

66 North Danmark ApS
Sværtegade 12
1118 Copenhagen K
Central Business Registration No
36049723

Annual report 2018

The Annual General Meeting adopted the annual report on 03.06.2019

Chairman of the General Meeting

Name: Helgi Rúnar Óskarsson

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Entity details

Entity

66 North Danmark ApS
Sværtegade 12
1118 Copenhagen K

Central Business Registration No: 36049723
Registered in: Copenhagen
Financial year: 01.01.2018 - 31.12.2018

Executive Board

Helgi Rúnar Óskarsson

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of 66 North Danmark ApS for the financial year 01.01.2018 - 31.12.2018.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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

I consider the preconditions for not auditing the financial statements for the financial year 01.01.2018 - 31.12.2018 as complied with.

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

Copenhagen, 03.06.2019

Executive Board

Helgi Rúnar Óskarsson

The independent auditor's compilation report

To Management of 66 North Danmark ApS

We have compiled the financial statements of 66 North Danmark ApS for the financial year 01.01.2018 - 31.12.2018 based on the Entity's bookkeeping records and other information Management has provided.

These financial statements comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies.

We performed this compilation engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct for professional accountants, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile the financial statements are Management's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the disclosures Management provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion about whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 03.06.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Stine Eva Grothen

State Authorised Public Accountant

Identification number (MNE) mne29431

Management commentary

Primary activities

The Company's primary activity comprises sale of clothing and other garment.

Development in activities and finances

Loss for the year amounts to DKK 9,629 thousand for the financial period 01 January 2018 – 31 December 2018. Loss for the year is considered unsatisfactory.

The Company expects a positive result for 2019.

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 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross loss		(2.267.090)	(3.286.041)
Staff costs	1	(5.976.829)	(4.929.861)
Depreciation, amortisation and impairment losses	2	<u>(1.318.379)</u>	<u>(1.096.547)</u>
Operating profit/loss		(9.562.298)	(9.312.449)
Other financial income		9.985	661
Other financial expenses	3	<u>(76.468)</u>	<u>(30.555)</u>
Profit/loss for the year		<u>(9.628.781)</u>	<u>(9.342.343)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(9.628.781)</u>	<u>(9.342.343)</u>
		<u>(9.628.781)</u>	<u>(9.342.343)</u>

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Acquired intangible assets		703.926	862.500
Acquired licences		4.293	7.340
Intangible assets	4	708.219	869.840
Leasehold improvements		2.208.952	3.332.293
Property, plant and equipment	5	2.208.952	3.332.293
Deposits		1.742.930	1.742.930
Fixed asset investments		1.742.930	1.742.930
Fixed assets		4.660.101	5.945.063
Manufactured goods and goods for resale		2.726.950	2.724.666
Inventories		2.726.950	2.724.666
Trade receivables		868.198	410.468
Other receivables		413.660	512.763
Prepayments		1.148	8.048
Receivables		1.283.006	931.279
Cash		1.917.256	862.446
Current assets		5.927.212	4.518.391
Assets		10.587.313	10.463.454

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	6	100.000	50.000
Retained earnings		<u>4.119.958</u>	<u>(3.201.261)</u>
Equity		<u>4.219.958</u>	<u>(3.151.261)</u>
Trade payables		334.012	714.227
Payables to group enterprises		5.822.457	12.762.004
Other payables	7	<u>210.886</u>	<u>138.484</u>
Current liabilities other than provisions		<u>6.367.355</u>	<u>13.614.715</u>
Liabilities other than provisions		<u>6.367.355</u>	<u>13.614.715</u>
Equity and liabilities		<u>10.587.313</u>	<u>10.463.454</u>
Contingent assets	8		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	50.000	(3.201.261)	(3.151.261)
Increase of capital	50.000	16.950.000	17.000.000
Profit/loss for the year	0	(9.628.781)	(9.628.781)
Equity end of year	100.000	4.119.958	4.219.958

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	5.234.228	4.742.397
Pension costs	68.532	50.862
Other staff costs	674.069	136.602
	5.976.829	4.929.861
 Average number of employees	 13	
	2018	2017
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	161.621	1.096.547
Depreciation of property, plant and equipment	1.156.758	0
	1.318.379	1.096.547
	2018	2017
	DKK	DKK
3. Other financial expenses		
Other financial expenses	76.468	30.555
	76.468	30.555
	Acquired	Acquired
	intangible	licences
	assets	DKK
	DKK	
4. Intangible assets		
Cost beginning of year	1.150.000	15.237
Cost end of year	1.150.000	15.237
Amortisation and impairment losses beginning of year	(287.500)	(7.897)
Amortisation for the year	(158.574)	(3.047)
Amortisation and impairment losses end of year	(446.074)	(10.944)
Carrying amount end of year	703.926	4.293

Notes

	Leasehold improve- ments DKK
5. Property, plant and equipment	
Cost beginning of year	5.775.438
Additions	<u>33.417</u>
Cost end of year	<u>5.808.855</u>
Depreciation and impairment losses beginning of the year	(2.443.145)
Depreciation for the year	<u>(1.156.758)</u>
Depreciation and impairment losses end of the year	<u>(3.599.903)</u>
Carrying amount end of year	<u>2.208.952</u>

	Number	Par value DKK	Nominal value DKK
6. Contributed capital			
Share capital	<u>100.000</u>	1	<u>100.000</u>
	<u>100.000</u>		<u>100.000</u>

	2018 DKK	2017 DKK
7. Other payables		
VAT and duties	91.179	0
Wages and salaries, personal income taxes, social security costs, etc payable	79.809	93.753
Other costs payable	<u>39.898</u>	<u>44.731</u>
	<u>210.886</u>	<u>138.484</u>

8. Contingent assets

The company has a tax asset of DKK 7,012 thousand which has not been recognised due to uncertainty related to the possibility of using the tax asset.

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.

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

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 one 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale 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.

Accounting policies

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs 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, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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 as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired licenses.

Intellectual property rights acquired are measured at cost less accumulated amortisation. The amortisation period is 10 years.

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

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Leasehold improvements	5 years
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For leasehold improvements, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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