

AWH Retail A/S

Tofteledet 15, 8330 Beder

Annual report

2019

Company reg. no. 34 20 58 33

The annual report was submitted and approved by the general meeting on the 2 July 2020.

Rasmus Berger
Chairman of the meeting

Contents

Page

Reports

- 1 Management's report
- 2 Independent auditor's report

Management's review

- 5 Company data
- 6 Management's review

Annual accounts 1 January - 31 December 2019

- 7 Accounting policies used
- 12 Profit and loss account
- 13 Balance sheet
- 15 Notes

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of AWH Retail A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Beder, 2 July 2020

Managing Director

Bent Birger Rasmussen

Board of directors

Lars Langelund Jørgensen

Bent Alsø

Klavs Breckling

Carsten Pedersen Rise

Independent auditor's report

To the shareholders of AWH Retail A/S

Opinion

We have audited the annual accounts of AWH Retail A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 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 below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Copenhagen, 2 July 2020

Martinsen

State Authorised Public Accountants
Company reg. no. 32 28 52 01

Leif Tomasson

State Authorised Public Accountant
mne25346

Company data

The company

AWH Retail A/S
Tofteledet 15
8330 Beder

Company reg. no. 34 20 58 33

Financial year: 1 January - 31 December

Board of directors

Lars Langelund Jørgensen
Bent Alsø
Klavs Breckling
Carsten Pedersen Rise

Managing Director

Bent Birger Rasmussen

Auditors

Martinsen
Statsautoriseret Revisionspartnerselskab
Øster Allé 42
2100 København Ø

Management's review

The principal activities of the company

The company's main activities are selling menswear of the Bertoni brand. The products are sold primarily through the twelve company outlets in Denmark

Development in activities and financial matters

The gross profit for the year is DKK 17.262.335 against DKK 15.170.130 last year. The results from ordinary activities after tax are DKK 200.605 against DKK 272.319 last year. The management consider the results satisfactory.

Events subsequent to the financial year

After a solid start of 2020 the world and herby also AWH Retail A/S experienced the consequences of the COVID-19 pandemic. The business sat idle in all our Bertoni's shops and almost all employees were sent home.

After restart of the business we experience an increase in activities and sales activities are getting back to normal. We do not expect to reach full capacity before the end of the year 2020 at earliest. We see the pandemic as an opportunity to revise the strategy of the company and put even more effort in the strategic work of transforming towards a future minded wholesale and retail company. The strategic work made in 2018 and 2019 transforming the purchase and design processes towards a more agile setup has given the company a competitive advantage moving forward. We expect to see the full effect in the last months of 2020 and in 2021. Optimization measures will continue to be a main focus area for the coming years, and so will strengthening of the retail activities towards a common omni-channel strategy for the group.

We do expect to realize a small profit from operating activities in 2020.

Accounting policies used

The annual report for AWH Retail A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

Changes in the accounting policies used

The classification of the item "staff cost" has been changed so that certain types of costs that previously have been recognised under staff cost in the future are recognised under the item "other external charges".

The change in classification has no effect on the profit for the year or the balance sheet, neither for the current financial year, nor for the previous financial year. The comparative figures have been adjusted in accordance with the change of classification.

Apart from the above, the annual accounts have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

Accounting policies used

Income statement

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

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

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

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

The cost comprises the acquisition cost and costs directly attached to 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, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other plants, operating assets, fixtures and furniture	3-10 years	0 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises 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 takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value 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 deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exists. Writedown relating to goodwill is not reversed.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at between 3 -10 years.

Financial fixed assets

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories

Inventories are measured at cost on the basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

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

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accounting policies used

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at 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 receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, AWH Retail A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	17.262.335	15.170.130
1 Staff costs	-13.792.949	-11.800.091
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-659.086	-803.952
Other operating costs	-636.828	-648.274
Operating profit	2.173.472	1.917.813
Other financial income	425.586	18.111
Other financial costs	-2.346.517	-1.586.424
Results before tax	252.541	349.500
2 Tax on ordinary results	-51.936	-77.181
Results for the year	200.605	272.319
 Proposed distribution of the results:		
Allocated to results brought forward	200.605	272.319
Distribution in total	200.605	272.319

Balance sheet 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Fixed assets		
3 Goodwill	2.173.498	2.354.623
Intangible fixed assets in total	<u>2.173.498</u>	<u>2.354.623</u>
4 Other plants, operating assets, and fixtures and furniture	2.379.236	2.676.907
Tangible fixed assets in total	<u>2.379.236</u>	<u>2.676.907</u>
5 Deposits	1.517.233	1.537.636
Financial fixed assets in total	<u>1.517.233</u>	<u>1.537.636</u>
Fixed assets in total	<u>6.069.967</u>	<u>6.569.166</u>
Current assets		
Manufactured goods and trade goods	14.836.971	18.299.024
Prepayments for goods	0	34.938
Inventories in total	<u>14.836.971</u>	<u>18.333.962</u>
Trade debtors	5.608.827	4.721.091
Amounts owed by group enterprises	0	405
Other debtors	155.223	844.314
Accrued income and deferred expenses	67.355	205.761
Debtors in total	<u>5.831.405</u>	<u>5.771.571</u>
Available funds	<u>2.028.206</u>	<u>2.498.708</u>
Current assets in total	<u>22.696.582</u>	<u>26.604.241</u>
Assets in total	<u>28.766.549</u>	<u>33.173.407</u>

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity and liabilities		
Equity		
6 Contributed capital	1.000.000	1.000.000
7 Results brought forward	5.791.354	5.590.749
Equity in total	6.791.354	6.590.749
Provisions		
Provisions for deferred tax	586.317	534.381
Provisions in total	586.317	534.381
Liabilities		
Other debts	3.500.000	7.400.000
Long-term liabilities in total	3.500.000	7.400.000
Short-term part of long-term liabilities	2.400.000	5.900.000
Bank debts	9.999.895	10.006.488
Trade creditors	1.986.365	2.062.897
Other debts	3.502.618	678.892
Short-term liabilities in total	17.888.878	18.648.277
Liabilities in total	21.388.878	26.048.277
Equity and liabilities in total	28.766.549	33.173.407
8 Mortgage and securities		
9 Contingencies		

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	13.720.239	11.731.862
Other costs for social security	<u>72.710</u>	<u>68.229</u>
	<u>13.792.949</u>	<u>11.800.091</u>
Average number of employees	<u>0</u>	<u>0</u>
Staff costs include rent of employees from Bertoni af 1972 A/S		
2. Tax on ordinary results		
Adjustment for the year of deferred tax	<u>51.936</u>	<u>77.181</u>
	<u>51.936</u>	<u>77.181</u>
3. Goodwill		
Cost 1 January 2019	<u>3.802.500</u>	<u>3.802.500</u>
Cost 31 December 2019	<u>3.802.500</u>	<u>3.802.500</u>
Amortisation and writedown 1 January 2019	-1.447.877	-1.140.752
Amortisation for the year	<u>-181.125</u>	<u>-307.125</u>
Amortisation and writedown 31 December 2019	<u>-1.629.002</u>	<u>-1.447.877</u>
Book value 31 December 2019	<u>2.173.498</u>	<u>2.354.623</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
4. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	4.873.337	4.851.365
Additions during the year	<u>180.290</u>	<u>21.972</u>
Cost 31 December 2019	<u>5.053.627</u>	<u>4.873.337</u>
Depreciation and writedown 1 January 2019	-2.196.430	-1.699.603
Depreciation for the year	<u>-477.961</u>	<u>-496.827</u>
Depreciation and writedown 31 December 2019	<u>-2.674.391</u>	<u>-2.196.430</u>
Book value 31 December 2019	<u>2.379.236</u>	<u>2.676.907</u>
5. Deposits		
Cost 1 January 2019	1.537.636	1.537.636
Disposals during the year	<u>-20.403</u>	<u>0</u>
Cost 31 December 2019	<u>1.517.233</u>	<u>1.537.636</u>
Book value 31 December 2019	<u>1.517.233</u>	<u>1.537.636</u>
6. Contributed capital		
Contributed capital 1 January 2019	<u>1.000.000</u>	<u>1.000.000</u>
	<u>1.000.000</u>	<u>1.000.000</u>
7. Results brought forward		
Results brought forward 1 January 2019	5.590.749	5.318.430
Profit or loss for the year brought forward	<u>200.605</u>	<u>272.319</u>
	<u>5.791.354</u>	<u>5.590.749</u>

Notes

All amounts in DKK.

8. Mortgage and securities

For bank debts, t.DKK 10.000, the company has provided security in company assets representing a nominal value of t.DKK 5.000. This security comprises the below assets, stating the book values:

	DKK in thousands
Inventories	14.837
Receivable from sales and services	5.609
Goodwill	2.173
Other plants, operating assets, and fixtures and furniture	2.379

9. Contingencies

Contingent liabilities

Leasing liabilities

The company has concluded rent and lease agreements with terms to maturity up till 103 months and total lease payments of t.DKK 14.941

Joint taxation

Bent Alsø A/S, company reg. no 66499316 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.