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Kate Acquisition ApS

Ejlersvej 24
6000 Kolding
Central Business Registration
No 38424548

Annual report 2019

The Annual General Meeting adopted the annual report on 25.05.2020

Chairman of the General Meeting

Name: Kim Hyldahl

Contents

Entity details

Entity

Kate Acquisition ApS
Ejlersvej 24
6000 Kolding

Central Business Registration No (CVR): 38424548
Registered in: Kolding
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Hans-Christian Ohrt
Kim Hyldahl
David Skjødt

Executive Board

Kim Hyldahl

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kate Acquisition ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Kolding, 03.02.2020

Executive Board

Kim Hyldahl

Board of Directors

Hans-Christian Ohrt	Kim Hyldahl	David Skjødt

Independent auditor's report

To the shareholders of Kate Acquisition ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Kate Acquisition ApS for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 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 Entity’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 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 Entity’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 Entity’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.

Kolding, 03.02.2020

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Central Business Registration No (CVR) 33963556

Suzette Demediuk Steen Nielsen
State Authorised Public Accountant
Identification No (MNE) mne32207

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000
Financial highlights			
Key figures			
Revenue	448.756	390.663	209.720
Gross profit/loss	128.241	115.691	55.218
Result of ordinary operations	110.184	98.736	42.856
Operating profit/loss	79.076	68.169	17.455
Net financials	(3.673)	(4.078)	(4.334)
Profit/loss for the year	51.538	43.391	4.724
Profit/loss excl minority interests	51.538	43.391	4.724
Total assets	295.507	317.564	275.394
Investments in property, plant and equipment	1.699	1.597	4.187
Equity	189.464	137.926	94.536
Equity excl minority interests	189.464	137.926	94.536
Average invested capital incl goodwill	263.395	226.071	100.096
Net interest-bearing debt	20.521	(50.675)	(107.852)
Average numbers of employees	32	28	29
Ratios			
Gross margin (%)	28,6	29,6	26,3
Net margin (%)	11,5	11,1	2,3
Return on invested capital incl goodwill (%)	41,3	43,3	42,1
Revenue/Invested capital incl goodwill	1,7	1,7	2,1
Financial gearing (%)	0,1	(0,4)	(1,1)
Return on equity (%)	31,5	37,3	5,0
Equity ratio (%)	64,1	43,4	34,3
Revenue per employee	14.023,6	13.952,3	7.231,7

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Management commentary

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 invested capital incl goodwill (%)	EBITA x 100 / Average invested capital incl goodwill	The return generated by the entity on the investors' funds.
Revenue/Invested capital incl goodwill	Revenue / Average invested capital incl goodwill	Turnover rate of capital employed by the entity.
Financial gearing	Net interest-bearing debt / Equity	The entity's financial gearing.
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.
Revenue per employee	Revenue / Average number of employees	The entity's productivity

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Management commentary

Primary activities
The company's activity consists in development, manufacturing, sale and distribution of fashion clothing.

Development in activities and finances
The net revenue is DKK 448.756 k which is aligned with our initial expectation for 2019. The growth has come from all markets and we are glad to see that we have managed to maintain and develop our position in all countries.

The profit after tax for the year amounted to DKK 51.538 k against a profit of DKK 43.391 k last year. The management consider the result as satisfactory in a difficult market situation.

Outlook
The Management expects a growth in 2020 in both turnover and gross profit. The growth is expected to come from primarily existing markets.

Mos Mosh A/S will introduce a men’s brand MOS MOSH GALLERY in Autumn 2020 and we believe it will contribute to the continued growth.

Particular risks
No special risks are deemed to exist.

The majority of both sales and purchases are made in euro which minimizes the risk for fluctuation.

The company’s credit policy is based on the customer's ability to achieve satisfactory insurance coverage. The risk of loss on receivables is therefore limited.

Intellectual capital resources
The Entity’s most critical resources include the skills and knowledge of the employees. Thus, the Entity continually invest in the development of the employees.

Environmental performance
The company takes its social responsibilities seriously. It is reflected in all decision-making within the company. CSR is not made a project but instead a built-in part of how the company does business. Policies and actions in relation to CSR issues are described in more detail elsewhere in this report.

Statutory report on corporate social responsibility
Introduction

At Mos Mosh we take our social responsibility seriously. It is an integrated part of how we are doing business from our headquarters in Kolding, and towards suppliers and business partners, who reside mainly in Europe. Our main business activities consist of development, manufacturing, sale and distribution of fashion clothing. The company had 31 dedicated employees in 2019.

We have established four principles guiding our work;

Management commentary

Fairness

The love for what we do and the respect for the people who are involved in our organization, is what makes Mos Mosh truly unique - all the way from production to final product. Our factories adhere to an ethical Code of Conduct, that ensures fair wages and working conditions for anyone involved in the production of our collections.

Responsibility

We source and use high quality fabrics and fibers including those which are considered to be less impactful on our environment. We do our best to stay in the loop regarding new, sustainable initiatives and opportunities and we understand the importance of being innovative and taking action in regard to a less impactful fashion future.

Lasting quality

We believe in good craftsmanship, lasting quality and innovative designs that our customers can love for years to come. Perfect fits, luxurious fabrics and a love for the small details are what define our collections.

Sustainability

About 90 % of our garments are produced within Europe. This means we are able to meet high quality standards and legislation within the field of sustainability and ethics in the production compared to conventional means. Keeping our production close to us also means less resources spent in transportation context.

Principal risks and their management

Our company is committed to avoiding and addressing adverse impacts on the basic principles for social, environmental, and economic development that we cause, contribute to, or are linked to via our business relationships. As the principal risk areas, we have identified

- the risk of human and labour rights not being fully protected in our supply chain,

- the risk of a negative impact on the environment and climate especially in relation to our sourcing of cotton, which is our main resource material for our production,

- the risk of our business partners not acting with sufficient integrity and avoiding contributing to bribery,

- the risk of our contribution to negative impact on animal welfare in the materials which we source.

In the sections below, we have outlined how we work to avoid and mitigate these risks.

Management commentary

Policies

Our policies are written down in our new Code of Conduct which was established in February 2019. The policies are embedded in the way we work at Mos Mosh and apply to our suppliers through the Code of Conduct.

The Code of Conduct is based on the ten principles of the UN Global Compact and is aligned with the UN Guiding Principles of Business and Human Rights. The Code encompasses

- human rights/labour rights
- environment
- anti-corruption
- animal welfare

The main requirements to our suppliers in the Code of Conduct is to

1) Establish a policy covering the policy topics, integrate it in business processes and towards sub-suppliers,

2) Perform due diligence processes in order to prevent and mitigate possible adverse impacts, and

3) Provide access to remedy.

We see the Code of Conduct as a tool for cooperation and dialogue about improving systems to manage adverse impacts on the topics covered. We know that establishing the required processes outlined in this Code of Conduct requires both time and resources; both in our own operations and with our suppliers. However, we expect our suppliers to follow the code, and we have reserved the right to monitor and audit compliance.

Actions

Code of conduct implementation in the supplier relation

Our collaboration with suppliers of fabric, garments etc. to our clothing is characterized by long term relationships in which we rely on a selected number of suppliers. This means that the suppliers know our values well. Since the publication of our Code of Conduct, we have distributed it to our suppliers and all of them have signed it. Should we onboard new suppliers, they will be asked to sign the Code of Conduct as well. Our following up on compliance will be an integrated part of future supplier visits and dialogue.

More sustainable cotton

We have set a target that 70% of our cotton sourced will be ‘more sustainable cotton’ by 2020. In order to reach this ambitious target, we are working on a variety of initiatives.

Management commentary

A specific initiative is our membership of the Better Cotton Initiative (BCI), which we joined May 1st, 2019. This means that we prefer to source our cotton from BCI certified farmers. BCI Farmers, are farmers who use water efficiently, care for the health of the soil and natural habitats, reduce use of the most harmful chemicals and respect the rights and wellbeing of workers. We are working on increasing the share of BCI cotton in our production and at the same time ensuring the high level of quality in our products.

We have for a long time been using sustainable materials, and we are constantly searching for new sustainable fabric options when setting up our next collections. This means that we are using organic cotton in more and more of our collections. We have also introduced collections with focus on sustainable fibers such as EcoVero, Lyocel and recycled polyester. We are furthermore working on increasing the share of 'more sustainable cotton' including Better Cotton, Organic Cotton and Recycled Cotton.

Our main leather supplier has the Certificate of LWG (leather working group) This certificate is specially inspected only for LEATHER TANNERIES. Our tannery is a Top Gold rated audited which contains the origin of animals, their environment, social complaint of the tannery and working conditions. We also use recyclable plastics in all our polybags from end 2019.

Results in 2019

We believe that the efforts done in 2019 has contributed to strengthening our work and profile as a sustainable company. Examples of what we have accomplished in 2019 are;

• All suppliers have signed the Code of Conduct, and we have obtained a high level of awareness around our policies and expectations in this area

• Membership of BCI since 1st of May.

• 25% of our cotton sourced in 2019 was `more sustainable cotton´. 'More sustainable cotton' includes Better Cotton, Organic Cotton or Recycled Cotton.' This was an increase from 2018 of around 5 %

• Our basic items transformed to be made out of sustainable fabric using recycled polyamide and sourcing more sustainable cotton.

• All our polybags will be made of recycled plastic by the end of this year.

Expectations for 2020

In general we will strive to further develop, implement and professionalize our work in this field within our own company and towards suppliers. More specifically, we have set the following goals for 2020:

• A thorough strategy concerning sustainability will be completed.

• 100% of suppliers have signed the Code of Conduct.

• 70% of our cotton sourced will be 'more sustainable cotton' by 2020,

Management commentary

• New washing house from our main supplier will decrease water consumption radically

• Certification by GOTS, RWS and RDS.

Statutory report on the underrepresented gender

The company's Board of Directors consisted of 3 members, all male, in 2019. The board has set a target of having at least one female member of the board by end 2020. As the target has been set up in the reporting year, it has not yet been accomplished.

Since the company has less than 50 employees, we have chosen not to establish a policy for the underrepresented gender in the other management levels.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2019

	Notes	2019 DKK	2018 DKK
Revenue	1	448.755.701	390.663.498
Cost of sales		(296.252.809)	(258.423.566)
Other external expenses	2	(24.261.846)	(16.548.852)
Gross profit/loss		**128.241.046**	**115.691.080**
Staff costs	3	(18.057.454)	(16.954.428)
Depreciation, amortisation and impairment losses	4	(31.107.989)	(30.567.537)
Operating profit/loss		**79.075.603**	**68.169.115**
Other financial income	5	688.859	574.457
Other financial expenses	6	(4.361.614)	(4.652.927)
Profit/loss before tax		**75.402.848**	**64.090.645**
Tax on profit/loss for the year	7	(23.865.144)	(20.699.817)
Profit/loss for the year	8	**51.537.704**	**43.390.828**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Acquired intangible assets		362.313	0
Acquired trademarks		23.316	41.964
Goodwill		123.606.389	153.271.923
Intangible assets	9	**123.992.018**	**153.313.887**
Other fixtures and fittings, tools and equipment		1.347.067	1.582.435
Leasehold improvements		1.062.458	551.667
Property, plant and equipment	10	**2.409.525**	**2.134.102**
Other investments		1.050	1.050
Deposits		478.786	475.886
Fixed asset investments	11	**479.836**	**476.936**
Fixed assets		**126.881.379**	**155.924.925**
Manufactured goods and goods for resale		64.643.079	56.118.973
Prepayments for goods		11.222.992	7.736.583
Inventories	12	**75.866.071**	**63.855.556**
Trade receivables		24.118.333	21.466.363
Deferred tax		185.447	155.574
Other receivables		255.380	470.202
Income tax receivable		1.355.487	745.684
Prepayments		1.295.065	1.178.780
Receivables		**27.209.712**	**24.016.603**
Cash		**65.550.319**	**73.766.687**
Current assets		**168.626.102**	**161.638.846**
Assets		**295.507.481**	**317.563.771**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Contributed capital		72.464	72.464
Retained earnings		189.391.576	137.853.872
Equity		**189.464.040**	**137.926.336**
Bank loans		0	60.000.000
Non-current liabilities other than provisions		**0**	**60.000.000**
Current portion of long-term liabilities other than provisions		0	20.000.000
Prepayments received from customers		90.000	100.000
Trade payables		59.752.004	53.676.527
Payables to shareholders and management		43.673.999	43.695.663
Other payables		2.527.438	2.165.245
Current liabilities other than provisions		**106.043.441**	**119.637.435**
Liabilities other than provisions		**106.043.441**	**179.637.435**
Equity and liabilities		**295.507.481**	**317.563.771**
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	72.464	137.853.872	137.926.336
Profit/loss for the year	0	51.537.704	51.537.704
Equity end of year	**72.464**	**189.391.576**	**189.464.040**

Consolidated cash flow statement for 2019

	Notes	2019 DKK	2018 DKK
Operating profit/loss		79.075.603	68.169.115
Amortisation, depreciation and impairment losses		31.107.989	30.567.537
Working capital changes	13	(6.489.359)	(13.760.599)
Cash flow from ordinary operating activities		**103.694.233**	**84.976.053**
Financial income received		688.859	574.457
Financial expenses paid		(4.361.614)	(4.652.927)
Income taxes refunded/(paid)		(26.173.403)	(21.220.739)
Cash flows from operating activities		**73.848.075**	**59.676.844**
Acquisition etc of property, plant and equipment		(1.699.229)	(1.596.530)
Sale of property, plant and equipment		0	72.000
Acquisition of fixed asset investments		(365.214)	(277.730)
Cash flows from investing activities		**(2.064.443)**	**(1.802.260)**
Repayments of loans etc		(80.000.000)	(20.000.000)
Cash flows from financing activities		**(80.000.000)**	**(20.000.000)**
Increase/decrease in cash and cash equivalents		**(8.216.368)**	**37.874.584**
Cash and cash equivalents beginning of year		73.766.687	35.892.103
Cash and cash equivalents end of year		**65.550.319**	**73.766.687**

Notes to consolidated financial statements

1. Revenue

	2019 DKK
DACH Area	213.502.840
Scandinavia Area	129.976.151
Benelux Area	45.292.149
Other contries	59.984.561
	448.755.701

	2019 DKK	2018 DKK
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	155.000	130.000
Other assurance engagements	90.000	34.500
Tax services	0	5.000
Other services	57.000	0
	302.000	**169.500**

	2019 DKK	2018 DKK
3. Staff costs		
Wages and salaries	15.053.480	14.232.010
Pension costs	1.879.996	1.647.866
Other social security costs	255.293	272.188
Other staff costs	868.685	802.364
	18.057.454	**16.954.428**
Average number of employees	**32**	**28**

	Remuneration of management 2019 DKK	Remuneration of management 2018 DKK
Total amount for management categories	1.492.142	1.538.271
	1.492.142	**1.538.271**

Notes to consolidated financial statements

	2019 DKK	2018 DKK
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	29.684.182	29.684.182
Depreciation of property, plant and equipment	1.423.807	881.142
Profit/loss from sale of intangible assets and property, plant and equipment	0	2.213
	31.107.989	**30.567.537**

	2019 DKK	2018 DKK
5. Other financial income		
Other interest income	175.125	164.464
Exchange rate adjustments	513.734	409.993
	688.859	**574.457**

	2019 DKK	2018 DKK
6. Other financial expenses		
Other interest expenses	3.984.667	4.477.442
Exchange rate adjustments	376.947	175.485
	4.361.614	**4.652.927**

	2019 DKK	2018 DKK
7. Tax on profit/loss for the year		
Current tax	23.896.513	20.726.707
Change in deferred tax	(29.873)	(26.481)
Adjustment concerning previous years	(1.496)	(409)
	23.865.144	**20.699.817**

	2019 DKK	2018 DKK
8. Proposed distribution of profit/loss		
Retained earnings	51.537.704	43.390.828
	51.537.704	**43.390.828**

Notes to consolidated financial statements

	Acquired intangible assets DKK	Acquired trademarks DKK	Goodwill DKK
9. Intangible assets			
Cost beginning of year	0	114.600	207.698.735
Additions	362.313	0	0
Cost end of year	**362.313**	**114.600**	**207.698.735**
Amortisation and impairment losses beginning of year	0	(72.636)	(54.426.812)
Amortisation for the year	0	(18.648)	(29.665.534)
Amortisation and impairment losses end of year	**0**	**(91.284)**	**(84.092.346)**
Carrying amount end of year	**362.313**	**23.316**	**123.606.389**

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK
10. Property, plant and equipment		
Cost beginning of year	4.164.948	1.070.729
Additions	630.562	1.068.667
Cost end of year	**4.795.510**	**2.139.396**
Depreciation and impairment losses beginning of year	(2.582.513)	(519.062)
Depreciation for the year	(865.930)	(557.876)
Depreciation and impairment losses end of year	**(3.448.443)**	**(1.076.938)**
Carrying amount end of year	**1.347.067**	**1.062.458**

	Other investments DKK	Deposits DKK
11. Fixed asset investments		
Cost beginning of year	1.050	475.886
Additions	0	2.900
Cost end of year	**1.050**	**478.786**
Carrying amount end of year	**1.050**	**478.786**

12. Inventories

Notes to consolidated financial statements

	2019 DKK	2018 DKK
Manufactured goods and goods for resale	34.769.846	30.126.723
Manufactured goods in transit	29.873.233	25.992.250
Prepayments for goods	11.222.992	7.736.583
	75.866.071	**63.855.556**

	2019 DKK	2018 DKK
13. Change in working capital		
Increase/decrease in inventories	(12.010.515)	(24.244.763)
Increase/decrease in receivables	(2.553.433)	(8.295.182)
Increase/decrease in trade payables etc	8.074.589	18.779.346
	(6.489.359)	**(13.760.599)**

	2019 DKK	2018 DKK
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**6.983.229**	**6.988.162**

15. Assets charged and collateral

The Entity's bank has a company mortgage on DKK 8.000k nominal. The mortgage are secured by inventories and trade receivables. Carrying amount of mortgaged assets are DKK 99.984 k.

	Registered in	Corpo-rate form	Equity inte-rest %
16. Subsidiaries			
MM & TEN A/S	Kolding	A/S	100,0
Mos Mosh A/S	Kolding	A/S	100,0

Parent income statement for 2019

	Notes	2019 DKK	2018 DKK
Other operating income		1.800.000	1.800.000
Other external expenses		(3.788.627)	(856.939)
Gross profit/loss		**(1.988.627)**	**943.061**
Staff costs	1	(1.453.502)	(1.388.113)
Operating profit/loss		**(3.442.129)**	**(445.052)**
Income from investments in group enterprises		57.734.459	47.146.750
Other financial income	2	0	95
Other financial expenses	3	(3.617.785)	(4.327.585)
Profit/loss before tax		**50.674.545**	**42.374.208**
Tax on profit/loss for the year	4	873.024	1.049.971
Profit/loss for the year	5	**51.547.569**	**43.424.179**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Investments in group enterprises		229.049.750	261.315.291
Fixed asset investments	6	**229.049.750**	**261.315.291**
Fixed assets		**229.049.750**	**261.315.291**
Receivables from group enterprises		318.035	0
Deferred tax		0	23.760
Income tax receivable		2.126.000	0
Joint taxation contribution receivable		895.288	1.055.893
Receivables		**3.339.323**	**1.079.653**
Cash		**2.802.670**	**1.659.223**
Current assets		**6.141.993**	**2.738.876**
Assets		**235.191.743**	**264.054.167**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Contributed capital	7	72.464	72.464
Retained earnings		190.715.676	139.168.107
Equity		**190.788.140**	**139.240.571**
Bank loans		0	60.000.000
Non-current liabilities other than provisions		**0**	**60.000.000**
Current portion of long-term liabilities other than provisions		0	20.000.000
Trade payables		1.563.408	50.000
Payables to group enterprises		213.879	2.319.695
Payables to shareholders and management		42.100.000	42.023.820
Other payables		526.316	420.081
Current liabilities other than provisions		**44.403.603**	**64.813.596**
Liabilities other than provisions		**44.403.603**	**124.813.596**
Equity and liabilities		**235.191.743**	**264.054.167**
Contingent liabilities	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	72.464	139.168.107	139.240.571
Profit/loss for the year	0	51.547.569	51.547.569
Equity end of year	**72.464**	**190.715.676**	**190.788.140**

Notes to parent financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	1.310.536	1.243.358
Pension costs	136.800	136.800
Other social security costs	6.166	7.955
	1.453.502	**1.388.113**
Average number of employees	**1**	**1**

	2019 DKK	2018 DKK
2. Other financial income		
Exchange rate adjustments	0	95
	0	**95**

	2019 DKK	2018 DKK
3. Other financial expenses		
Financial expenses from group enterprises	9.163	69.548
Other interest expenses	3.607.664	4.257.233
Exchange rate adjustments	958	804
	3.617.785	**4.327.585**

	2019 DKK	2018 DKK
4. Tax on profit/loss for the year		
Change in deferred tax	23.760	5.940
Adjustment concerning previous years	(1.496)	(18)
Refund in joint taxation arrangement	(895.288)	(1.055.893)
	(873.024)	**(1.049.971)**

	2019 DKK	2018 DKK
5. Proposed distribution of profit/loss		
Retained earnings	51.547.569	43.424.179
	51.547.569	**43.424.179**

Notes to parent financial statements

	Investments in group enterprises DKK
6. Fixed asset investments	
Cost beginning of year	229.914.789
Cost end of year	**229.914.789**
Revaluations beginning of year	31.400.502
Amortisation of goodwill	(29.665.534)
Share of profit/loss for the year	87.399.993
Dividend	(90.000.000)
Revaluations end of year	**(865.039)**
Carrying amount end of year	**229.049.750**

Residual value of group goodwill DKK 123.606k.
A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	Number	Par value DKK	Nominal value DKK
7. Contributed capital			
A Shares	22.461	22461	22.461
B Shares	50.001	50001	50.001
C Shares	2	2	2
	72.464		**72.464**

8. 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 liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

9. Related parties with controlling interest

TopCo Neun Holding GmbH, HRB 231432, AG München holds 69% of the shares in the Company.

10. Transactions with related parties

The annual report discloses only transactions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

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 to these financial statements are consistent with those applied last year.

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.

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.

Accounting policies

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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

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 gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Accounting policies

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital 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 value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is 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. If it is not possible to estimate the useful life reliably, it is set at 7 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 4 to 7 years.

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

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

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

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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	2-5 years

Estimated useful lives and residual values are reassessed annually.

Accounting policies

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 recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is 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. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 7 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

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.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

Accounting policies

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

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

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.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at 28.02.2017 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 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, 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 loans.