

Tailor Shaped ApS

Nørregade 33, st., 1165 Copenhagen

Company reg. no. 34 73 25 90

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 27 February 2020.

Jess Christian Fleischer
Chairman of the meeting

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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 Tailor Shaped ApS 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.

Copenhagen, 27 February 2020

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 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.

Emphasis of matter

The company has recognized a deferred tax asset of tDKK 4.861 in 2019.

We believe that the recognition and measurement of the tax asset is linked with uncertainties, whereas we refer to the disclosures in note no. 2. We concur with the accounting treatment and our opinion is not affected by this emphasis of matter.

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.

Independent auditor's report

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:

- 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.

Independent auditor's report

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.

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, 27 February 2020

Grant Thornton

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

Michael Winther Rasmussen
State Authorised Public Accountant
mne28708

Jacob Helly Juell-Hansen
State Authorised Public Accountant
mne36169

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 2019 - 31 December 2019

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, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

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 result after tax are tDKK -5.562 against tDKK -4.014 last year.

During the year the company have lost the contributed capital. The management expects that the contributed capital will be re-established by conversion of debt, cash capital increase and future positive income and new investment.

Events subsequent to the financial year

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. Furthermore, the company has chosen to comply with some of the rules applying for class C 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 profit

The gross profit 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 operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

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

Accounting policies used

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, amortisation and writedown for the year.

Net financials

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

Special items

Special items comprises income and costs deriving from events or transactions which clearly deviates from the ordinary operations and which are not expected to be of a recurring nature.

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 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.

Accrued income and deferred expenses

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

Accounting policies used

Available funds

Available funds comprise cash at bank and in hand.

Equity

Share premium

Share premium comprises amounts paid as premium in connection with the issue of shares. Costs in connection with a carried through issue are deducted in the premium. The premium reserve may be utilised as dividend, issue of bonus shares, and for payment of losses.

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.

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

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	750.113	-2.590
4 Staff costs	-6.889.263	-5.347
Depreciation and amortisation of fixed assets	-87.499	-85
Operating profit	-6.226.649	-8.022
Other financial income	17.454	10
Other financial costs	-872.748	-337
Results before tax	-7.081.943	-8.349
5 Tax on ordinary results	1.520.207	4.335
Results for the year	-5.561.736	-4.014
 Proposed distribution of the results:		
Allocated from results brought forward	-5.561.736	-4.014
Distribution in total	-5.561.736	-4.014

Balance sheet 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Fixed assets		
Software	108.500	150
Intangible fixed assets in total	<u>108.500</u>	<u>150</u>
Other plants, operating assets, and fixtures and furniture	103.325	159
Tangible fixed assets in total	<u>103.325</u>	<u>159</u>
Other debtors	199.906	190
Financial fixed assets in total	<u>199.906</u>	<u>190</u>
Fixed assets in total	<u>411.731</u>	<u>499</u>
Current assets		
Manufactured goods and trade goods	3.757.564	2.020
Inventories in total	<u>3.757.564</u>	<u>2.020</u>
Trade debtors	5.148	7
Deferred tax assets	4.860.608	3.910
Other receivables	2.659.061	1.915
Accrued income and deferred expenses	357.506	915
Debtors in total	<u>7.882.323</u>	<u>6.747</u>
Available funds	<u>340.772</u>	<u>2.495</u>
Current assets in total	<u>11.980.659</u>	<u>11.262</u>
Assets in total	<u>12.392.390</u>	<u>11.761</u>

Balance sheet 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity and liabilities		
Equity		
6 Contributed capital	369.543	322
7 Share premium account	0	0
8 Results brought forward	-1.816.908	-5.759
Equity in total	-1.447.365	-5.437
Liabilities		
Debt to associated enterprises	0	2.741
Other debts	8.611.660	6.415
Long-term liabilities in total	8.611.660	9.156
Bank debts	1.119.279	11
Prepayments received from customers	562.237	2.958
Trade creditors	1.497.783	2.846
Other debts	2.048.796	2.227
Short-term liabilities in total	5.228.095	8.042
Liabilities in total	13.839.755	17.198
Equity and liabilities in total	12.392.390	11.761

1 Loss of contributed capital**2 Uncertainties concerning recognition and measurement****3 Special items****9 Contingencies**

Notes

Amounts concerning 2019: DKK.

Amounts concerning 2018: 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 conversion of debt, cash capital increase and future positive income and new investment.

2. Uncertainties concerning recognition and measurement

Based on our budgets for the coming 3 years, we expect to utilize our tax losses in full.

On that basis we have recognized tDKK 4.861 as a deferred tax asset.

The budgets are prepared with a natural inherent uncertainty, but we believe that recognizing the deferred tax asset provides a true and fair view.

3. Special items

Special items include significant income and expenses of a special nature in proportion to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any gains and losses related and which over time have a significant impact. Special items also include other significant amounts of non-recurring nature.

Special items for the year are specified below, showing where these are recognised in the income profit and loss account.

	<u>2019</u>	<u>2018</u>
Income:		
Inno booster grants	<u>1.138.500</u>	<u>0</u>
	<u>1.138.500</u>	<u>0</u>
Special items are recognised in the following items in the annual accounts:		
Gross profit	<u>1.138.500</u>	<u>0</u>
Results of special items, net	<u>1.138.500</u>	<u>0</u>

Notes

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

	<u>2019</u>	<u>2018</u>
4. Staff costs		
Salaries and wages	6.601.110	5.052
Pension costs	173.404	160
Other costs for social security	49.228	45
Other staff costs	<u>65.521</u>	<u>90</u>
	<u>6.889.263</u>	<u>5.347</u>
Average number of employees	<u>14</u>	<u>13</u>
5. Tax on ordinary results		
Tax of the results for the year	-569.434	-425
Adjustment for the year of deferred tax	<u>-950.773</u>	<u>-3.910</u>
	<u>-1.520.207</u>	<u>-4.335</u>

Notes

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK in thousands.

	<u>31/12 2019</u>	<u>31/12 2018</u>
6. Contributed capital		
Contributed capital 1 January 2019	322.462	322
Cash capital increase	<u>47.081</u>	<u>0</u>
	<u>369.543</u>	<u>322</u>
7. Share premium account		
Share premium account for the year	9.503.793	0
Transferred to results brought forward	<u>-9.503.793</u>	<u>0</u>
	<u>0</u>	<u>0</u>
8. Results brought forward		
Results brought forward 1 January 2019	-5.758.965	-1.745
Profit or loss for the year brought forward	-5.561.736	-4.014
Transferred from share premium account	<u>9.503.793</u>	<u>0</u>
	<u>-1.816.908</u>	<u>-5.759</u>
9. Contingencies		
Contingent liabilities		

As collateral for liabilities with Danske Bank the company has pledged a bank account with a balance of tDKK 24 at 31 December 2019 and floating charge to the value of tDKK 4.000. The liabilities with Danske Bank amounts to tDKK 1.119 at 31 December 2019.

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.