



66 North Danmark ApS

Sværtegade 12
1118 Copenhagen K
CVR No. 36049723

Annual report 2019

The Annual General Meeting adopted the
annual report on 10.08.2020

Helgi Rúnar Óskarsson

Chairman of the General Meeting

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Entity details

Entity

66 North Danmark ApS

Sværtegade 12

1118 Copenhagen K

CVR No.: 36049723

Registered office: Copenhagen

Financial year: 01.01.2019 - 31.12.2019

Executive Board

Helgi Rúnar Óskarsson, Manager

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Executive Board has today considered and approved the annual report of 66 North Danmark ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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 01.01.2019 - 31.12.2019 as complied with.

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

Copenhagen, 10.08.2020

Executive Board

Helgi Rúnar Óskarsson
Manager

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 01.01.2019 - 31.12.2019 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, 10.08.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Stine Eva Grothen

State Authorised Public Accountant
Identification No (MNE) mne29431

Management commentary

Primary activities

The Company's primary activities comprise the sale of clothing and other garments.

Development in activities and finances

Loss for the year amounts to DKK 8,907 thousand.

The Company has lost its entire share capital and, consequently, falls within the provisions of the Danish Companies Act governing loss of capital. The share capital should be re-established by converting debt to the Parent.

After the balance sheet date on 21.02.2020, the Company made a capital increase of DKK 25,000. The capital increase was made by converting debt to the Parent of DKK 10,000 thousand.

Since the end of the reporting year, in March 2020, the Danish Government and many other countries have imposed restrictions on the spread of coronavirus, significantly reducing economic development in the country and globally. Since March 2020, the demand for the Company's products has significantly decreased, and it is unpredictable how the situation may develop in the future, and hence economic uncertainty.

The management of the Company and the Group continuously evaluates the situation and believes that the Company will be able to overcome the emergency situation through the use of Government's support packages, temporary closing of stores and other cost reduction activities, and financing from the parent company. However, this conclusion is based on information available at the date of signing these financial statements, and the effect of future events on the future performance of the Company may differ from management's judgment."

Events after the balance sheet date

On 21.02.2020, the Company made a capital increase of DKK 25,000. The capital increase was made by converting debt to the Parent of DKK 10,000 thousand. Apart from this capital increase, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		(2,381,077)	(2,267,090)
Staff costs	2	(5,040,670)	(5,976,829)
Depreciation, amortisation and impairment losses	3	(1,454,246)	(1,318,379)
Operating profit/loss		(8,875,993)	(9,562,298)
Other financial income	4	0	9,985
Other financial expenses	5	(31,092)	(76,468)
Profit/loss for the year		(8,907,085)	(9,628,781)
Proposed distribution of profit and loss			
Retained earnings		(8,907,085)	(9,628,781)
Proposed distribution of profit and loss		(8,907,085)	(9,628,781)

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Acquired intangible assets		414,633	703,926
Acquired licences		9,194	4,293
Intangible assets	6	423,827	708,219
Leasehold improvements		1,047,181	2,208,952
Property, plant and equipment	7	1,047,181	2,208,952
Deposits		1,742,930	1,742,930
Other financial assets		1,742,930	1,742,930
Fixed assets		3,213,938	4,660,101
Manufactured goods and goods for resale		1,569,322	2,726,950
Inventories		1,569,322	2,726,950
Trade receivables		416,588	868,198
Other receivables		539,733	413,660
Prepayments		1,266	1,148
Receivables		957,587	1,283,006
Cash		1,272,240	1,917,256
Current assets		3,799,149	5,927,212
Assets		7,013,087	10,587,313

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital	8	100,000	100,000
Retained earnings		(4,787,127)	4,119,958
Equity		(4,687,127)	4,219,958
Other payables		105,233	0
Non-current liabilities other than provisions	9	105,233	0
Trade payables		149,095	334,012
Payables to group enterprises		11,154,687	5,822,457
Other payables	10	291,199	210,886
Current liabilities other than provisions		11,594,981	6,367,355
Liabilities other than provisions		11,700,214	6,367,355
Equity and liabilities		7,013,087	10,587,313
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	100,000	4,119,958	4,219,958
Profit/loss for the year	0	(8,907,085)	(8,907,085)
Equity end of year	100,000	(4,787,127)	(4,687,127)

After the balance sheet date on 21.02.2020, the Company made a capital increase of DKK 25,000. The capital increase was made by converting debt to the Parent of DKK 10,000 thousand.

Notes

1 Events after the balance sheet date

On 21.02.2020, the Company made a capital increase of DKK 25,000. The capital increase was made by converting debt to the Parent of DKK 10,000 thousand.

2 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	4,910,128	5,234,228
Pension costs	58,013	68,532
Other staff costs	72,529	674,069
	5,040,670	5,976,829
Average number of full-time employees	10	13

3 Depreciation, amortisation and impairment losses

	2019 DKK	2018 DKK
Amortisation of intangible assets	292,475	161,621
Depreciation of property, plant and equipment	1,161,771	1,156,758
	1,454,246	1,318,379

4 Other financial income

	2019 DKK	2018 DKK
Other interest income	0	9,985
	0	9,985

5 Other financial expenses

	2019 DKK	2018 DKK
Other financial expenses	31,092	76,468
	31,092	76,468

6 Intangible assets

	Acquired intangible assets DKK	Acquired licences DKK
Cost beginning of year	1,150,000	15,237
Additions	0	8,083
Cost end of year	1,150,000	23,320
Amortisation and impairment losses beginning of year	(446,074)	(10,944)
Amortisation for the year	(289,293)	(3,182)
Amortisation and impairment losses end of year	(735,367)	(14,126)
Carrying amount end of year	414,633	9,194

7 Property, plant and equipment

	Leasehold improvements DKK
Cost beginning of year	5,808,855
Cost end of year	5,808,855
Depreciation and impairment losses beginning of year	(3,599,903)
Depreciation for the year	(1,161,771)
Depreciation and impairment losses end of year	(4,761,674)
Carrying amount end of year	1,047,181

8 Share capital

	Number	Par value DKK	Nominal value DKK
Share capital	100,000	1	100,000
	100,000		100,000

9 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	105,233
	105,233

10 Other payables

	2019	2018
	DKK	DKK
VAT and duties	158,606	91,179
Wages and salaries, personal income taxes, social security costs, etc payable	125,985	79,809
Other costs payable	6,608	39,898
	291,199	210,886

11 Unrecognised rental and lease commitments

	2019	2018
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	1,827,018	1,755,048

12 Contingent liabilities

The Company has a tax asset of DKK 8,932 thousand which has not been recognised due to the uncertainty connected with 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 to 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 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. 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, cost of sales and other 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.

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 premises, 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, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and 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 or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and 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 or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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 ten years.

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

Property, plant and equipment

Leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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.

Estimated useful lives and residual values are reassessed annually.

Items of 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 writedowns 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.