

# Episode Denmark ApS

Larsbjørnstræde 8, 1454 Copenhagen

Company reg. no. 33 94 78 44

## Annual report

**1 April 2019 - 31 March 2020**

The annual report was submitted and approved by the general meeting on the 1 September 2020.

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**Bernadus Frederik Tingen**

Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

## Contents

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	<u>Page</u>
<b>Reports</b>	
Management's report	1
Independent auditor's report	2
<b>Management commentary</b>	
Company information	5
Management commentary	6
<b>Financial statements 1 April 2019 - 31 March 2020</b>	
Income statement	7
Statement of financial position	8
Notes	10
Accounting policies	12

## **Management's report**

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Today, the managing director has presented the annual report of Episode Denmark ApS for the financial year 1 April 2019 - 31 March 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 March 2020 and of the company's results of activities in the financial year 1 April 2019 – 31 March 2020.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 10 August 2020

**Managing Director**

Bernadus Frederik Tingen

## **Independent auditor's report**

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### **To the shareholder of Episode Denmark ApS**

#### **Opinion**

We have audited the financial statements of Episode Denmark ApS for the financial year 1 April 2019 - 31 March 2020, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 March 2020 and of the results of the company's activities for the financial year 1 April 2019 - 31 March 2020 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

## **Independent auditor's report**

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As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## **Independent auditor's report**

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In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 10 August 2020

### **BUUS JENSEN**

State Authorised Public Accountants  
Company reg. no. 16 11 90 40

**Lotte Nørskov**

State Authorised Public Accountant  
mne32825

## Company information

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### **The company**

Episode Denmark ApS

Larsbjørnstræde 8

1454 Copenhagen

Company reg. no. 33 94 78 44

Established: 15 September 2011

Domicile: Copenhagen

Financial year: 1 April 2019 - 31 March 2020

9th financial year

### **Managing Director**

Bernadus Frederik Tingen

### **Auditors**

BUUS JENSEN, Statsautoriserede revisorer

## **Management commentary**

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### **The principal activities of the company**

Like previous years, the principal activities are primarily business with clothing and accessories and related areas.

### **Development in activities and financial matters**

The income or loss from ordinary activities after tax totals DKK 2.796.496 against DKK 3.042.538 last year. Management considers the net profit or loss for the year satisfactory.



## Income statement 1 April - 31 March

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All amounts in DKK.

<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
<b>Gross profit</b>	<b>5.566.899</b>	<b>5.704.556</b>
1 Staff costs	<u>-1.939.306</u>	<u>-1.747.920</u>
<b>Operating profit</b>	<b>3.627.593</b>	<b>3.956.636</b>
Other financial income	0	7.726
2 Other financial costs	<u>-39.031</u>	<u>-54.562</u>
<b>Pre-tax net profit or loss</b>	<b>3.588.562</b>	<b>3.909.800</b>
3 Tax on net profit or loss for the year	<u>-792.066</u>	<u>-867.262</u>
<b>Net profit or loss for the year</b>	<b><u>2.796.496</u></b>	<b><u>3.042.538</u></b>
<b>Proposed appropriation of net profit:</b>		
Dividend for the financial year	2.800.000	2.980.000
Transferred to retained earnings	0	62.538
Allocated from retained earnings	<u>-3.504</u>	<u>0</u>
<b>Total allocations and transfers</b>	<b><u>2.796.496</u></b>	<b><u>3.042.538</u></b>

## Statement of financial position at 31 March

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All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>2020</u>	<u>2019</u>
<b>Non-current assets</b>			
4	Other fixtures and fittings, tools and equipment	<u>0</u>	<u>0</u>
	Total property, plant, and equipment	<u>0</u>	<u>0</u>
	<b>Total non-current assets</b>	<u><b>0</b></u>	<u><b>0</b></u>
<b>Current assets</b>			
	Manufactured goods and goods for resale	<u>379.360</u>	<u>411.829</u>
	Total inventories	<u>379.360</u>	<u>411.829</u>
	Trade receivables	704.454	1.052.666
	Receivables from group enterprises	2.142.655	0
	Income tax receivables	93.185	0
	Other receivables	265.039	258.855
	Prepayments and accrued income	<u>5.000</u>	<u>95.970</u>
	Total receivables	<u>3.210.333</u>	<u>1.407.491</u>
	Cash on hand and demand deposits	<u>741.522</u>	<u>2.511.362</u>
	<b>Total current assets</b>	<u><b>4.331.215</b></u>	<u><b>4.330.682</b></u>
	<b>Total assets</b>	<u><b>4.331.215</b></u>	<u><b>4.330.682</b></u>

## Statement of financial position at 31 March

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All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2020</u>	<u>2019</u>
<b>Equity</b>			
5	Contributed capital	80.000	80.000
6	Retained earnings	62.890	66.393
7	Proposed dividend for the financial year	2.800.000	2.980.000
	<b>Total equity</b>	<b><u>2.942.890</u></b>	<b><u>3.126.393</u></b>
<b>Liabilities other than provisions</b>			
	Trade payables	62.153	52.657
	Payables to group enterprises	324.107	128.696
	Income tax payable	0	237.262
	Other payables	1.002.065	785.674
	Total short term liabilities other than provisions	<u>1.388.325</u>	<u>1.204.289</u>
	<b>Total liabilities other than provisions</b>	<b><u>1.388.325</u></b>	<b><u>1.204.289</u></b>
	<b>Total equity and liabilities</b>	<b><u>4.331.215</u></b>	<b><u>4.330.682</u></b>

## Notes

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All amounts in DKK.

	<u>2019/20</u>	<u>2018/19</u>
<b>1. Staff costs</b>		
Salaries and wages	1.873.445	1.703.736
Other costs for social security	<u>65.861</u>	<u>44.184</u>
	<b><u>1.939.306</u></b>	<b><u>1.747.920</u></b>
 Average number of employees	 <u>8</u>	 <u>7</u>
 <b>2. Other financial costs</b>		
Other financial costs	<u>39.031</u>	<u>54.562</u>
	<b><u>39.031</u></b>	<b><u>54.562</u></b>
 <b>3. Tax on net profit or loss for the year</b>		
Tax on net profit or loss for the year	<u>792.066</u>	<u>867.262</u>
	<b><u>792.066</u></b>	<b><u>867.262</u></b>
 <b>4. Other fixtures and fittings, tools and equipment</b>		
Cost 1 April 2019	<u>491.785</u>	<u>491.785</u>
<b>Cost 31 March 2020</b>	<b><u>491.785</u></b>	<b><u>491.785</u></b>
 Depreciation and writedown 1 April 2019	 <u>-491.785</u>	 <u>-491.785</u>
<b>Depreciation and writedown 31 March 2020</b>	<b><u>-491.785</u></b>	<b><u>-491.785</u></b>

## Notes

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All amounts in DKK.

	<u>31/3 2020</u>	<u>31/3 2019</u>
<b>5. Contributed capital</b>		
Contributed capital 1 April 2019	<u>80.000</u>	<u>80.000</u>
	<b><u>80.000</u></b>	<b><u>80.000</u></b>
<b>6. Retained earnings</b>		
Retained earnings 1 April 2019	66.394	3.855
Retained earnings for the year	<u>-3.504</u>	<u>62.538</u>
	<b><u>62.890</u></b>	<b><u>66.393</u></b>
<b>7. Proposed dividend for the financial year</b>		
Dividend 1 April 2019	2.980.000	3.760.000
Distributed dividend	-2.980.000	-3.760.000
Dividend for the financial year	<u>2.800.000</u>	<u>2.980.000</u>
	<b><u>2.800.000</u></b>	<b><u>2.980.000</u></b>

## Accounting policies

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The annual report for Episode Denmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

### **Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### **Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

## Accounting policies

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If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Translation adjustment of balances with foreign group enterprises considered part of the total investment in group enterprises are recognised directly in equity. Likewise, foreign exchange gains and losses on loans and derivatives for the currency hedging of independent foreign group enterprises are recognised directly in equity.

### Income statement

#### **Gross profit**

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

#### **Staff costs**

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

#### **Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

## Accounting policies

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### Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

### Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

## Statement of financial position

### Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.



## Accounting policies

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The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

### Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

## **Accounting policies**

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### **Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

### **Inventories**

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

### **Prepayments and accrued income**

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

## Accounting policies

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### **Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

### **Equity**

#### **Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

### **Income tax and deferred tax**

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities other than provisions**

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

## **Accounting policies**

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Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.