

AM Retail Danemark ApS

C/O Grant Thornton, Stockholmsgade 45, 2100 København Ø

Company reg. no. 36 05 61 42

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 19 July 2021.



Michael Azoulay
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 %.

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Management's report

Today, the managing director has presented the annual report of AM Retail Danmark ApS for the financial year 1 January - 31 December 2020.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

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

København Ø, 19 July 2021

Managing Director

Michael Azoulay



Independent auditor's report

To the shareholders of AM Retail Danmark ApS

Opinion

We have audited the financial statements of AM Retail Danmark ApS for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Material uncertainties concerning the company's ability to continue as a going concern

Without affecting our conclusion, as mentioned in note 1 and in the management's review, we note that the company have suffered a significant loss of capital. On behalf of the received letter og comfort from the parent company, the annual report is presented on a going concern basis.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 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 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

Independent auditor's report

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.

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 express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 19 July 2021

Grant Thornton

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

Michael Beuchert

State Authorised Public Accountant
mne32794

Company information

The company

AM Retail Danmark ApS
C/O Grant Thornton
Stockholmsgade 45
2100 København Ø

Company reg. no. 36 05 61 42
Established: 1 August 2014
Financial year: 1 January - 31 December

Managing Director

Michael Azoulay

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Bankers

Nykredit Bank A/S

Management commentary

The principal activities of the company

The company's purpose is all activities relating to buying and selling textile products.

Unusual circumstances

There has been no unusual matters in the fiscal year.

Uncertainties about recognition or measurement

There has been no uncertainties as to recognition or measurement in the fiscal year.

Development in activities and financial matters

The gross profit for the year totals DKK 1.399.000 against DKK 1.400.000 last year. Income or loss from ordinary activities after tax totals DKK -156.000 against DKK -118.000 last year. Management considers the result for the year unsatisfactory.

We note that the company has suffered a significant loss of capital. We expects to restore the capital through future positive cash flow.

Events occurring after the end of the financial year

No events have occurred after the end of the financial year that could significantly affect the company's financial position.

Accounting policies

The annual report for AM Retail Danmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Accounting policies

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Accounting policies

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other PPE, fixtures and fittings, tools and equipment	5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	1.399.138	1.400.238
3 Staff costs	-1.484.787	-1.282.115
Depreciation and impairment of property, land, and equipment	-71.094	-222.033
Operating profit	-156.743	-103.910
Other financial income	2.508	0
Other financial costs	-2.041	-14.018
Pre-tax net profit or loss	-156.276	-117.928
Net profit or loss for the year	-156.276	-117.928
Proposed appropriation of net profit:		
Allocated from retained earnings	-156.276	-117.928
Total allocations and transfers	-156.276	-117.928

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets		
Non-current assets		
4 Other fixtures and fittings, tools and equipment	113.639	146.502
5 Leasehold improvements	1.330.550	144.026
Total property, plant, and equipment	<u>1.444.189</u>	<u>290.528</u>
6 Deposits	144.082	143.968
Total investments	<u>144.082</u>	<u>143.968</u>
Total non-current assets	<u>1.588.271</u>	<u>434.496</u>
Current assets		
Trade debtors	152.195	236.906
Amounts owed by group enterprises	0	315.797
Other debtors	4.719	9.480
Prepayments and accrued income	27.442	38.423
Total receivables	<u>184.356</u>	<u>600.606</u>
Available funds	<u>524.450</u>	<u>302.762</u>
Total current assets	<u>708.806</u>	<u>903.368</u>
Total assets	<u>2.297.077</u>	<u>1.337.864</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity		
Contributed capital	50.000	50.000
Results brought forward	-965.937	-809.661
Total equity	-915.937	-759.661
Liabilities other than provisions		
Other debts	0	53.349
Total long term liabilities other than provisions	0	53.349
Trade creditors	2.135.235	1.051.373
Payables to group enterprises	612.765	0
Other payables	465.014	992.803
Total short term liabilities other than provisions	3.213.014	2.044.176
Total liabilities other than provisions	3.213.014	2.097.525
Total equity and liabilities	2.297.077	1.337.864

- 1 **Uncertainties concerning the enterprise's ability to continue as a going concern**
- 2 **Special items**
- 7 **Contingencies**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2020	50.000	-809.661	-759.661
Profit or loss for the year brought forward	0	-156.276	-156.276
	50.000	-965.937	-915.937

Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Uncertainties concerning the enterprise's ability to continue as a going concern		
we note that the company have suffered a significant loss of capital. On behalf of the received letter og comfort from the parent company which is valid until 31th of may 2022, the annual report is presented on a going concern basis.		
2. Special items		
The company have been significantly affected by the Covid-19 pandemic and the lockdown of the society. The company has therefore received wage compensation throughout the lockdown.		
Special items for the year are specified below, indicating where they are recognised in the income statement.		
Income:		
Other operating income		251.849
		<u>251.849</u>
Special items are recognised in the following items in the financial statements:		
Other operating income under Gross profit		251.849
Profit of special items, net		<u>251.849</u>
3. Staff costs		
Salaries and wages	1.467.554	1.246.081
Other costs for social security	13.143	23.197
Other staff costs	4.090	12.837
	<u>1.484.787</u>	<u>1.282.115</u>
Average number of employees	<u>5</u>	<u>4</u>

Notes

All amounts in DKK.

4. Other fixtures and fittings, tools and equipment

Cost 1 January 2020	482.849	318.688
Additions during the year	0	164.161
Cost 31 December 2020	482.849	482.849
Amortisation and writedown 1 January 2020	-336.347	-263.610
Depreciation for the year	-32.863	-72.737
Amortisation and writedown 31 December 2020	-369.210	-336.347
Carrying amount, 31 December 2020	113.639	146.502

5. Leasehold improvements

Cost 1 January 2020	973.412	817.523
Additions during the year	1.224.757	155.889
Cost 31 December 2020	2.198.169	973.412
Depreciation and writedown 1 January 2020	-829.386	-680.090
Depreciation for the year	-38.233	-149.296
Depreciation and writedown 31 December 2020	-867.619	-829.386
Carrying amount, 31 December 2020	1.330.550	144.026

6. Deposits

Cost 1 January 2020	143.968	0
Additions during the year	114	143.968
Cost 31 December 2020	144.082	143.968
Carrying amount, 31 December 2020	144.082	143.968

7. Contingencies

Contingent liabilities

The company has a total rent liabilities that are equivalent of TDKK 3.932.