# Brand Unit ApS

Wilders Plads 9 C, 1403 Copenhagen C

CVR no. 35 84 26 59

# Annual report 2015

Approved at the annual general meeting of shareholders on 31 May 2016

Chairman:

..............................................................

Jan Sørensen

Building a better
working world

## Contents

## Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Brand Unit ApS for the financial year 1 January - 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Lynge, 31 May 2016
Executive Board:

| | | |
|---|---|---|
| Jan Sørensen | Henrik Lyngbye Pedersen | Anders Mortensen |

## Independent auditors' report

To the shareholder of Brand Unit ApS

### Independent auditors' report on the financial statements

We have audited the financial statements of Brand Unit ApS for the financial year 1 January - 31 December 2015, which comprise an 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.

#### *Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

### Emphasis of matter regarding matters in the financial statements

Without modifying our opinion, we refer to note 2 to the financial statements in which Management explain that the Company has obtained a commitment for the necessary funding up to and including 31 December 2016 and consequently prepared the financial statements under the going concern assumption.

## Independent auditors' report

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Peter Gath
State Authorised Public Accountant

# Management's review

## Company details

| | |
|---|---|
| Name | Brand Unit ApS |
| Address, Postal code, City | Wilders Plads 9 C, 1403 Copenhagen C |
| CVR No. | 35 84 26 59 |
| Established | 30 April 2014 |
| Registered office | Copenhagen |
| Financial year | 1 January - 31 December |
| Executive Board | Jan Sørensen<br>Henrik Lyngbye Pedersen<br>Anders Mortensen |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab<br>Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark |

# Management's review

## Operating review

### The Company's business review

The principal activity of the Company is wholesale of clothing.

### Financial review

The loss for the year amounts to DKK 3.821 thousand which is considered unsatisfying.

The company has completed its discussions with Bregnerød Investeringsselskab ApS and has obtained a commitment for the necessary financing of the operations up to and including 31 December 2016. In 2016, the financing and equity base will be sufficient for the company to meet its liabilities for a period of at least 12 months after the preparations of the annual report.

### Post balance sheet events

No significant events have occurred subsequent to the financial year.

### Outlook

Management expects that the Company will also realise a loss in 2016, but that the continued growth in activity will enable the achievement of positive earnings over the next few years.

## Financial statements for the period 1 January - 31 December

### Income statement

| Note | DKK'000 | 2015 12 months | 2014 8 months |
|---|---|---|---|
| | **Revenue** | 1,946 | 2,191 |
| | Cost of sales | -1,268 | -1,117 |
| | Other external expenses | -1,973 | -1,249 |
| | **Gross profit/loss** | -1,295 | -175 |
| 3 | Staff costs | -2,382 | -1,398 |
| | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -37 | -9 |
| | **Operating profit/loss** | -3,714 | -1,582 |
| | Financial income | 1 | 0 |
| 4 | Financial expenses | -108 | -43 |
| | **Profit/loss for the year** | -3,821 | -1,625 |

| | 2015 | 2014 |
|---|---|---|
| **Proposed profit appropriation/distribution of loss** | | |
| Retained earnings/accumulated loss | -3,821 | -1,625 |
| | -3,821 | -1,625 |

## Financial statements for the period 1 January - 31 December

### Balance sheet

| Note | DKK'000 | 2015 | 2014 |
|---|---|---|---|
| | **ASSETS** | | |
| | **Non-current assets** | | |
| 5 | **Intangible assets** | | |
| | Acquired intangible assets | 475 | 0 |
| | | 475 | 0 |
| 6 | **Property, plant and equipment** | | |
| | Other fixtures and fittings, tools and equipment | 11 | 17 |
| | Leasehold improvements | 18 | 23 |
| | | 29 | 40 |
| | **Investments** | | |
| | Deposits, investments | 47 | 46 |
| | | 47 | 46 |
| | **Total non-current assets** | 551 | 86 |
| | **Current assets** | | |
| | **Inventories** | | |
| | Finished goods and goods for resale | 508 | 589 |
| | | 508 | 589 |
| | **Receivables** | | |
| | Trade receivables | 343 | 645 |
| | Receivables from group entities | 21 | 0 |
| | Other receivables | 235 | 170 |
| | | 599 | 815 |
| | **Cash** | 354 | 319 |
| | **Total current assets** | 1,461 | 1,723 |
| | **TOTAL ASSETS** | 2,012 | 1,809 |

# Financial statements for the period 1 January - 31 December

## Balance sheet

| Note | DKK'000 | 2015 | 2014 |
|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| 7 | Share capital | 100 | 100 |
| | Retained earnings | 992 | -225 |
| | **Total equity** | 1,092 | -125 |
| | **Liabilities other than provisions** | | |
| | **Current liabilities other than provisions** | | |
| | Bank debt | 68 | 20 |
| | Trade payables | 116 | 212 |
| | Payables to group entities | 0 | 1,294 |
| | Other payables | 736 | 408 |
| | | 920 | 1,934 |
| | **Total liabilities other than provisions** | 920 | 1,934 |
| | **TOTAL EQUITY AND LIABILITIES** | 2,012 | 1,809 |

1 Accounting policies
2 Capital Resources
8 Collateral
9 Contractual obligations and contingencies, etc.
10 Related parties

## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

| DKK'000 | Share capital | Retained earnings | Total |
|---|---|---|---|
| Equity at 1 May 2014 | 100 | 0 | 100 |
| Capital increase | 0 | 1,400 | 1,400 |
| Profit/loss for the year | 0 | -1,625 | -1,625 |
| **Equity at 1 January 2015** | 100 | -225 | -125 |
| Capital increase | 0 | 5,038 | 5,038 |
| Profit/loss for the year | 0 | -3,821 | -3,821 |
| **Equity at 31 December 2015** | 100 | 992 | 1,092 |

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies**

The annual report of Brand Unit ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

**Reporting currency**

The financial statements are presented in Danish kroner.

**Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

**Revenue**

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

**Cost of sales**

Cost of sales includes the cost of goods used in generating the year's revenue.

**Other external expenses**

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

**Staff costs**

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

**Amortisation/depreciation and impairment of intangible assets and property, plant and equipment**

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives are as follows:

| | |
|---|---|
| Acquired IP rights | 5 years |

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

1 Accounting policies (continued)

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

| | |
|---|---|
| Leasehold improvements | 5 years |
| Other fixtures and fittings, tools and equipment | 5 years |

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

### Balance sheet

#### Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

#### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

#### Impairment of non-current assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

# Financial statements for the period 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

### Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

### Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

# Financial statements for the period 1 January - 31 December

## Notes to the financial statements

### 2 Capital Resources

The company has completed its discussions with Bregnerød Investeringsselskab ApS and has obtained a commitment for the necessary financing of operations up to and including 31 December 2016. On this basis the financial statements has been prepared under the going concern assumption

| | DKK'000 | 2015 12 months | 2014 8 months |
|---|---|---|---|
| 3 | **Staff costs** | | |
| | Wages/salaries | 2,143 | 1,315 |
| | Pensions | 88 | 38 |
| | Other social security costs | 32 | 9 |
| | Other staff costs | 119 | 36 |
| | | 2,382 | 1,398 |
| 4 | **Financial expenses** | | |
| | Interest expenses, group entities | 94 | 35 |
| | Interest surcharges and tax recognised under net financials | 0 | 9 |
| | Remission of debt and similar | 14 | 0 |
| | Other financial expenses | 0 | -1 |
| | | 108 | 43 |

### 5 Intangible assets

| DKK'000 | Acquired intangible assets |
|---|---|
| Cost at 1 January 2015 | 0 |
| Additions in the year | 500 |
| Cost at 31 December 2015 | 500 |
| Impairment losses and amortisation at 1 January 2015 | 0 |
| Amortisation/depreciation in the year | 25 |
| Impairment losses and amortisation at | 25 |
| **Carrying amount at 31 December 2015** | 475 |
| Amortised over | 5 years |

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

6 Property, plant and equipment

| DKK'000 | Other fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|---|---|---|---|
| Cost at 1 January 2015 | 22 | 27 | 49 |
| Cost at 31 December 2015 | 22 | 27 | 49 |
| Impairment losses and depreciation at 1 January 2015 | 5 | 4 | 9 |
| Amortisation/depreciation in the year | 6 | 5 | 11 |
| Impairment losses and depreciation at 31 December 2015 | 11 | 9 | 20 |
| **Carrying amount at 31 December 2015** | 11 | 18 | 29 |
| Amortised over | 5 years | 5 years | |

7 **Share capital**

The Company's share capital has remained DKK 100 thousand over the past 2 years.

Analysis of changes in the share capital over the past 2 years:

| DKK'000 | 2015 | 2014 |
|---|---|---|
| Opening balance | 100 | 100 |
| | 100 | 100 |

8 **Collateral**

Brand Unit has deposited DKK 200 thousand as a collateral against company credit card overdraft

9 **Contractual obligations and contingencies, etc.**

**Other contingent liabilities**

The company has entered into operating leases amounting to DKK 66 thousand at 31 December 2015

The Company is jointly taxed with its parent, Bregnerød Investeringsselskab ApS, which acts as management company, and is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2014 onwards as well as withholding taxes on interest, royalties and dividends.

# Financial statements for the period 1 January - 31 December

## Notes to the financial statements

10 **Related parties**

Brand Unit ApS' related parties comprise the following:

### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

| Name | Domicile |
|---|---|
| Bregnerød Investeringsselskab ApS | Sankt Anne Gade 16, 1416 København K |