear and shoes.

2 Staff expenses

	2017/18	2016/17
	DKK	DKK
Wages and salaries	8.681.123	6.094.393
Pensions	205.488	113.912
Other social security expenses	147.076	111.741
	9.033.687	**6.320.046**
Average number of employees	**24**	**13**

3 Tax on profit/loss for the year

	2017/18	2016/17
Current tax for the year	1.522.532	1.720.224
Deferred tax for the year	-22.111	0
	1.500.421	**1.720.224**

4 Intangible assets

	Acquired licenses and rights
	DKK
Cost at 1 October	1.144.070
Additions for the year	293.594
Disposals for the year	-400.000
Cost at 30 September	1.037.664
Impairment losses and amortisation at 1 October	395.233
Amortisation for the year	358.096
Reversal of amortisation of disposals for the year	-286.667
Impairment losses and amortisation at 30 September	466.662
Carrying amount at 30 September	**571.002**

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 October	253.500	173.501
Additions for the year	68.661	0
Cost at 30 September	322.161	173.501
Impairment losses and depreciation at 1 October	132.309	15.135
Depreciation for the year	48.127	34.701
Impairment losses and depreciation at 30 September	180.436	49.836
Carrying amount at 30 September	**141.725**	**123.665**

6 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 October	124.995	5.104.927	4.000.000	9.229.922
Ordinary dividend paid	0	0	-4.000.000	-4.000.000
Net profit/loss for the year	0	1.466.194	4.000.000	5.466.194
Equity at 30 September	**124.995**	**6.571.121**	**4.000.000**	**10.696.116**

Notes to the Financial Statements

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company has leases and rent obligations on TDKK 873 as of 30. September 2018 (TDKK 644 as of 30. September 2017)

The Group's companies are unlimited and jointly liable for withholding taxes on dividends, interest and royalties within the joint taxation group and for corporate taxation of the Group's jointly taxed income.

8 Related parties

Ownership

The company is consolidated in the group with the parent company:

Naked Holding ApS
Slagtehusgade 36, 1.
1715 Copenhagen V

Consolidated Financial Statements

The parent company Naked Holding ApS does not prepare consolidated financial statements.

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Naked ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017/18 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Notes to the Financial Statements

9 Accounting Policies (continued)

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

9 Accounting Policies (continued)

Balance Sheet

Intangible assets

Licenses and rights relates to key money on leases and external development of website application and infrastructure.

Licences and rights are amortised over its useful life, which is assessed at 3-5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	5	years
Leasehold improvements	5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Notes to the Financial Statements

9 Accounting Policies (continued)

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of 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, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.