

Suit Supply Denmark ApS

Købmagergade 60, 1. tv., 1150 København K

CVR no. 37 26 92 55

Annual report 2017

Approved at the Company's annual general meeting on 31 May 2018

Chairman:



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Magnus Bojer-Larsen

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 Executive Board

Today, the Executive Board has discussed and approved the annual report of Suit Supply Denmark ApS for the financial year 1 January - 31 December 2017.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board has considered the criteria for omission of audit to be met.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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

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

Copenhagen, 31 May 2018
Executive Board:



Fokke Marten de Jong

Independent auditor's report on the compilation of financial statements

To the general management of Suit Supply Denmark ApS

We have compiled the financial statements of Suit Supply Denmark ApS for the financial year 1 January - 31 December 2017 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed this compilation engagement in accordance with ISRS 4410 *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant ethical requirements in the Danish act on approved auditors and audit firms and FSR - Danish Auditors' code of ethics, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 31 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lisa Hagedorn
State Authorised Public Accountant
MNE no.: mne30130

Management's review

Company details

Name	Suit Supply Denmark ApS
Address, Postal code, City	c/o TMF Denmark A/S Købmagergade 60, 1. tv., 1150 København K
CVR no.	37 26 92 55
Established	1 December 2015
Registered office	København
Financial year	1 January - 31 December
Website	www.suitsupply.com
Executive Board	Fokke Marten de Jong

Management's review

Business review

The Company operates a clothing retail store and a webstore in Copenhagen. Specializing in business attire and accessories, The direct parent as at 31 December 2017 is Suit Supply Holding B.V (the ultimate parent is Fokke de Jong Holding BV).

Suitsupply, founded in Amsterdam in 1999, is a leading vertically integrated, men's tailoring brand. Suitsupply has an extensive retail network, in addition to expanding brick-and-mortar locations, created a fast-growing successful digital platform, allowing Suitsupply to bring its style and top-tier service to all corners of the planet. Suitsupply's product range includes suits, shirts, jackets, coats, trousers, accessories, ties, shoes and knitwear products. In 2017, Suistudio has been launched with an extensive womens collection.

Financial review

In 2017, the Company's revenue amounted to DKK 18,291,812 against DKK 6,700,217 last year. . The income statement for 2017 shows a loss of DKK 83,738 against a loss of DKK 456,241 last year, and the balance sheet at 31 December 2017 shows a negative equity of DKK 489,979.

Events after the balance sheet date

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

Outlook

The director has a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. These financial statements have been prepared on a going concern basis, for further information please refer to note 2.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017 12 months	2015/16 13 months
	Revenue	18,291,812	6,700,217
	Other external expenses	-8,291,046	-2,455,629
	Gross margin	10,000,766	4,244,588
3	Staff costs	-4,058,556	-1,641,875
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,970,317	-647,393
	Other operating expenses	-3,426,299	-1,878,799
	Profit before net financials	545,594	76,521
4	Financial income	95,310	0
5	Financial expenses	-724,642	-532,762
	Profit/loss for the year	-83,738	-456,241
	Recommended appropriation of profit/loss	-83,738	-456,241
	Retained earnings/accumulated loss	-83,738	-456,241

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2017</u>	<u>2015/16</u>
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Acquired intangible assets	1,685,185	0
		<u>1,685,185</u>	<u>0</u>
7	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	4,841,132	5,529,044
	Leasehold improvements	4,229,022	4,342,792
	Property, plant and equipment under construction	205,484	0
		<u>9,275,638</u>	<u>9,871,836</u>
	Financial assets		
	Other receivables	0	209,142
	Deposits, investments	49,329	0
		<u>49,329</u>	<u>209,142</u>
	Total non-current assets	<u>11,010,152</u>	<u>10,080,978</u>
	Current assets		
	Receivables		
	Other receivables	879,006	9,421
	Prepayments	152,689	1,316,869
		<u>1,031,695</u>	<u>1,326,290</u>
	Cash	1,781,211	1,187,974
	Total current assets	<u>2,812,906</u>	<u>2,514,264</u>
	TOTAL ASSETS	<u>13,823,058</u>	<u>12,595,242</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2017</u>	<u>2015/16</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50,000	50,000
	Retained earnings	-539,979	-456,241
	Total equity	<u>-489,979</u>	<u>-406,241</u>
	Non-current liabilities		
	Deferred income	798,892	0
	Total non-current liabilities	<u>798,892</u>	<u>0</u>
	Current liabilities		
	Prepayments received from customers		12,066
	Trade payables	3,646	657,060
	Payables to group enterprises	742,460	10,603,675
	Other payables	9,945,759	1,514,747
	Deferred income	2,376,375	213,935
	Total current liabilities	<u>13,514,145</u>	<u>13,001,483</u>
	Total liabilities	<u>14,313,037</u>	<u>13,001,483</u>
	TOTAL EQUITY AND LIABILITIES	<u>13,823,058</u>	<u>12,595,242</u>

- 1 Accounting policies
- 2 Going concern uncertainties
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties

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 2017	50,000	-456,241	-406,241
Transfer through appropriation of loss	0	-83,738	-83,738
Equity at 31 December 2017	50,000	-539,979	-489,979

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Suit Supply Denmark ApS for 2017 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

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Further to this, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Furthermore, all costs incurred to earn the profit or loss for the year have been recognised in the income statement, including amortisation, depreciation, write-down and provisions as well as reversals as a consequence of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow into the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably. On the initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement.

Certain financial assets and liabilities are measured at amortised cost, by which a constant redemption yield is recognised over the term. Amortised cost is calculated as original cost less installments and addition/deduction of the accumulated amortisation of the difference between cost and the nominal amount. Thereby, capital and exchange losses or gains are allocated over the term.

On recognition and measurement, anticipated losses and risks that appear before presentation of the annual report and which confirm or invalidate affairs or conditions existing at the balance sheet date are considered.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

Income statement

Revenue

As income recognition criterion, the completed contract method is applied so that revenue comprises invoiced revenue for the year. Revenue is measured at fair value excl. VAT and less granted goods and customer discounts.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of non-current assets.

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.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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

Acquired intangible assets	10 years
Leasehold improvements	10 years
Store Equipment	7 years
IT hardware	3 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Financial assets

Other receivables recognised under fixed assets comprise loans and rental deposits measured at amortised cost, which usually corresponds to nominal amount. In events when the carrying amount exceeds the recoverable amount, impairment for loss is made to such lower value. Impairment for loss for the year is recognised in the income statement as impairment for loss of financial assets.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment is reviewed annually for indication of impairment for loss, apart from what is expressed by usual amortisation and depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

Other receivables recognised under non-current assets comprise loans and rental deposits measured at amortised cost, which usually corresponds to nominal amount. In events when the carrying amount exceeds the recoverable amount, impairment for loss is made to such lower value. Impairment for loss for the year is recognised in the income statement as impairment for loss of financial assets.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down for bad debt according to an individual assessment.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

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. Provision has been made for deferred tax by 22% on all temporary differences between carrying amount and tax-based value of assets and liabilities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The tax-based values of tax losses carried forward are included in the statement of deferred tax if it probable that the losses can be utilised.

Deferred tax assets which are not expected utilised within a few years have been disclosed in notes under contingent assets.

Liabilities

Other liabilities other than provisions have been measured at amortised cost which corresponds to nominal value.

Deferred income

Deferred income comprises income received relating to subsequent years.

2 Going concern uncertainties

The director has considered the cash flow projections for 2018 and has a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. These financial statements have been prepared on a going concern basis. The support provided from the parent company entails not requesting settlement of any intercompany balances due from the entity for a period of 12 months if this would affect the entity's ability to operate as a going concern.

DKK	2017 12 months	2015/16 13 months
3 Staff costs		
Wages/salaries	3,654,398	1,630,231
Pensions	361,089	11,644
Other social security costs	43,069	0
	<u>4,058,556</u>	<u>1,641,875</u>
Average number of full-time employees	<u>9</u>	<u>4</u>
4 Financial income		
Exchange gain	95,310	0
	<u>95,310</u>	<u>0</u>
5 Financial expenses		
Interest expenses, group entities	723,076	469,030
Other interest expenses	1,566	467
Exchange losses	0	63,265
	<u>724,642</u>	<u>532,762</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Intangible assets

DKK	Acquired intangible assets
Additions	<u>2,000,000</u>
Cost at 31 December 2017	<u>2,000,000</u>
Amortisation for the year	<u>314,815</u>
Impairment losses and amortisation at 31 December 2017	<u>314,815</u>
Carrying amount at 31 December 2017	<u><u>1,685,185</u></u>

7 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2017	6,020,594	4,565,426	0	10,586,020
Additions	<u>469,563</u>	<u>384,257</u>	<u>205,484</u>	<u>1,059,304</u>
Cost at 31 December 2017	<u>6,490,157</u>	<u>4,949,683</u>	<u>205,484</u>	<u><u>11,645,324</u></u>

Financial statements 1 January - 31 December

Notes to the financial statements

Impairment losses and depreciation at 1 January 2017	491,550	222,634	0	714,184
Depreciation	<u>1,157,475</u>	<u>498,027</u>	<u>0</u>	<u>1,655,502</u>
Impairment losses and depreciation at 31 December 2017	<u>1,649,025</u>	<u>720,661</u>	<u>0</u>	<u>2,369,686</u>
Carrying amount at 31 December 2017	<u><u>4,841,132</u></u>	<u><u>4,229,022</u></u>	<u><u>205,484</u></u>	<u><u>9,275,638</u></u>

8 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK		
Rent and lease liabilities	<u>2017</u>	<u>2015/16</u>
	<u>4,670,875</u>	<u>6,675,375</u>

9 Related parties

Information about consolidated financial statements

Parent

Suit Supply Holding BV

Domicile

H.J.E. Wenckebachweg 210
1096 AS Amsterdam
The Netherlands