



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

CVR: 15 71 52 41

STORE KONGENSgade 68
1264 KØBENHAVN K

TEL: 33 20 15 15
E-MAIL: CA@CK.DK
WEB: WWW.CK.DK

Mates ApS

Refshalevej 163 A, 2. sal., 1432 København K

Company reg. no. 37 15 05 76

Annual report

1 July 2016 - 30 June 2017

The annual report have been submitted and approved by the general meeting on the 10 January 2018.

Sammi Isaksen
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British 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 %.



Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management's review	
Company data	5
Management's review	6
Annual accounts 1 July 2016 - 30 June 2017	
Profit and loss account	7
Balance sheet	8
Notes	10
Accounting policies used	12



Management's report

The managing director has today presented the annual report of Mates ApS for the financial year 1 July 2016 to 30 June 2017.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 30 June 2017 and of the company's results of its activities in the financial year 1 July 2016 to 30 June 2017.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

København K, 10 January 2018

Managing Director

Peter McDonald



Independent auditor's report

To the shareholders of Mates ApS

Auditor's report on the annual accounts

Opinion

We have audited the annual accounts of Mates ApS for the financial year 1 July 2016 to 30 June 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 June 2017 and of the results of the company's operations for the financial year 1 July 2016 to 30 June 2017 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 below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

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

Without modifying our opinion, we draw attention to the fact that there is considerable uncertainty about its ability to continue operations. Note 1 in the annual report is describing the uncertainties related to going concern. We agree that the annual report can be presented on the assumption that financing is in place for the coming year.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.



Independent auditor's report

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Reporting according to Danish Financial Statements Act § 118

Without affecting our opinion, we must inform that the company contrary to the Danish Financial Statements Act has failed to prepare the annual report in time, whereby management may incur liability.

Non compliance with the Danish VAT Act

The company has not fully filed VAT statements in accordance with the Danish VAT Act, whereby management may incur liability.

Copenhagen, 10 January 2018

Christensen Kjarulff

Company reg. no. 15 91 56 41

Iver Haugsted
State Authorised Public Accountant
MNE-nr. 10678



Company data

The company

Mates ApS
Refshalevej 163 A, 2. sal.
1432 København K

Company reg. no. 37 15 05 76
Established: 8 October 2015
Domicile: Copenhagen
Financial year: 1 July - 30 June

Managing Director

Peter McDonald

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Parent company

Mates Holding ApS



Management's review

The principal activities of the company

The company's principal activities consist in sale and distribution of fashion clothing.

Development in activities and financial matters

The gross loss for the year is DKK -261.862 against DKK -1.220.145 last year. The results from ordinary activities after tax are DKK -649.394 against DKK -1.861.013 last year. The management consider the result unsatisfactory.

The company's liabilities exceed its assets by DKK 2.360.407 as of 30 June 2017. This indicates uncertainties which could give rise to doubts about the company's activity as a going concern.

The continued operation of the company is depending on maintenance of finance by the company's investors.

It is the belief of the management that the company's financing will be maintained in the future. The management has prepared the annual accounts on the basis of a going concern.



Profit and loss account 1 July - 30 June

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Gross loss	-261.862	-1.220.145
2 Staff costs	-354.198	-374.042
Depreciation and writedown relating to tangible fixed assets	<u>-15.767</u>	<u>-240.882</u>
Operating profit	-631.827	-1.835.069
3 Other financial costs	<u>-17.567</u>	<u>-25.944</u>
Results before tax	-649.394	-1.861.013
Tax on ordinary results	<u>0</u>	<u>0</u>
Results for the year	<u>-649.394</u>	<u>-1.861.013</u>
 Proposed distribution of the results:		
Allocated from results brought forward	<u>-649.394</u>	<u>-1.861.013</u>
Distribution in total	<u>-649.394</u>	<u>-1.861.013</u>



Balance sheet 30 June

All amounts in DKK.

Assets	2017	2016
<u>Note</u>	<u> </u>	<u> </u>
Fixed assets		
Other plants, operating assets, and fixtures and furniture	14.451	30.218
Tangible fixed assets in total	<u>14.451</u>	<u>30.218</u>
Fixed assets in total	<u>14.451</u>	<u>30.218</u>
Current assets		
Manufactured goods and trade goods	467.290	0
Inventories in total	<u>467.290</u>	<u>0</u>
Trade debtors	1.019.743	667.932
Other debtors	10.338	10.338
Accrued income and deferred expenses	0	101.511
Debtors in total	<u>1.030.081</u>	<u>779.781</u>
Available funds	<u>34.542</u>	<u>86.689</u>
Current assets in total	<u>1.531.913</u>	<u>866.470</u>
Assets in total	<u>1.546.364</u>	<u>896.688</u>



Balance sheet 30 June

All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Equity and liabilities		
Equity		
4	50.000	50.000
5	-2.410.407	-1.761.013
Equity in total	-2.360.407	-1.711.013
Liabilities		
Debt to shareholders and management	3.391.712	1.809.039
Long-term liabilities in total	3.391.712	1.809.039
Trade creditors	333.402	611.536
Debt to group enterprises	79.408	91.376
Debt to shareholders and management	0	8.962
Other debts	102.249	86.788
Short-term liabilities in total	515.059	798.662
Liabilities in total	3.906.771	2.607.701
Equity and liabilities in total	1.546.364	896.688

- 1 Uncertainties concerning the enterprise's ability to continue as a going concern
- 6 Contingencies



Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The company's liabilities exceed its assets by DKK 2.360.407 as of 30 June 2017. This indicates uncertainties which could give rise to doubts about the company's activity as a going concern.

The continued operation of the company depending on the maintenance of finance by the company's investors.

It is the belief of the management that the company's financing will be maintained in the future. The management has prepared the annual accounts on the basis of a going concern.

	<u>2017</u>	<u>2016</u>
2. Staff costs		
Salaries and wages	270.000	270.000
Other costs for social security	1.704	2.261
Other staff costs	82.494	101.781
	<u>354.198</u>	<u>374.042</u>
Average number of employees	<u>1</u>	<u>1</u>
3. Other financial costs		
Other financial costs	17.567	25.944
	<u>17.567</u>	<u>25.944</u>
4. Contributed capital		
Contributed capital 1 July 2016	50.000	50.000
	<u>50.000</u>	<u>50.000</u>
5. Results brought forward		
Results brought forward 1 July 2016	-1.761.013	100.000
Profit or loss for the year brought forward	-649.394	-1.861.013
	<u>-2.410.407</u>	<u>-1.761.013</u>



Notes

All amounts in DKK.

6. Contingencies

Joint taxation

Mates Holding ApS, company reg. no 37150479 being the administration company, the company is subject to the Danish scheme of joint taxation and, as from the financial year 2012, unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

As from 1 July 2012, the company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.



Accounting policies used

The annual report for Mates ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

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.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross loss

The gross loss comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.



Accounting policies used

Staff costs

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

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Land and buildings are measured at cost with addition of revaluations and with deduction of accrued depreciation and writedown. Land is not depreciated.

Land and buildings are revaluated on the basis of regular, independent evaluation of the fair value. The net revaluation at fair value adjustment is recognised directly on the equity after deduction of deferred tax and tied up in a particular revaluation reserve. Net impairment at fair value adjustments is recognised in the profit and loss account.

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in the company's equity.



Accounting policies used

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

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

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>	<i>0-20 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.



Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Liabilities

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