
Naked ApS

Slagtehusgade 36, 1., DK-1715 Copenhagen V

Annual Report for 1 October 2018 - 30 September 2019

CVR No 28 10 88 93

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/2 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 2018 - 30 September 2019.

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 2019 of the Company and of the results of the Company operations for 2018/19.

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

Copenhagen, 20 February 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 2019 and of the results of the Company's operations for the financial year 1 October 2018 - 30 September 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Naked ApS for the financial year 1 October 2018 - 30 September 2019, 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

Independent Auditor's Report

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, 20 February 2020

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: 15th 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 2018 - 30 September 2019

	Note	2018/19 DKK	2017/18 DKK
Gross profit/loss		17.716.529	16.937.945
Staff expenses	2	-10.986.112	-9.033.687
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-794.068	-440.924
Profit/loss before financial income and expenses		5.936.349	7.463.334
Financial expenses		-1.009.115	-496.719
Profit/loss before tax		4.927.234	6.966.615
Tax on profit/loss for the year	3	-716.056	-1.500.421
Net profit/loss for the year		4.211.178	5.466.194

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	2.500.000	4.000.000
Retained earnings	1.711.178	1.466.194
	4.211.178	5.466.194

Balance Sheet 30 September 2019

Assets

	Note	2018/19 DKK	2017/18 DKK
Acquired licenses and rights		1.122.070	571.002
Intangible assets	4	1.122.070	571.002
Other fixtures and fittings, tools and equipment		116.996	141.725
Leasehold improvements		327.614	123.665
Property, plant and equipment	5	444.610	265.390
Deposits		605.924	405.600
Fixed asset investments		605.924	405.600
Fixed assets		2.172.604	1.241.992
Inventories		15.712.751	12.414.695
Trade receivables		1.145.422	1.428.573
Receivables from group enterprises		0	520.772
Other receivables		2.427.990	1.055.494
Deferred tax asset		164.054	22.111
Prepayments		382.514	188.947
Receivables		4.119.980	3.215.897
Cash at bank and in hand		3.291.484	6.612.812
Currents assets		23.124.215	22.243.404
Assets		25.296.819	23.485.396

Balance Sheet 30 September 2019

Liabilities and equity

	Note	2018/19 DKK	2017/18 DKK
Share capital		126.000	124.995
Retained earnings		8.614.110	6.571.121
Proposed dividend for the year		2.500.000	4.000.000
Equity	6	11.240.110	10.696.116
Prepayments received from customers		48.186	96.990
Trade payables		6.192.842	5.983.462
Payables to group enterprises		4.732.861	2.981.550
Corporation tax		947.166	1.522.532
Other payables		2.135.654	2.204.746
Short-term debt		14.056.709	12.789.280
Debt		14.056.709	12.789.280
Liabilities and equity		25.296.819	23.485.396
Key activities	1		
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Notes to the Financial Statements

1 Key activities

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

Naked ApS and Mini Me ApS merged effectively 1 October 2018 with Naked ApS as the continuing company.

	2018/19 DKK	2017/18 DKK
2 Staff expenses		
Wages and salaries	10.651.895	8.681.123
Pensions	120.868	205.488
Other social security expenses	213.349	147.076
	<u>10.986.112</u>	<u>9.033.687</u>
Average number of employees	<u>32</u>	<u>24</u>

3 Tax on profit/loss for the year

Current tax for the year	947.166	1.522.532
Deferred tax for the year	-164.054	-22.111
Adjustment of tax concerning previous years	-67.056	0
	<u>716.056</u>	<u>1.500.421</u>

4 Intangible assets

	Acquired licenses and rights DKK
Cost at 1 October	1.037.664
Net effect from merger and acquisition	163.333
Additions for the year	963.877
Disposals for the year	-113.333
Cost at 30 September	<u>2.051.541</u>

Notes to the Financial Statements

4 Intangible assets (continued)

	Acquired licenses and rights <u>DKK</u>
Impairment losses and amortisation at 1 October	466.662
Net effect from merger and acquisition	18.277
Amortisation for the year	478.532
Reversal of amortisation of disposals for the year	<u>-34.000</u>
Impairment losses and amortisation at 30 September	<u>929.471</u>
Carrying amount at 30 September	<u>1.122.070</u>

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>DKK</u>	Leasehold improvements <u>DKK</u>
Cost at 1 October	322.161	173.501
Net effect from merger and acquisition	0	432.619
Additions for the year	<u>25.061</u>	<u>250.350</u>
Cost at 30 September	<u>347.222</u>	<u>856.470</u>
Impairment losses and depreciation at 1 October	180.436	49.836
Net effect from merger and acquisition	0	213.274
Impairment losses for the year	0	110.446
Depreciation for the year	<u>49.790</u>	<u>155.300</u>
Impairment losses and depreciation at 30 September	<u>230.226</u>	<u>528.856</u>
Carrying amount at 30 September	<u>116.996</u>	<u>327.614</u>

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	125.000	6.571.121	4.000.000	10.696.121
Net effect from merger and acquisition under the uniting of interests method	1.000	131.811	0	132.811
Adjusted equity at 1 October	126.000	6.702.932	4.000.000	10.828.932
Cash capital increase	0	200.000	0	200.000
Ordinary dividend paid	0	0	-4.000.000	-4.000.000
Net profit/loss for the year	0	1.711.178	2.500.000	4.211.178
Equity at 30 September	126.000	8.614.110	2.500.000	11.240.110

Notes to the Financial Statements

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company has leases and rent obligations on TDKK 1.224 as of 30. September 2019 (TDKK 873 as of 30. September 2018)

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 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Naked ApS merged with Mini Me ApS as of 1. October 2018. Naked ApS is the continuing company.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018/19 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.

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.

Notes to the Financial Statements

9 Accounting Policies (continued)

Balance Sheet

Intangible assets

Licences 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 13,800 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.