CARRINGTON RETAIL APS

ANNUAL REPORT 01/01 — 31/12

2019

CVR NO 33 49 93 53

The Annual Report was presented and adopted at the Annual General Meeting of the Company on September 8, 2020

NØRREBROGADE 106 2

2200 COPENHAGEN N DENMARK

Per Bech Gasseholm (Chairman)

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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Carrington Retail ApS for the financial year 1 January – 31 December 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 31 December 2019 of the Company and of the results of the Company operations for 2019.

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, September 8, 2020

Executive Board
Per Bech Gasseholm
CEO

Independent Auditor's Report

To the Shareholder of Carrington Retail ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Carrington Retail ApS for the financial year 1 January – 31 December 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.

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.

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, September 8, 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Hans Jørgen Andersen
State Authorised Public Accountant
mne30211

Company Information

The Company

Carrington Retail ApS
Nørrebrogade 106, 2
DK 2200 Copenhagen N

CVR No: 33 49 93 53
Financial period: 1 January – 31 December
Incorporated: 16 February 2011
Financial year: 8th financial year
Municipality of reg. office: Copenhagen

Executive Board

Per Bech Gasseholm

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities
The Company's main activity is to operate physical stores. e-commerce and related activities.

Development in the year
The income statement of the Company for 2019 shows a loss of DKK 634,376 and at 31 December 2019 the balance sheet of the Company shows equity of DKK 1,474,931.

2019 earnings were, as planned and expected, heavily impacted by significant investments in store rebuilds and new store openings. While some stores were closed for part of the year due to rebuild the company revenue increased for the year, predominantly driven by e-commerce.

The earnings result in 2019 is as planned, and thus deemed satisfactory.

Our goals continue to focus on operational improvements, growth, EBITDA, brand health and consumer experience & satisfaction.

Subsequent events
The implications of COVID-19 with many governments across the world deciding to" close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

To date, the Company has been negatively impacted by the effects of COVID-19 as company owned retail store have been closed for a period. We are though continuing our planned investments in future projects and despite the mentioned implications of COVID-19, Management still considers the cash resources reasonable.

Income Statement
1 January – 31 December

	Note	2019 DKK	2018 DKK
Gross profit/loss		8,726,722	8,338,548
Staff expenses	2	-8,561,068	-7,402,804
EBITDA		165,654	935,743
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-814,530	-697,455
Profit/loss before financial income and expenses		**-648,876**	**238,288**
Financial income	3	118,532	45,141
Financial expenses	4	-282,986	-269,769
Profit/loss before tax		**-813,330**	**13,660**
Tax on profit/loss for the year	5	178,954	-3,953
Net profit/loss for the year	6	**-634,376**	**9,707**

Balance Sheet 31 December

Assets

	Note	2019	2018
		DKK	DKK
Other acquired rights		16,250	31,250
Intangible assets	7	**16,250**	**31,250**
Other fixtures and fittings, tools and equipment		451,246	17,018
Leasehold improvements		1,135,853	1,640,254
Property, plant and equipment	8	**1,587,099**	**1,657,273**
Fixed assets		**1,603,349**	**1,688,522**
Finished goods and goods for resale		13,904,109	10,381,961
Inventories		**13,904,109**	**10,381,961**
Trade receivables		1,080,712	1,160,440
Receivables from group enterprises		0	41,696
Other receivables		266,089	1,206,238
Joint tax receivables		1,050,477	893,994
Prepayments		374,957	180,560
Receivables		**2,772,236**	**3,482,927**
Cash at bank and in hand		**1,724,216**	**3,142,938**
Currents assets		**18,400,560**	**17,007,826**
Assets		**20,003,909**	**18,696,348**

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		80,000	80,000
Retained earnings		1,394,931	2,029,307
Equity		**1,474,931**	**2,109,307**
Provision for deferred tax		4,514	26,985
Provisions		4,514	26,985
Credit institutions		2,890,347	0
Prepayments received from customers		462,313	591,101
Trade payables		3,281,395	4,545,324
Payables to group enterprises		9,560,877	8,377,651
Other payables		2,329,533	3,045,980
Short term debt		**18,524,464**	**16,560,056**
Debt		**18,528,978**	**16,587,041**
Liabilities and equity		**20,003,909**	**18,696,348**
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Equity

Equity	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 1 January	80,000	2,029,307	2,109,307
Net profit/loss for the year	-	-634,376	-634,376
Equity at 31 December	**80,000**	**1,394,931**	**1,474,931**

Notes to the Financial Statements

1 Going concern

Maintenance of the funding of the Company and group enterprises is assessed and discussed regularly with the Company's banker. It is essential to the Company as a going concern that funding is maintained, and that the Company maintains the profitable position on a long term basis.

In Management's opinion, it will be possible to maintain funding in the coming financial year, and the Company will remain profitable on a long term basis; therefore, Management presents the Annual Report under a going concern assumption.

		2019	2018
		DKK	DKK
2	**Staff expenses**		
	Wages and salaries	7,680,943	6,720,397
	Pensions	338,550	259,744
	Other social security expenses	159,294	109,526
	Other staff expenses	382,282	313,138
		8,561,068	**7,402,804**
	Average number of employees	25	**21**
3	**Financial income**		
	Exchange adjustments gain	118,532	45,141
		118,532	**45,141**
4	**Financial expenses**		
	Interest paid to group enterprises	149,811	145,448
	Other financial expenses	75,302	70,328
	Exchange loss	57,873	53,994
		282,986	**269,769**
5	**Tax on profit/loss for the year**		
	Current tax for the year	-156,483	3,953
	Deferred tax for the year	-22,471	0
		-178,954	**3,953**
6	**Distribution of profit**		
	Proposed distribution of profit		
	Retained earnings	-634,376	9.707
		-634,376	**9.707**

7 Intangible assets

	Other acquired rights
	DKK
Cost at 1 January	2,575,000
Cost at 31 December	2,575,000
Impairment losses and amortisation at 1 January	2,543,750
Amortisation for the year	15,000
Impairment losses and amortisation at 31 December	2,558,750
Carrying amount at 31 December	**16,250**
Amortised over	7 years

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	453,807	3,800,630	4,254,437
Additions for the year	449,200	280,157	729,357
Cost at 31 December	903,007	4,080,787	4,983,794
Impairment losses and depreciation at 1 January	436,789	2,160,375	2,597,165
Depreciation for the year	14,972	784,558	799,530
Impairment losses and depreciation at 31 December	451,761	2,944,934	3,396,695
Carrying amount at 31 December	**451,246**	**1,135,853**	**1,587,099**
Depreciated over	2–3 years	3–5 years	

9 Contingent assets, liabilities and other financial obligations

Charges and security

	2019	2018
	DKK	DKK
The following assets have been placed as security with credit institutions:		
Intangible and tangible assets, stocks and trade receivables with a net book value amounting to DKK	16,588,170	8,511,499
The following assets have been placed as security with letters:		
Bank guarantee for rent	343,750	0
Rental and lease obligations		
Tenancy commitments	2,426,523	3,839,105

9 Contingent liabilities (continued)

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 A/S af 24. juli 1995, 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.

10 Subsequent events

The implications of COVID-19 with many governments across the world deciding to" close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company. To date, the Company has been negatively impacted by the effects of COVID-19 as company owned retail store have been closed for a period. We are though continuing our planned investments in future projects and despite the mentioned implications of COVID-19, Management still considers the cash resources reasonable.

Related parties

Ownership

11 The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Carrington ApS, Copenhagen, CVR No. 21416134

Consolidated Financial Statements

Carrington Retail ApS is included in the Group Annual Report of

Name	Place of registered office
Carrington ApS	Copenhagen

The Group Annual Report of Carrington ApS may be obtained at the following address:

Carrington ApS
Nørrebrogade 106, 2. bgh.
2200 Copenhagen N
Denmark

12 Accounting Policies

The Annual Report of Carrington Retail ApS for 2019 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 accounting policies applied remain unchanged from last year.
The Financial Statements for 2019 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, impairment and provisions as well as reversals caused by reassessments of accounting estimates previously included 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.

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

12 Accounting Policies (continued)

Income Statement

Gross profit
With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

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.

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 A/S af 24. juli 1995 and its Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

12 Accounting Policies (continued)

Balance Sheet

Intangible assets
Other acquired rights acquired is measured at cost less accumulated amortisation. Other acquired rights is amortised on a straight-line basis over its useful life, which is assessed at 7 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	2-3 years
Leasehold improvements	3-5 years

Depreciation period and residual value are reassessed annually.

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, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables
Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

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

18 Accounting Policies (continued)

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

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.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

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