

Tailor Shaped ApS

Nørregade 33, st., 1165 Copenhagen

Company reg. no. 34 73 25 90

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 30 May 2018.

Jess Christian Fleischer
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Tailor Shaped ApS for the financial year 1 January to 31 December 2017.

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 as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

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.

Copenhagen, 30 May 2018

Managing Director

Jess Christian Fleischer
CEO

Board of directors

Peter Heering
Chairman

Christian Læsø Jensen

Jess Christian Fleischer

Morten Qvist Strunge

Thomas Ryge Mikkelsen

Independent auditor's report

To the shareholders of Tailor Shaped ApS

Opinion

We have audited the annual accounts of Tailor Shaped ApS for the financial year 1 January to 31 December 2017, 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 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 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.

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:

Independent auditor's report

- 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.

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.

Independent auditor's report

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 Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 30 May 2018

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Michael Winther Rasmussen

State Authorised Public Accountant
MNE-nr. 28708

Jacob Helly Juell-Hansen

State Authorised Public Accountant
MNE-nr. 36169

Company data

The company

Tailor Shaped ApS
Nørregade 33, st.
1165 Copenhagen

Web site www.sonofatailor.com

Company reg. no. 34 73 25 90

Financial year: 1 January 2017 - 31 December 2017

Board of directors

Peter Heering, Chairman
Christian Læsø Jensen
Jess Christian Fleischer
Morten Qvist Strunge
Thomas Ryge Mikkelsen

Managing Director

Jess Christian Fleischer, CEO

Auditors

Grant Thornton, State Authorised Public Accountants
Stockholmsgade 45
2100 Copenhagen

Management's review

The principal activities of the company

The company's main activity is to develop and produce tailored T-shirts.

Development in activities and financial matters

The results from ordinary activities after tax are tDKK -6.633 against tDKK -3.925 last year.

This year's result is significantly affected by investments in the Company's products and value chain as well as increased marketing costs. The result is line with the management's expectations.

During the year the company have lost the contributed capital. The management expects that the contributed capital will be re-established by capital increase and future positive income.

Events subsequent to the financial year

Subsequent to the financial year the company have received additional funding in form of convertible loans. Besides this, no events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Tailor Shaped ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

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.

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

The profit and loss account

Gross loss

The gross loss comprises the net turnover, direct costs and other 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.

Direct costs comprises direct costs for external suppliers, raw materials etc.

Other external costs comprise costs for sales, advertisement, administration and premises.

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.

Accounting policies used

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year.

Net financials

Net financials include interest income, interest expenses. Net financials are recognised in the profit and loss account with the amounts concerning 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.

The balance sheet

Intangible fixed assets

Software

Software is measured at cost less of amortisation. Software is amortised on a straight-line basis over the expected useful life.

Tangible fixed assets

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

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

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.

Prepaid costs

Prepaid costs are 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.

Accounting policies used

According to the rules of joint taxation, Tailor Shaped ApS is proportionally 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.

Liabilities

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

Profit and loss account 1 January - 31 December

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Gross loss	-3.190.329	-2.113
2 Staff costs	-3.464.416	-2.081
Depreciation and amortisation of fixed assets	-25.309	0
Operating profit	-6.680.054	-4.194
Other financial income	5.237	3
Other financial costs	-108.072	-39
Results before tax	-6.782.889	-4.230
Tax on ordinary results	149.999	305
Results for the year	-6.632.890	-3.925
 Proposed distribution of the results:		
Allocated from results brought forward	-6.632.890	-3.925
Distribution in total	-6.632.890	-3.925

Balance sheet 31 December

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Assets		
Fixed assets		
Software	192.500	0
Intangible fixed assets in total	<u>192.500</u>	<u>0</u>
Other plants, operating assets, and fixtures and furniture	60.205	0
Tangible fixed assets in total	<u>60.205</u>	<u>0</u>
Other receivables	185.700	0
Financial fixed assets in total	<u>185.700</u>	<u>0</u>
Fixed assets in total	<u>438.405</u>	<u>0</u>
Current assets		
Raw materials and finished goods	1.262.050	134
Inventories in total	<u>1.262.050</u>	<u>134</u>
Other debtors	479.802	343
Accrued income and deferred expenses	954.174	174
Debtors in total	<u>1.433.976</u>	<u>517</u>
Available funds	2.643.955	1.898
Current assets in total	<u>5.339.981</u>	<u>2.549</u>
Assets in total	<u>5.778.386</u>	<u>2.549</u>

Balance sheet 31 December

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Equity and liabilities		
Equity		
3 Contributed capital	322.462	274
5 Results brought forward	-1.745.003	9
Equity in total	-1.422.541	283
Liabilities		
Other debts	2.000.000	0
Long-term liabilities in total	2.000.000	0
Bank debts	8.677	25
Prepayments received from customers	2.545.378	986
Trade creditors	1.394.792	387
Debt to group enterprises	360.728	334
Other debts	891.352	534
Short-term liabilities in total	5.200.927	2.266
Liabilities in total	7.200.927	2.266
Equity and liabilities in total	5.778.386	2.549

1 Loss of contributed capital**6 Contingencies**

Notes

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

1. Loss of contributed capital

During the year the company have lost the contributed capital. The management expects that the contributed capital will be re-established by capital increase and future positive income.

	<u>2017</u>	<u>2016</u>
2. Staff costs		
Salaries and wages	3.384.336	2.024
Other costs for social security	19.186	12
Other staff costs	60.894	45
	<u>3.464.416</u>	<u>2.081</u>
3. Contributed capital		
Contributed capital 1 January 2017	273.909	214
Cash capital increase	48.553	60
	<u>322.462</u>	<u>274</u>
4. Share premium account		
Share premium account for the year	4.878.640	2.940
Dissolution of share premium for the year	-4.878.640	-2.940
	<u>0</u>	<u>0</u>
5. Results brought forward		
Results brought forward 1 January 2017	9.247	-6
Profit or loss for the year brought forward	-6.632.890	-3.925
Distributed from share premium	4.878.640	2.940
Capital contributions	0	1.000
	<u>-1.745.003</u>	<u>9</u>

Notes

Amounts concerning 2017: DKK.

Amounts concerning 2016: DKK in thousands.

6. Contingencies

Contingent liabilities

The company has entered a leasing agreement on the company's premises. The contract has a termination period of 6 months and a minimum outstanding lease payment of tDKK 186.

As collateral for liabilities with Danske Bank the company has pledged a bank account with a balance of tDKK 24 at 31 December 2017. The liabilities with Danske Bank amounts to tDKK 9 at 31 December 2017.