

# Global Fashion Agenda A/S

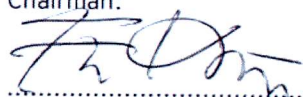
Frederiksholms Kanal 30, 1220 København K

CVR no. 37 15 03 04

## Annual report 2018

Approved at the Company's annual general meeting on 27 May 2019

Chairman:



Eva Franck-Kruse

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.





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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Global Fashion Agenda A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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

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

Copenhagen, 27 May 2019  
Executive Board:



Eva Franck-Kruse

Board of Directors:



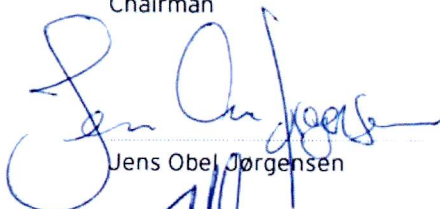
Niels Eskildsen  
Chairman



Thomas Carsten Alexander  
Tochtermann



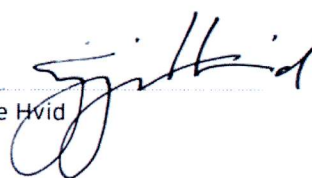
Cristiana Falcone



Jens Obel Jørgensen



Jacob Kampp



Kigge Hvid



Thomas Klausen

## Independent auditor's report

To the shareholders of Global Fashion Agenda A/S

### Opinion

We have audited the financial statements of Global Fashion Agenda A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 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 the 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 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.

## Independent auditor's report

- 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 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 use of the going concern basis of accounting in preparing the 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 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 the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

## Independent auditor's report

### Report on other legal and regulatory requirements

#### *Statement on compliance audit and performance audit*

Management is responsible for ensuring that the transactions covered by the financial reporting comply with the appropriations granted, legislation and other regulations and with agreements entered into and usual practice; and that due financial consideration has been taken of the management of the funds and operations of the entities covered by the financial statements. Consequently, Management is responsible for establishing systems and procedures supporting economy, productivity and efficiency.

In performing our audit of the financial statements, it is our responsibility to perform compliance audit and performance audit of selected items in accordance with public auditing standards. When conducting a compliance audit, we test the selected items to obtain reasonable assurance as to whether the transactions covered by the financial reporting comply with the relevant provisions of appropriations, legislation and other regulations as well as agreements entered into and usual practice. When conducting a performance audit, we perform assessments to obtain reasonable assurance as to whether the tested systems, processes or transactions support due financial considerations in relation to the management of the funds and operations of the entities covered by the financial statements.

We must report on any grounds for significant critical comments, should we find such when performing our work.

We have no significant critical comments to report in this connection.

Copenhagen, 27 May 2019

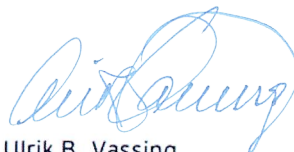
ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Kaare K. Lendorf  
State Authorised Public Accountant  
mne33819



Ulrik B. Vassing  
State Authorised Public Accountant  
mne32827

## Management's review

### Company details

Name	Global Fashion Agenda A/S
Address, Postal code, City	Frederiksholms Kanal 30, 1220 København K
CVR no.	37 15 03 04
Financial year	1 January - 31 December
Board of Directors	Niels Eskildsen, Chairman Thomas Carsten Alexander Tochtermann Cristiana Falcone Jens Obel Jørgensen Jacob Kampp Berliner Kigge Hvid Thomas Klausen
Executive Board	Eva Franck-Kruse
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmutsh Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management commentary

### Business review

Global Fashion Agenda (GFA) is the foremost leadership forum for industry collaboration on sustainability in fashion. On a mission to make sustainability fashionable, the organisation guides and supports industry leaders in changing the way we produce, market and consume fashion, for a world beyond next season. In partnership with its Strategic Partners, currently counting the following industry leaders; ASOS, BESTSELLER, H&M group, Kering, Li & Fung, Nike, PVH Corp., Sustainable Apparel Coalition and Target, Global Fashion Agenda spearheads the fashion industry's journey towards a more sustainable future.

A non-profit organisation, GFA, who is behind Copenhagen Fashion Summit - the world's leading business event on sustainability in fashion, since 2009. GFA also publishes the annual Pulse of the Fashion Industry report in collaboration with the Boston Consulting Group and the annual CEO Agenda.

GFA's desire is to contribute to innovation in the fashion industry, to strengthen the business understanding of implementing sustainable work processes and new technology in the fashion industry on a global level, and to support the positioning of Copenhagen as the leading destination for sustainable fashion and as the place to set the benchmark for how to speak community solutions and business development in fashion globally.

GFA is a subsidiary company to the Foundation Design Society, which also owns the Danish Design Center, INDEX: Design to improve life and Copenhagen Fashion Week.

### STRATEGIC FOCUS

The trillion-dollar fashion industry is also one of the most resource- and labor-intensive industries in the world. Amid dangerous climate change, exploitive working conditions and rampant overconsumption, the world needs innovators who can lead the push toward more sustainable solutions, the fashion industry has the potential to be one such innovator, working proactively to address critical issues at a global scale.

## Management's review

Since 2007, GFA (then called Danish Fashion Institute) has been working on increased sustainability in the fashion system and since 2016 it has been the Company's sole focus and with a global scope, hence the name change to "Global Fashion Agenda" - making GFA the leading forum in fashion for innovation processes, business development within sustainability and social responsibility and with Copenhagen Fashion Summit as the annual flagship project: Copenhagen Fashion Summit is already today the world's leading forum for fashion industry decision makers and brings together more than 1200 industry leaders, NGO's and policy makers every year Copenhagen.

By hosting the summit in Copenhagen every year, Denmark and Danish fashion gains a position globally as thought leaders in the space of sustainable fashion - which in the current market is one of the, if not the, biggest innovation and business drivers in the global fashion system.

Global Fashion Agenda runs throughout the year with various activities, including gathering new knowledge and data, publishing annual report Pulse of the Fashion Industry, the leadership guide "The CEO Agenda" and driving industry-wide commitments as well as hosting Master Classes and other forms of knowledge spread internationally.

## ACTIVITIES IN 2018

Copenhagen Fashion Summit (CFS) was held on 15 & 16 May 2018 trying out the new two-day format for the first time with great success on the content side. The report Pulse of the Fashion Industry was published in its second edition in collaboration with Sustainable Apparel Coalition and Boston Consulting Group. Also a new strategic focus to move GFA's activities into the policy lobbying. In the early months of 2018, the first edition of the leadership guide came out for the first time: The CEO Agenda 2018 - seven leadership priorities on sustainable fashion. The CEO Agenda is a collaborative product coming of the visionary leadership of GFA's Strategic Partners; Bestseller, H&M, Kering, Li & Fung, Target and SAC.

2018 was also the year of which the Strategic Partners group grew including now also ASOS, Nike and PVH Corp. which hereby for a while closes the circle of Strategic Partners, since the group represents all the different segments in fashion by each one industry leader.

On the financial side, the aim was to break even this year coming out of a difficult 2017. 2018 has been on budget with a focus for the organization to keep developing new projects and investing in growing the team.

## THANK YOU FOR THE FUNDS

The Board of Directors, management team and the employees wish to thank the City of Copenhagen, the Capital Region of Denmark, the Danish Business Authority, the Ministry of Business Affairs and the Ministry of Foreign Affairs and our Strategic Partners ASOS, Bestseller, H&M, Kering, Li & Fung, Nike, PVH Corp. Target, and SAC.

GFA would also like to thank for the fruitful cooperation we have with Boston Consulting Group, Danish Design Center, INDEX: Design to improve life, Copenhagen Fashion Week.

## Financial review

The income statement for 2018 shows a profit of DKK 11,595 against a profit of DKK 13,564 last year, and the balance sheet at 31 December 2018 shows equity of DKK 795,192.

## Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

## Outlook

A positive result of approx. DKK 200,000 is expected for 2019 to gradually grow the Company's equity for more security, although still to grow impact projects and strengthen the team.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2018	2017
	Gross margin	9,913,502	7,722,425
2	Staff costs	-9,715,055	-8,164,810
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-83,679	-70,636
	<b>Profit/loss before net financials</b>	<b>114,768</b>	<b>-513,021</b>
	Other financial income from group enterprises	0	530,526
	Financial income	18,194	881
	Financial expenses	-102,629	-21,059
	<b>Profit/loss before tax</b>	<b>30,333</b>	<b>-2,673</b>
3	Tax for the year	-18,738	16,237
	<b>Profit for the year</b>	<b>11,595</b>	<b>13,564</b>
	<b>Recommended appropriation of profit</b>		
	Retained earnings	11,595	13,564
		<b>11,595</b>	<b>13,564</b>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2018	2017
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
4	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	63,232	96,110
		<u>63,232</u>	<u>96,110</u>
	<b>Investments</b>		
	Investments in group enterprises	0	125,000
	Other receivables	24,194	0
	Deposits, investments	258,390	0
		<u>282,584</u>	<u>125,000</u>
	<b>Total fixed assets</b>	<u>345,816</u>	<u>221,110</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	2,831,864	1,689,518
	Receivables from group enterprises	6,992	222,927
	Deferred tax assets	16,836	12,861
	Other receivables	9,259	27,888
	Prepayments	159,954	35,464
		<u>3,024,905</u>	<u>1,988,658</u>
5	<b>Cash</b>	<u>1,136,236</u>	<u>1,024,145</u>
	<b>Total non-fixed assets</b>	<u>4,161,141</u>	<u>3,012,803</u>
	<b>TOTAL ASSETS</b>	<u>4,506,957</u>	<u>3,233,913</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2018	2017
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	500,000	500,000
	Retained earnings	295,192	283,597
	<b>Total equity</b>	<u>795,192</u>	<u>783,597</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Bank debt	31,675	68,189
	Trade payables	467,544	186,673
	Payables to group enterprises	45,203	243,555
	Joint taxation contribution payable	80,359	57,646
	Other payables	718,617	723,445
	Deferred income	2,368,367	1,170,808
		<u>3,711,765</u>	<u>2,450,316</u>
	<b>Total liabilities other than provisions</b>	<u>3,711,765</u>	<u>2,450,316</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>4,506,957</u></u>	<u><u>3,233,913</u></u>

1 Accounting policies

6 Contractual obligations and contingencies, etc.

## Financial statements 1 January - 31 December

## Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	500,000	283,597	783,597
Transfer through appropriation of profit	0	11,595	11,595
Equity at 31 December 2018	<u>500,000</u>	<u>295,192</u>	<u>795,192</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Global Fashion Agenda A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

#### Basis of recognition and measurement

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals, which are due to changes in estimated amounts previously recognised in the profit and loss account, are recognised in the profit and loss account.

#### Income statement

##### Gross margin

The items revenue, production cost, expenses, property and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

##### Property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

##### Other external expenses

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

##### Staff costs

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

##### Depreciation

The item comprises depreciation of property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

Fixtures and fittings, other plant and equipment	3-5 years
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## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

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

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Property, plant and equipment

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

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Prepayments

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

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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

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

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

DKK	2018	2017
<b>2 Staff costs</b>		
Wages/salaries	9,088,295	7,590,696
Pensions	503,001	485,445
Other social security costs	123,759	88,669
	<u>9,715,055</u>	<u>8,164,810</u>
Average number of full-time employees	<u>16</u>	<u>15</u>
Number of employees at the balance sheet date	<u>19</u>	<u>17</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 3 Tax for the year

Estimated tax charge for the year	22,713	0
Deferred tax adjustments in the year	-3,975	-12,861
Tax adjustments, prior years	0	-3,376
	<u>18,738</u>	<u>-16,237</u>

#### 4 Property, plant and equipment

DKK	<u>Fixtures and fittings, other plant and equipment</u>
Cost at 1 January 2018	228,149
Additions	50,801
Cost at 31 December 2018	<u>278,950</u>
Impairment losses and depreciation at 1 January 2018	132,039
Depreciation	83,679
Impairment losses and depreciation at 31 December 2018	<u>215,718</u>
Carrying amount at 31 December 2018	<u>63,232</u>

#### 5 Cash

Deposit on hedging account DKK 210,000.

#### 6 Contractual obligations and contingencies, etc.

##### Contingent liabilities

The Company is included in the national joint taxation with Design Society, CVR no. 36 99 41 26, as a management company, and is unlimited and jointly liable together with the other jointly taxed companies for the total corporation tax.