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# Daisy 2015 Management ApS

Hammerensgade 1, st. tv.
1267 Copenhagen
Central Business Registration No 36924691

# Annual report 01.07.2018 - 30.06.2019

The Annual General Meeting adopted the annual report on 03.12.2019

**Chairman of the General Meeting**

_______________________________

Name: Michael Ro Mejer

# Contents

# Entity details

**Entity**
Daisy 2015 Management ApS
Hammerensgade 1, st. tv.
1267 Copenhagen

Central Business Registration No (CVR): 36924691
Registered in: Copenhagen
Financial year: 01.07.2018 - 30.06.2019

**Board of Directors**
Margaret Mcdonald, Chairman
Mark Piasecki
Louise Bechmann
Karl Eidem

**Executive Board**
Margaret Mcdonald, Chief Executive Officer
Louise Bechmann

**Auditors**
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København 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 Daisy 2015 Management ApS for the financial year 01.07.2018 - 30.06.2019.

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 30.06.2019 and of the results of its operations and cash flows for the financial year 01.07.2018 - 30.06.2019.

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.

Copenhagen, 03.12.2019

**Executive Board**

| | |
|---|---|
| Margaret Mcdonald<br>Chief Executive Officer | Louise Bechmann |

**Board of Directors**

| | | |
|---|---|---|
| Margaret Mcdonald<br>Chairman | Mark Piasecki | Louise Bechmann |
| Karl Eidem | | |

# Independent auditor's report

**To the shareholders of Daisy 2015 Management ApS**

**Opinion**

We have audited the consolidated financial statements and the parent financial statements of Daisy 2015 Management ApS for the financial year 01.07.2018 - 30.06.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 30.06.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.07.2018 - 30.06.2019 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 consolidated financial statements and the parent financial statements section of this auditor’s report. We are independent of the Group 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 consolidated financial statements and the parent financial statements**

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and the Parent’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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

# Independent auditor's report

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 consolidated financial statements and these parent 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

# Independent auditor's report

**Statement on the management commentary**
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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, 03.12.2019

**Deloitte**
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne32127

Sune Baadsager Holm
State Authorised Public Accountant
Identification No (MNE) mne35443

# Management commentary

| | 2018/19 DKK'000 | 2017/18 DKK'000 | 2016/17 DKK'000 | 2015/16 DKK'000 |
|---|---|---|---|---|
| **Financial highlights** | | | | |
| **Key figures** | | | | |
| Revenue | 376.973 | 419.151 | 14.574 | 12.930 |
| Gross profit/loss | 119.616 | 146.634 | 12.958 | (11.895) |
| Operating profit/loss | (243.280) | 23.359 | 504 | (24.235) |
| Net financials | (43.397) | (38.805) | (49.631) | (14.513) |
| Profit/loss for the year | (285.476) | (19.853) | (44.293) | (33.792) |
| Profit/loss excl minority interests | (285.476) | (19.853) | (44.293) | (33.792) |
| Total assets | 627.888 | 866.963 | 764.958 | 790.111 |
| Investments in property, plant and equipment | 2.797 | 5.221 | - | - |
| Equity | (140.954) | 145.031 | 134.795 | 179.088 |
| Equity excl minority interests | (140.954) | 145.031 | 134.795 | 179.088 |
| | | | | |
| **Ratios** | | | | |
| Gross margin (%) | 31,7 | 35,0 | 88,9 | (92,0) |
| Net margin (%) | (75,7) | (4,7) | (303,9) | (261,3) |
| Return on equity (%) | 0,0 | 0,0 | 0,0 | 0,0 |
| Equity ratio (%) | (22,4) | 16,7 | 17,6 | 22,7 |

This is the first year that consolidated accounts are being prepared. Becasuse of this financial highlights for 2016/17 and 2015/16 are parent only.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

| Ratios | Calculation formula | Calculation formula reflects |
|---|---|---|
| Gross margin (%) | Gross profit/loss x 100 / Revenue | The entity's operating gearing. |
| Net margin (%) | Profit/loss for the year x 100 / Revenue | The entity's operating profitability. |
| Return on equity (%) | Profit/loss excl minority interests x 100 / Average equity excl minority interests | The entity's return on capital invested in the entity by the owners. |
| Equity ratio (%) | Equity excl minority interests x 100 / Total assets | The financial strength of the entity. |

# Management commentary

**Primary activities**

The primary activities of the Parent are to operate as a management company to the Masai Group and to own shares in group companies.

As in previous years, the Group's primary activities consisted in the design of women's lifestyle wear sold through wholesale and retail channels. The Group's products are mainly marketed in Northern and Western Europe and the United States. The Group is headquartered in Copenhagen and is represented by own and external showrooms in some of the largest cities in Northern and Western Europe. The Group has 14 retail stores in Denmark and a webshop.

**Development in activities and finances**

The Group's performance and financial progress have not quite met the expectations expressed by Management. The period has shown a decrease in revenue; primarily in the wholesale business where the UK is the biggest market and a market under pressure. The period has shown an increase in our retail and e-commerce channels.

The decrease in revenue compared to expected revenue has resulted in an impairment of the consolidated figures related to goodwill of DKK 237,703 thousand and an impairment of fixed asset investments in the parent figures of DKK 362,015 thousand.

The income statement shows an operating profit of DKK 274 thousand and a loss after tax of DKK 407,620 thousand.

The equity of both the Parent and the Group is negative at year-end. The Parent and the Group are dependent on the financing by the group companies. The group companies have submitted a letter of support including a subordination agreement until 30.11.2020 concerning their receivables in the Parent and the Group. On this basis, Management believes that the financial statements can be presented on the assumption that the Company is a going concern.

**Uncertainty relating to recognition and measurement**

The valuation of goodwill and intangible assets at group level and the fixed asset investments are subject to the future growth expectations for revenue and fluctuations on the capital markets.

**Outlook**

The directors aim at maintaining management policies.

They expect a decrease in next year's operating profit as a decline in the wholesale business is expected. This market is still very challenged and the growth in the Company's retail and e-commerce businesses does not make up for the decline in wholesale.

The profit after tax will be significantly improved next year as an impairment loss on goodwill is not expected to occur.

The Group is changing from being mainly a wholesale business to a multichannel business, and the directors expect growth in the years to come and improvement of the results.

# Management commentary

The Company is dependent on the financing by the group companies. The group companies have submitted a letter of support including a subordination agreement until 30.11.2020 concerning their receivables in the Company. On this basis, Management believes that the financial statements can be presented on the assumption that the Company is a going concern.

**Particular risks**
The principal risks and uncertainties facing the Group are grouped broadly as competitive, legislative and financial instrument risks.

**Competitive risks**
The Group is generally less affected by competition than other companies in the fashion industry because it operates in a niche consumer segment with limited competition just as the Group's end-consumers are quite brand loyal. However, the Group is affected by the overall market situation on its major markets (Scandinavia, the UK and Germany) and is aware that independent retailers, in general, are under increased competitive pressure from larger retailers and online sales - especially in smaller cities.

**Legislative risks**
The Group is not subject to any essential legislative risks requiring a separate mention.

**Financial instrument risks**
The objectives of ongoing risk management aim to limit undue counterparty exposure, ensure sufficient working capital and monitor the management of risk at a business unit level.

**Use of derivatives**
The Group uses forward exchange contracts to reduce the exposure to fluctuations in foreign exchange rates by fixing the rate of any material payments in a foreign currency. The Group also uses interest rate swaps to adjust interest rate exposures to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements.

**Intellectual capital resources**
An essential part of the Group's business basics is the design and conceptual development placing heavy demands on knowledge resources concerning employees engaged in this part of the Group.

To maintain this knowledge, the Group must be able to recruit and keep employees with the relevant professional background. The Group aims at all times to secure the optimum mix of employees and the necessary adaptability.

On several other essential business processes such as logistics and IT, the Group is seeking to secure the necessary adaptability by combining outsourcing and a mix of employees with high professional expert knowledge.

**Environmental performance**
Since the Group is a business without any kind of production, Management is of the opinion that the Group is not subject to any essential environmental conditions requiring a separate mention.

# Management commentary

**Research and development activities**
The Group has no actual research activities but has (similar to recent years) spent considerable resources on developing and designing products and concepts to maintain its market position.

**Statutory report on corporate social responsibility**
Management strives towards running the business in a responsible, ethical and sustainable manner. Corporate social responsibility is prioritised based on the actual business activities with a focus to create value and reduce risk in our business today and in the future. Our focus includes an aim to optimise efficiency in resource consumption and build relationships with our end-customers that last, which are crucial to our value creation. Our business model is described above under "Primary activities". Growth should be created on a sustainable platform for which reason we continue to focus on social responsibility. The Board has approved policies on corporate social responsibility in the following areas: human rights, social and labour rights, environment and anti-corruption.

**Human rights and social and labour rights**
The Masai Group complies with international laws and human rights. It is our ambition to treat our employees with respect and dignity and we want to offer our employees a responsible workplace to ensure their job satisfaction. The Masai Group assesses that the main risk relates to compliance with human rights and social and labour rights with our third-party suppliers as such suppliers are located in developing countries. Our policies are centred around the following areas:

- We accept and support the freedom of association and the right to collective bargaining. We provide equal opportunity to all persons no matter their view on trade unions or their trade union activities.
- We accept and support collective bargaining, including the process or activity leading up to the conclusion of a collective agreement.
- We will not use, encourage to - or benefit from - forced or compulsory labour. Forced labour is a fundamental violation of human rights.
- We respect and obey minimum age provisions of national labour laws and regulations in the countries in which we operate. We will not use, encourage to - or benefit from - child labour.
- We provide equal opportunities to potential new employees no matter their race, age, disability or gender. Qualifications, skills and experience are the basis for recruitment of new employees.
- We support and respect the internationally proclaimed human rights.
- We acknowledge our responsibility to uphold human rights both in our workplace and more broadly within our sphere of influence.
- We do not violate any human rights.
- We will not be complicit in any form to violation of human rights.

To implement our policies, the Masai Group requires that all suppliers of goods (clothing) are working according to the BSCI Code of Conduct or Sedex Code. The code of conduct secures the human rights and social environment of employees working with the Group's suppliers. The suppliers are audited every other year at a minimum by independent audit firms who are monitored by BSCI. Further, the Masai Group is a member of Amfori whose mission is to enable each of their members to enhance human prosperity, use natural resources responsibly and drive open trade globally. The Amfori organisation is responsible for the BSCI Code of Conduct. The Masai Group pays all suppliers an annual visit. For those suppliers who have been subject to a visit, the Masai Group will follow up on any remarks noted during the audit performed and require

# Management commentary

the supplier to improve on any identified matter.

During the financial year 2018/19, the audits did not reveal any material issues.

**Environment**
At the Masai Group, we believe in a prosperous future for all. We believe in caring for the Earth and the limited resources we have at our disposal. We believe in making the most of what we have for now and for future generations. Consequently, the environment is also an important part of our social responsibility and incorporated into our policies. It is our continuous ambition to minimise the use of resources and their impact on the environment. The main risk related to our environmental impact refers to the production of our goods and the related packaging of such goods.

Before entering into new investments or partnerships with new suppliers, we always consider the environmental impact of these agreements and require our suppliers to improve their resource consumption continuously to minimise the environmental impact.

During the year, we worked with FSC not only to get an FSC certification on Masai's paper goods but also to get the brand's wood-based textiles certified to meet the brand's overall sustainability and CSR strategy because large parts of Masai's collections are made from wood-based viscose fibres. The Group was certified in October 2019.

During the financial year, it was decided that all packing material both in stores, webshop and for the wholesale business shall either be FSC certified or made of recycled plastic. The changes in the packing will be made continuously and fully implemented during the financial year 2019/20.

**Anti-corruption**
Our relationship to our customers, suppliers and other partners is based on trust which is incorporated as vital parts of our contracts and agreements setting out the basis for responsible business. Daisy Management and subsidiaries are mainly operating in countries with low corruption and bribery for which reason no actual risks have been identified. Nonetheless, the Company has implemented policies to mitigate potential risks that may arise. These policies set out:

- No bribery will be tolerated from either employees, suppliers or customers.
- In some countries, facilitation payments may be permissible according to local law and tradition. However, such payments are not allowed according to this policy.
- It is not allowed to accept gifts and entertainment of considerable size or extravagant entertainment from suppliers as this may be or may be seen as an attempt to influence the Masai Group employees' business decisions.

Implementation of anti-corruption policies is incorporated on an ongoing basis into new agreements and contracts. Suppliers, employees and other partners are also required to comply with the UK Bribery Act.

During the financial year 2018/19, the Company did not encounter any corruption issues.

# Management commentary

**Statutory report on the underrepresented gender**
The Group's overall goal for both the Board of Directors and other management levels is to create a good and versatile workplace that promotes equal career opportunities for both women and men. The Group focuses on encouraging qualified candidates of both genders to apply for any position.

On the Board of Directors, the gender composition is 50% men and 50% women and in line with the ambition.

For managers employed in the Group, the gender composition is 64% women and 36% men which is close to equal as the total numbers of managers is not very high. The Group will continue to encourage and attract both genders to its management level, and we will look into the possibilities of how to make this even more evident to all. To attract and hire the underrepresented gender, we will seek to ensure that both genders are represented in the hiring process for manager positions. It is our ambition to increase the underrepresented gender over the next five years.

**Events after the balance sheet date**
After the financial year-end, there has been a change in management as Sune Bjerregaard has retired and the position of CEO is temporarily taken over by Margaret McDonald, Chairman of the Board. No other events have occurred after the end of the financial year which affect the Company's financial position.

# Consolidated income statement for 2018/19

| | Notes | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|---|
| Revenue | 2 | 376.973 | 419.151 |
| Other operating income | | 14.106 | 13.521 |
| Cost of sales | | (143.214) | (157.721) |
| Other external expenses | 3 | (128.249) | (128.317) |
| **Gross profit/loss** | | **119.616** | **146.634** |
| Staff costs | 4 | (50.054) | (49.285) |
| Depreciation, amortisation and impairment losses | 5 | (312.842) | (73.990) |
| **Operating profit/loss** | | **(243.280)** | **23.359** |
| Other financial income | 6 | 8.773 | 5.846 |
| Other financial expenses | 7 | (52.170) | (44.651) |
| **Profit/loss before tax** | | **(286.677)** | **(15.446)** |
| Tax on profit/loss for the year | 8 | 1.201 | (4.407) |
| **Profit/loss for the year** | 9 | **(285.476)** | **(19.853)** |

# Consolidated balance sheet at 30.06.2019

| | Notes | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|---|
| Completed development projects | | 5.956 | 5.776 |
| Acquired intangible assets | | 27.313 | 54.628 |
| Acquired trademarks | | 346.812 | 368.487 |
| Goodwill | | 5.558 | 264.053 |
| Development projects in progress | | 8.216 | 0 |
| **Intangible assets** | 10 | **393.855** | **692.944** |
| Other fixtures and fittings, tools and equipment | | 3.275 | 4.015 |
| Leasehold improvements | | 4.762 | 4.596 |
| **Property, plant and equipment** | 11 | **8.037** | **8.611** |
| **Fixed assets** | | **401.892** | **701.555** |
| Manufactured goods and goods for resale | | 37.888 | 42.756 |
| **Inventories** | | **37.888** | **42.756** |
| Trade receivables | | 23.467 | 14.671 |
| Receivables from group enterprises | | 90.075 | 32.753 |
| Other receivables | | 4.143 | 5.878 |
| Prepayments | 12 | 4.746 | 2.468 |
| **Receivables** | | **122.431** | **55.770** |
| **Cash** | | **65.677** | **66.882** |
| **Current assets** | | **225.996** | **165.408** |
| **Assets** | | **627.888** | **866.963** |

# Consolidated balance sheet at 30.06.2019

| | Notes | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|---|
| Contributed capital | | 1.000 | 1.000 |
| Reserve for development expenditure | | 9.078 | 2.531 |
| Retained earnings | | (151.032) | 141.500 |
| **Equity** | | **(140.954)** | **145.031** |
| Deferred tax | 13 | 83.104 | 92.088 |
| Other provisions | 14 | 2.658 | 1.263 |
| **Provisions** | | **85.762** | **93.351** |
| Income tax payable | | 2.157 | 10.153 |
| **Non-current liabilities other than provisions** | | **2.157** | **10.153** |
| Trade payables | | 18.400 | 15.838 |
| Payables to group enterprises | | 650.919 | 572.669 |
| Income tax payable | | 312 | 19.994 |
| Other payables | | 11.292 | 9.927 |
| **Current liabilities other than provisions** | | **680.923** | **618.428** |
| **Liabilities other than provisions** | | **683.080** | **628.581** |
| **Equity and liabilities** | | **627.888** | **866.963** |
| Going concern | 1 | | |
| Unrecognised rental and lease commitments | 16 | | |
| Assets charged and collateral | 17 | | |
| Group relations | 18 | | |

# Consolidated statement of changes in equity for 2018/19

| | Contributed capital DKK'000 | Reserve for development expenditure DKK'000 | Retained earnings DKK'000 | Total DKK'000 |
|---|---|---|---|---|
| Equity beginning of year | 1.000 | 2.530 | 141.499 | 145.029 |
| Exchange rate adjustments | 0 | 0 | (652) | (652) |
| Fair value adjustments of hedging instruments | 0 | 0 | 144 | 144 |
| Transfer to reserves | 0 | 6.548 | (6.548) | 0 |
| Profit/loss for the year | 0 | 0 | (285.475) | (285.475) |
| **Equity end of year** | **1.000** | **9.078** | **(151.032)** | **(140.954)** |

# Consolidated cash flow statement for 2018/19

| | Notes | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|---|
| Operating profit/loss | | (243.279) | 23.359 |
| Amortisation, depreciation and impairment losses | | 312.768 | 73.642 |
| Working capital changes | 15 | 21.779 | 18.552 |
| **Cash flow from ordinary operating activities** | | **91.268** | **115.553** |
| Financial income received | | 8.773 | 5.846 |
| Financial expenses paid | | (52.170) | (44.651) |
| Income taxes refunded/(paid) | | (35.971) | (25.952) |
| **Cash flows from operating activities** | | **11.900** | **50.796** |
| Acquisition etc of intangible assets | | (10.381) | (6.939) |
| Acquisition etc of property, plant and equipment | | (2.797) | 0 |
| Sale of property, plant and equipment | | 73 | 0 |
| **Cash flows from investing activities** | | **(13.105)** | **(6.939)** |
| Dividend paid | | 0 | (37.219) |
| **Cash flows from financing activities** | | **0** | **(37.219)** |
| **Increase/decrease in cash and cash equivalents** | | **(1.205)** | **6.638** |
| Cash and cash equivalents beginning of year | | 66.882 | 60.244 |
| **Cash and cash equivalents end of year** | | **65.677** | **66.882** |

# Notes to consolidated financial statements

**1. Going concern**

The Company is dependent on group companies financing. Group companies have submitted a letter of support including a subordination agreement until 30.11.2020 for their receivables in the Company. On the basis hereof, the Company's management believes that the annual report can be presented assuming going concern.

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **2. Revenue** | | |
| **Revenue by geographical market** | | |
| Denmark | 108.401 | 112.178 |
| Other EU-countries | 188.177 | 231.430 |
| United States Of America | 80.395 | 75.543 |
| | **376.973** | **419.151** |
| | | |
| **Revenue by activity** | | |
| Wholesale | 281.313 | 334.899 |
| Retail | 58.468 | 58.740 |
| E-Commerce | 37.192 | 25.512 |
| | **376.973** | **419.151** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **3. Fees to the auditor appointed by the Annual General Meeting** | | |
| Statutory audit services | 1.373 | 930 |
| Other services | 491 | 240 |
| | **1.864** | **1.170** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **4. Staff costs** | | |
| Wages and salaries | 47.525 | 45.482 |
| Pension costs | 3.161 | 2.858 |
| Other social security costs | 392 | 1.045 |
| Staff costs classified as assets | (1.024) | (100) |
| | **50.054** | **49.285** |
| | | |
| Average number of employees | **94** | **89** |

# Notes to consolidated financial statements

| | Remuneration of management 2018/19 DKK'000 | Pension liabilities 2018/19 DKK'000 | Remuneration of management 2017/18 DKK'000 | Pension liabilities 2017/18 DKK'000 |
|---|---|---|---|---|
| Executive Board | 2.124 | 156 | 2.696 | 156 |
| | **2.124** | **156** | **2.696** | **156** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **5. Depreciation, amortisation and impairment losses** | | |
| Amortisation of intangible assets | 71.767 | 71.444 |
| Impairment losses on intangible assets | 237.703 | 0 |
| Depreciation of property, plant and equipment | 3.298 | 2.653 |
| Profit/loss from sale of intangible assets and property, plant and equipment | 74 | (107) |
| | **312.842** | **73.990** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **6. Other financial income** | | |
| Financial income arising from group enterprises | 6.768 | 1.985 |
| Other financial income | 2.005 | 3.861 |
| | **8.773** | **5.846** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **7. Other financial expenses** | | |
| Financial expenses from group enterprises | 49.407 | 40.692 |
| Other interest expenses | 0 | 1.143 |
| Other financial expenses | 2.763 | 2.816 |
| | **52.170** | **44.651** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **8. Tax on profit/loss for the year** | | |
| Current tax | 7.402 | 15.711 |
| Change in deferred tax | (9.128) | (10.526) |
| Adjustment concerning previous years | 525 | (778) |
| | **(1.201)** | **4.407** |

# Notes to consolidated financial statements

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **9. Proposed distribution of profit/loss** | | |
| Retained earnings | (285.475) | (19.853) |
| | **(285.475)** | **(19.853)** |

| | Completed develop-ment projects DKK'000 | Acquired intangible assets DKK'000 | Acquired trademarks DKK'000 | Goodwill DKK'000 |
|---|---|---|---|---|
| **10. Intangible assets** | | | | |
| Cost beginning of year | 8.329 | 136.569 | 433.515 | 332.010 |
| Additions | 1.990 | 0 | 0 | 175 |
| **Cost end of year** | **10.319** | **136.569** | **433.515** | **332.185** |
| Amortisation and impairment losses beginning of year | (2.553) | (81.942) | (65.027) | (67.956) |
| Impairment losses for the year | 0 | 0 | 0 | (237.703) |
| Amortisation for the year | (1.810) | (27.314) | (21.676) | (20.968) |
| **Amortisation and impairment losses end of year** | **(4.363)** | **(109.256)** | **(86.703)** | **(326.627)** |
| **Carrying amount end of year** | **5.956** | **27.313** | **346.812** | **5.558** |

| | Develop-ment projects in progress DKK'000 |
|---|---|
| **10. Intangible assets** | |
| Cost beginning of year | 0 |
| Additions | 8.216 |
| **Cost end of year** | **8.216** |
| Amortisation and impairment losses beginning of year | 0 |
| Impairment losses for the year | 0 |
| Amortisation for the year | 0 |
| **Amortisation and impairment losses end of year** | **0** |
| **Carrying amount end of year** | **8.216** |

**Development projects**

# Notes to consolidated financial statements

**10. Intangible assets (continued)**

Recognised development projects comprise expenses held for the establishment of an E-commerce platform, and an upgrade of the ERP system.

The E-commerce project was established as the Company wished to reach a broader group of customers.

The E-commerce platform went online in August 2016. Investments has continued during the financial year to develop the functionality and to expand the market and thereby grow the business.

The market potential is considered sufficiently favourable and therefore, the incurred expenses are recognised.

The upgrade of the ERP system was initiated to the development of the Group to a multichannel business. The upgrade has been implemented in steps from 2nd quarter 2019 and is expected to be completed during 2019.

| | Other fixtures and fittings, tools and equipment DKK'000 | Leasehold improve-ments DKK'000 |
|---|---|---|
| **11. Property, plant and equipment** | | |
| Cost beginning of year | 8.976 | 12.108 |
| Additions | 1.051 | 1.746 |
| Disposals | (172) | (904) |
| **Cost end of year** | **9.855** | **12.950** |
| Depreciation and impairment losses beginning of year | (4.960) | (7.513) |
| Depreciation for the year | (1.792) | (1.505) |
| Reversal regarding disposals | 172 | 830 |
| **Depreciation and impairment losses end of year** | **(6.580)** | **(8.188)** |
| **Carrying amount end of year** | **3.275** | **4.762** |

**12. Prepayments**

Prepayments primarily consist of prepaid expenses.

# Notes to consolidated financial statements

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| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **13. Deferred tax** | | |
| Intangible assets | 80.714 | 89.780 |
| Property, plant and equipment | 237 | 176 |
| Inventories | 1.522 | 1.901 |
| Receivables | 494 | 311 |
| Provisions | 4 | (139) |
| Liabilities other than provisions | 133 | 76 |
| Other deductible temporary differences | 0 | (17) |
| | **83.104** | **92.088** |

| | |
|---|---|
| **Changes during the year** | |
| Beginning of year | 92.088 |
| Recognised in the income statement | (9.128) |
| Recognised directly in equity | 144 |
| **End of year** | **83.104** |

**14. Other provisions**

Other provisions mainly relate to provisions for expected returns.

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **15. Change in working capital** | | |
| Increase/decrease in inventories | 4.868 | 3.019 |
| Increase/decrease in receivables | (73.329) | (56.175) |
| Increase/decrease in trade payables etc | 88.845 | 70.813 |
| Other changes | 1.395 | 895 |
| | **21.779** | **18.552** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **16. Unrecognised rental and lease commitments** | | |
| Liabilities under rental or lease agreements until maturity in total | **8.750** | **16.525** |

**17. Assets charged and collateral**

The Group has provided guarantees towards financial institutions in respect of loans. On 30 June 2019, total bank guarantees amounted to DKK 5.000 thousands.

# Notes to consolidated financial statements

**18. Group relations**

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

- Daisy 2015 TopCo Limited, United Kingdom

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

- Daisy 2015 HoldCo Limited, United Kingdom

# Parent income statement for 2018/19

| | Notes | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|---|
| Revenue | | 11.054 | 15.427 |
| Other external expenses | 2 | (1.763) | (2.091) |
| **Gross profit/loss** | | **9.291** | **13.336** |
| Staff costs | 3 | (9.017) | (10.967) |
| Depreciation, amortisation and impairment losses | 4 | 0 | 66 |
| **Operating profit/loss** | | **274** | **2.435** |
| Income from investments in group enterprises | | (362.015) | 37.219 |
| Other financial income from group enterprises | | 1.100 | 1.562 |
| Financial expenses from group enterprises | | (52.781) | (47.718) |
| Other financial expenses | | (695) | (1.142) |
| **Profit/loss before tax** | | **(414.117)** | **(7.644)** |
| Tax on profit/loss for the year | 5 | 6.497 | 6.542 |
| **Profit/loss for the year** | 6 | **(407.620)** | **(1.102)** |

# Parent balance sheet at 30.06.2019

| | Notes | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|---|
| Investments in group enterprises | | 379.030 | 739.876 |
| **Fixed asset investments** | 7 | **379.030** | **739.876** |
| **Fixed assets** | | **379.030** | **739.876** |
| Receivables from group enterprises | | 4.169 | 9.953 |
| Joint taxation contribution receivable | | 35.962 | 46.925 |
| Prepayments | 8 | 24 | 15 |
| **Receivables** | | **40.155** | **56.893** |
| **Cash** | | **3.132** | **15.593** |
| **Current assets** | | **43.287** | **72.486** |
| **Assets** | | **422.317** | **812.362** |

# Parent balance sheet at 30.06.2019

| | Notes | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|---|
| Contributed capital | | 1.000 | 1.000 |
| Retained earnings | | (312.146) | 95.474 |
| **Equity** | | **(311.146)** | **96.474** |
| Income tax payable | | 2.300 | 10.427 |
| **Non-current liabilities other than provisions** | | **2.300** | **10.427** |
| Payables to group enterprises | | 727.921 | 683.330 |
| Income tax payable | | 313 | 19.994 |
| Other payables | | 1.760 | 2.137 |
| **Current liabilities other than provisions** | | **729.994** | **705.461** |
| **Liabilities other than provisions** | | **732.294** | **715.888** |
| **Equity and liabilities** | | **421.148** | **812.362** |
| Going concern | 1 | | |
| Unrecognised rental and lease commitments | 9 | | |
| Contingent liabilities | 10 | | |
| Related parties with controlling interest | 11 | | |
| Transactions with related parties | 12 | | |

# Parent statement of changes in equity for 2018/19

| | Contributed capital DKK'000 | Retained earnings DKK'000 | Total DKK'000 |
|---|---|---|---|
| Equity beginning of year | 1.000 | 95.474 | 96.474 |
| Profit/loss for the year | 0 | (407.620) | (407.620) |
| **Equity end of year** | **1.000** | **(312.146)** | **(311.146)** |

# Notes to parent financial statements

### 1. Going concern

The Company is dependent on group companies financing. Group companies have submitted a letter of support including a subordination agreement until 30.11.2020 for their receivables in the Company. On the basis hereof, the Company's management believes that the annual report can be presented assuming going concern.

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **2. Fees to the auditor appointed by the Annual General Meeting** | | |
| Statutory audit services | 101 | 60 |
| | **101** | **60** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **3. Staff costs** | | |
| Wages and salaries | 8.355 | 9.623 |
| Pension costs | 622 | 636 |
| Other social security costs | 40 | 708 |
| | **9.017** | **10.967** |
| Number of employees at balance sheet date | **5** | **6** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **4. Depreciation, amortisation and impairment losses** | | |
| Depreciation of property, plant and equipment | 0 | 42 |
| Profit/loss from sale of intangible assets and property, plant and equipment | 0 | (108) |
| | **0** | **(66)** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **5. Tax on profit/loss for the year** | | |
| Current tax | (6.719) | (5.987) |
| Adjustment concerning previous years | 222 | (555) |
| | **(6.497)** | **(6.542)** |

| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **6. Proposed distribution of profit/loss** | | |
| Retained earnings | (407.620) | (1.102) |
| | **(407.620)** | **(1.102)** |

# Notes to parent financial statements

| | Invest-ments in group enterprises DKK'000 |
|---|---|
| **7. Fixed asset investments** | |
| Cost beginning of year | 739.876 |
| **Cost end of year** | **739.876** |
| | |
| Impairment losses for the year | (362.015) |
| **Impairment losses end of year** | **(362.015)** |
| | |
| **Carrying amount end of year** | **377.861** |

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

**8. Prepayments**

Prepayments mainly consist of prepaid expenses.

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| | 2018/19 DKK'000 | 2017/18 DKK'000 |
|---|---|---|
| **9. Unrecognised rental and lease commitments** | | |
| Liabilities under rental or lease agreements until maturity in total | **531** | **972** |

**10. Contingent liabilities**

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore for income taxes etc for the jointly taxed entities, and also for obligation, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

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**11. Related parties with controlling interest**

Daisy 2015 Debtco Ltd. Is a related party and has controlling interest in the Company.

**12. Transactions with related parties**

No transactions with related parties were made in 2018/19 that were not on arm's length basis.

# Accounting policies

**Reporting class**
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these financial statements are consistent with those applied last year, however, this is the first time that consolidated financial statements are being presented.

**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.

**Consolidated financial statements**
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

**Basis of consolidation**
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

# Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

**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**
**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 from the sales og services is recognised in the income statement when delivery is made 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 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 as well as 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, 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 or exchange gains on securities, payables

# Accounting policies

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 or exchange 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.

**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.

**Balance sheet**
**Goodwill**
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 15-20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Goodwill also comprises the Company's purchase of sotres and leases, which is intially measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis over the expected usefull life of up to ten years in relation of the lease contract.

**Intellectual property rights etc**
Intellectual property rights etc comprise purchased software, trademarks and client relationships.

Software acquired are measured at cost less accumulated amortisation. The amortisation period is five years.

Separately acquired trademarks are included at cost and amortised in equal annual instalments over a period of 20 years which is their estimated useful economic life. Provision is made for any impairment.

Acquired client relationships are included at cost and amortised in equal annual instalments over a period of five years which is their estimated useful economic life. Provision is made for any impairment.

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

# Accounting policies

**Property, plant and equipment**

Other fixtures and fittings, tools and equipment 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:

| | |
|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 3 years |

For leasehold improvements and assets subject to finance leases, 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.

**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.

**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.

# Accounting policies

**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 or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

**Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

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

**Income tax receivable or payable**

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

# Accounting policies

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year. Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases. Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.