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# ***Naked ApS***

Slagtehusgade 36, 1., DK-1715 Copenhagen V

## **Annual Report for 1 October 2019 - 30 September 2020**

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CVR No 28 10 88 93

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
18/12 2020

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 2019 - 30 September 2020.

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 2020 of the Company and of the results of the Company operations for 2019/20.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 18 December 2020

## **Executive Board**

Stine Lindholm Pedersen

# Independent Auditor's Report

To the Shareholders 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 2020 and of the results of the Company's operations for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Naked ApS for the financial year 1 October 2019 - 30 September 2020, 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.

## Statement on Management's Review

Management is responsible for Management's Review.

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

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

# Independent Auditor's Report

## 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.

## Independent Auditor's Report

- 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, 18 December 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Torben Jensen  
statsautoriseret revisor  
mne18651

Mads Haugegaard Albrechtsen  
statsautoriseret revisor  
mne45846

## **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: 16th financial year  
Municipality of reg. office: Copenhagen

### **Executive Board**

Stine Lindholm Pedersen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### **Bankers**

Nordea Bank

## **Management's Review**

Financial Statements of Naked ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### **Key activities**

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

### **Development in the year**

The income statement of the Company for 2019/20 shows a loss of DKK 598,028, and at 30 September 2020 the balance sheet of the Company shows equity of DKK 8,292,081.

### **Unusual events**

The consequences of COVID-19 has in the financial year 2019/20 had a negative effect on the revenue and the result, which is reflected in the profit and loss statement.

There are still doubts to the total effect of COVID-19, as the pandemic is still continuing, just as further increases in the infection pressure can mean further restrictions for the company, as Naked ApS operates several stores, which are affected by COVID-19. It is currently not possible to calculate the exact magnitude of the impact of COVID-19.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



# Income Statement

## 1 October 2019 - 30 September 2020

	Note	2019/20 DKK	2018/19 DKK
<b>Gross profit/loss</b>		<b>12,316,052</b>	<b>17,716,529</b>
Staff expenses	2	-10,709,057	-10,986,112
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1,062,880	-794,068
<b>Profit/loss before financial income and expenses</b>		<b>544,115</b>	<b>5,936,349</b>
Financial expenses		-860,846	-1,009,115
<b>Profit/loss before tax</b>		<b>-316,731</b>	<b>4,927,234</b>
Tax on profit/loss for the year	3	-281,297	-716,056
<b>Net profit/loss for the year</b>		<b>-598,028</b>	<b>4,211,178</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	0	2,500,000
Retained earnings	-598,028	1,711,178
	<b>-598,028</b>	<b>4,211,178</b>

# Balance Sheet 30 September 2020

## Assets

	Note	2020 DKK	2019 DKK
Acquired licenses and rights		1,972,257	1,122,070
<b>Intangible assets</b>	4	<b>1,972,257</b>	<b>1,122,070</b>
Other fixtures and fittings, tools and equipment		90,650	116,996
Leasehold improvements		491,736	327,614
<b>Property, plant and equipment</b>	5	<b>582,386</b>	<b>444,610</b>
Deposits		710,594	605,924
<b>Fixed asset investments</b>		<b>710,594</b>	<b>605,924</b>
<b>Fixed assets</b>		<b>3,265,237</b>	<b>2,172,604</b>
<b>Inventories</b>		<b>8,370,768</b>	<b>15,712,751</b>
Trade receivables		587,343	1,039,117
Other receivables		1,168,748	1,820,061
Deferred tax asset		0	186,165
Prepayments		501,410	382,514
<b>Receivables</b>		<b>2,257,501</b>	<b>3,427,857</b>
<b>Cash at bank and in hand</b>		<b>7,056,417</b>	<b>3,291,484</b>
<b>Currents assets</b>		<b>17,684,686</b>	<b>22,432,092</b>
<b>Assets</b>		<b>20,949,923</b>	<b>24,604,696</b>

# Balance Sheet 30 September 2020

## Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		126,000	126,000
Retained earnings		8,166,081	8,614,110
Proposed dividend for the year		0	2,500,000
<b>Equity</b>	<b>6</b>	<b>8,292,081</b>	<b>11,240,110</b>
Provision for deferred tax		95,132	0
Other provisions		315,000	0
<b>Provisions</b>		<b>410,132</b>	<b>0</b>
Prepayments received from customers		486,374	50,474
Trade payables		3,998,705	6,192,842
Payables to group enterprises		5,283,393	4,732,861
Corporation tax		0	947,166
Other payables		2,479,238	1,441,243
<b>Short-term debt</b>		<b>12,247,710</b>	<b>13,364,586</b>
<b>Debt</b>		<b>12,247,710</b>	<b>13,364,586</b>
<b>Liabilities and equity</b>		<b>20,949,923</b>	<b>24,604,696</b>
Unusual events	1		
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# Notes to the Financial Statements

## 1 Unusual events

The consequences of COVID-19 has in the financial year 2019/20 had a negative effect on the revenue and the result, which is reflected in the profit and loss statement.

There are still doubts to the total effect of COVID-19, as the pandemic is still continuing, just as further increases in the infection pressure can mean further restrictions for the company, as Naked ApS operates several stores, which are affected by COVID-19. It is currently not possible to calculate the exact magnitude of the impact of COVID-19.

It is currently not possible to assess the exact magnitude of the impact of COVID-19.

	<u>2019/20</u>	<u>2018/19</u>
	DKK	DKK
<b>2 Staff expenses</b>		
Wages and salaries	10,368,564	10,651,895
Pensions	123,640	120,868
Other social security expenses	<u>216,853</u>	<u>213,349</u>
	<b><u>10,709,057</u></b>	<b><u>10,986,112</u></b>
<b>Average number of employees</b>	<b><u>28</u></b>	<b><u>32</u></b>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	0	947,166
Deferred tax for the year	-68,922	-164,054
Adjustment of tax concerning previous years	0	-67,056
Adjustment of deferred tax concerning previous years	<u>350,219</u>	<u>0</u>
	<b><u>281,297</u></b>	<b><u>716,056</u></b>

# Notes to the Financial Statements

## 4 Intangible assets

	Acquired licenses and rights DKK
Cost at 1 October	2,051,541
Additions for the year	<u>1,709,018</u>
Cost at 30 September	<u>3,760,559</u>
Impairment losses and amortisation at 1 October	1,173,614
Amortisation for the year	<u>614,688</u>
Impairment losses and amortisation at 30 September	<u>1,788,302</u>
<b>Carrying amount at 30 September</b>	<b><u>1,972,257</u></b>

## 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 October	347,222	856,470
Additions for the year	14,425	327,400
Disposals for the year	<u>0</u>	<u>-356,119</u>
Cost at 30 September	<u>361,647</u>	<u>827,751</u>
Impairment losses and depreciation at 1 October	230,226	528,856
Depreciation for the year	40,771	163,278
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>-356,119</u>
Impairment losses and depreciation at 30 September	<u>270,997</u>	<u>336,015</u>
<b>Carrying amount at 30 September</b>	<b><u>90,650</u></b>	<b><u>491,736</u></b>

## Notes to the Financial Statements

### 6 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 October	126,000	8,614,109	2,500,000	11,240,109
Ordinary dividend paid	0	0	-2,500,000	-2,500,000
Contribution from group	0	150,000	0	150,000
Net profit/loss for the year	0	-598,028	0	-598,028
<b>Equity at 30 September</b>	<b>126,000</b>	<b>8,166,081</b>	<b>0</b>	<b>8,292,081</b>

### 7 Contingent assets, liabilities and other financial obligations

#### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,168,737	1,223,879
Between 1 and 5 years	421,948	963,691
	<b>1,590,685</b>	<b>2,187,570</b>

#### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Naked Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

### 8 Related parties

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

Naked Holding ApS  
 Slagtehusgade 36, 1.  
 1715 Copenhagen V

# Notes to the Financial Statements

## 9 Accounting Policies

The Annual Report of Naked ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

With regards to the true and fair view of the financial statements, certain reclassifications have been made in the balance sheet and notes. Comparative figures have been adjusted accordingly.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019/20 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.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## 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.

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

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise 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.



# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### **Amortisation, depreciation and impairment losses**

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

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale 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.

## **Balance Sheet**

### **Intangible assets**

Licenses and rights relates to key money on leases and external development of website application and infrastructure. Software and key money are recognised in the balance sheet as costs in the year of recognition. Software and key money measured at costs less accumulated amortisation and less any accumulated impairment losses.

Software and key moneys are amortised on a straight-line basis over the expected useful lives of the assets, which assessed at is 3 years.

### **Property, plant and equipment**

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

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

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 14,100 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.

### Fixed asset investments

Fixed asset investments consist of deposits.

### 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.

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.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### **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.

### **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include restructuring obligations. Provisions are measured and recognised based on experience with guarantee work.

### **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.