

The Intimate Company A/S

Farum Gydevej 73
3520 Farum
Business Registration No
35407839

Annual report 01.07.2016 - 30.06.2017

The Annual General Meeting adopted the annual report on 12.12.2017

Chairman of the General Meeting

Name: Tom Deichmann

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Entity details

Entity

The Intimate Company A/S
Farum Gydevej 73
3520 Farum

Central Business Registration No: 35407839
Registered in: Furesø
Financial year: 01.07.2016 - 30.06.2017

Board of Directors

Claus Walther Jensen
Gitte Breil
Niels Nielsen Krogh

Executive Board

Niels Nielsen Krogh

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of The Intimate Company A/S for the financial year 01.07.2016 - 30.06.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Farum, 12.12.2017

Executive Board

Niels Nielsen Krogh

Board of Directors

Claus Walther Jensen

Gitte Breil

Niels Nielsen Krogh

Independent auditor's report

To the shareholder of The Intimate Company A/S

Opinion

We have audited the financial statements of The Intimate Company A/S for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 12.12.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Henrik Jacob Vilmann Wellejus
State-Authorised Public Accountant
Identification number (MNE) 24807

Management commentary

Primary activities

The primary activities of the Company are design, manufacture, advertising and group external wholesale of lingerie, loungewear, nightwear and swimwear based upon licence agreements with influential global brand owners.

Development in activities and finances

Loss for the year is DKK 484 thousand. The Company's equity is negative by DKK 8,628 thousand at 30.06.2017.

The Company has lost more than 50% of its share capital. As a result, the Company falls within the provisions of section 119 of the Danish Companies Act governing loss of capital. Management has decided to continue the operations of the Company based on the expectation of recovering the lost equity through debt conversion.

The Company has received a letter of support from the Parent Company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Gross profit		2.355.577	3.603
Staff costs	1	0	(11)
Depreciation, amortisation and impairment losses		<u>(2.521.000)</u>	<u>(2.521)</u>
Operating profit/loss		(165.423)	1.071
Other financial income		25.923	114
Other financial expenses		<u>0</u>	<u>(5)</u>
Profit/loss before tax		(139.500)	1.180
Tax on profit/loss for the year		<u>(344.404)</u>	<u>(260)</u>
Profit/loss for the year		(483.904)	920
Proposed distribution of profit/loss			
Retained earnings		<u>(483.904)</u>	<u>920</u>
		(483.904)	920

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Acquired trademarks		5.042.000	7.563
Intangible assets	2	<u>5.042.000</u>	<u>7.563</u>
Investments in group enterprises		527	1
Deferred tax	4	1.457.339	2.154
Fixed asset investments	3	<u>1.457.866</u>	<u>2.155</u>
Fixed assets		<u>6.499.866</u>	<u>9.718</u>
Trade receivables		0	663
Receivables from group enterprises		172.000	172
Other receivables		9.000	9
Income tax receivable		483.257	132
Receivables		<u>664.257</u>	<u>976</u>
Cash		<u>13.500</u>	<u>87</u>
Current assets		<u>677.757</u>	<u>1.063</u>
Assets		<u>7.177.623</u>	<u>10.781</u>

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Contributed capital		500.000	500
Retained earnings		<u>(9.127.621)</u>	<u>(8.644)</u>
Equity		<u>(8.627.621)</u>	<u>(8.144)</u>
Payables to group enterprises		15.780.244	18.856
Other payables		<u>25.000</u>	<u>69</u>
Current liabilities other than provisions		<u>15.805.244</u>	<u>18.925</u>
Liabilities other than provisions		<u>15.805.244</u>	<u>18.925</u>
Equity and liabilities		<u>7.177.623</u>	<u>10.781</u>
Contingent liabilities	5		
Group relations	6		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Total DKK
	<u> </u>	<u> </u>	<u> </u>
Equity beginning of year	500.000	(8.643.717)	(8.143.717)
Profit/loss for the year	<u> 0 </u>	<u> (483.904) </u>	<u> (483.904) </u>
Equity end of year	<u> 500.000 </u>	<u> (9.127.621) </u>	<u> (8.627.621) </u>

Notes

	2016/17	2015/16
	DKK	DKK'000
1. Staff costs		
Other social security costs	0	11
	0	11
		Acquired
		trademarks
		DKK
2. Intangible assets		
Cost beginning of year		26.544.000
Cost end of year		26.544.000
Amortisation and impairment losses beginning of year		(18.981.000)
Amortisation for the year		(2.521.000)
Amortisation and impairment losses end of year		(21.502.000)
Carrying amount end of year		5.042.000
	Investment	Deferred
	s in group	tax
	enterprises	DKK
	DKK	
3. Fixed asset investments		
Cost beginning of year	527	2.105.841
Disposals	0	(648.502)
Cost end of year	527	1.457.339
Carrying amount end of year	527	1.457.339
	2016/17	2015/16
	DKK	DKK'000
4. Deferred tax		
Intangible assets	(1.109.236)	9
Tax losses carried forward	2.566.575	2.145
	1.457.339	2.154

Deferred tax is incumbent on tax loss carryforwards, which Management expects to use in the joint taxation within the next few years.

Notes

5. Contingent liabilities

The Entity participates in a Danish international joint taxation arrangement where Asian Import ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

6. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Change of Scandinavia Holding A/S, Farum Gydevej 73, 3520 Farum

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

Accounting policies

Revenue

Revenue from the group external wholesale of manufactured goods and internal group commissions is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation and impairment losses relating to intangible assets comprise amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Other financial income

Other financial income comprises interest income as well as net capital gains on payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, as well as net capital losses on payables and transactions in foreign currencies.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its Parent as well as all Danish and foreign subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise investments in developing the design and brand of the Company.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights are amortised over the estimated time of use.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax, as well as joint taxation contribution receivable from affiliated entities.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Other financial liabilities

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