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Danish Fashion Co A/S

c/o Ganni A/S, Frederikholms Kanal 4, 1220 Copenhagen K

Company reg. no. 38 74 79 32

Annual report

28 June - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 16 April 2018.

Eduardo, Salvador Velasco
Chairman of the meeting

Contents

Notes to users of the English version of this document:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of Danish Fashion Co A/S for the financial year 28 June to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 31 December 2017, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 28 June to 31 December 2017.

We are 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.

Copenhagen, 28 March 2018

Executive board

Nicolaj Reffstrup CEO	Ditte Reffstrup	René André Dyhring Mikkelsen

Board of directors

Eduardo, Salvador Velasco Chairman	Pierre-Axel, Emmanuel Botuha	Christian Mariager
René André Dyhring Mikkelsen	Nicolaj Reffstrup	

Independent auditor's report

To the shareholders of Danish Fashion Co A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Danish Fashion Co A/S for the financial year 28 June to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2017 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 28 June to 31 December 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 consolidated annual accounts and 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.

The management's responsibilities for the consolidated annual accounts and the annual accounts

The management is responsible for the preparation of consolidated annual accounts and 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 consolidated annual accounts and annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group’s and 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 consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or 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 consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and 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 consolidated annual accounts and 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 consolidated annual accounts and 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 group's and 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 consolidated annual accounts and 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 group's and 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 consolidated annual accounts and 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and 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 consolidated annual accounts and 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 consolidated annual accounts and 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 consolidated annual accounts or 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.

Copenhagen, 28 March 2018

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen
State Authorised Public Accountant
MNE-nr. 30153

Company data

The company	Danish Fashion Co A/S c/o Ganni A/S Frederikholms Kanal 4 1220 Copenhagen K
	Company reg. no. 38 74 79 32 Financial year: 28 June - 31 December
Board of directors	Eduardo, Salvador Velasco, Chairman Pierre-Axel, Emmanuel Botuha Christian Mariager René André Dyhring Mikkelsen Nicolaj Reffstrup
Executive board	Nicolaj Reffstrup, CEO Ditte Reffstrup René André Dyhring Mikkelsen
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Parent company	S.L.03 S.a r.l.
Subsidiaries	Ganni A/S, Copenhagen Ganni Inc., Delaware

Consolidated financial highlights

DKK in thousands.	2017
Profit and loss account:	
Gross profit	398
Results from operating activities	-2.125
Net financials	-702
Results for the year	-2.397
Balance sheet:	
Balance sheet sum	690.771
Investments in tangible fixed assets represent	1.230
Equity	379.626
Cash flow:	
Operating activities	13.480
Investment activities	-631.589
Financing activities	643.247
Cash flow in total	25.138
Employees:	
Average number of full time employees	70
Key figures in %:	
Acid test ratio	268,2
Solvency ratio	55,0

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

The financial highlights for 2017 only comprise the period 20 December to 31 December.

Management's review

The principal activities of the group

The principal activities and objects of the company are to provide management services, invest in and own shares and other financial instruments, and engage in other activities which, in the disrection of the board of directors, are directly or indirectly related thereto.

The principal activities of the group are in the production of and trading with clothing and related activities.

Development in activities and financial matters

The gross loss for the year is DKK -0,1m. The results from ordinary activities after tax are DKK -2,4m. The development must be seen in the light of the fact that the comapny and group only had acitivities for 11 days in 2017.

As at 20 December 2017, the company acquired all shares in Ganni A/S. As per this date, Ganni A/S is included in the consolidated accounts for Danish Fashion Co A/S.

Special risks

Exchange rate risks:
The result, cash flow and equity is influenced by development in currencies due to activities abroad.
Currency risks are covered by the use of financial instruments on an ongoing basis, where the management finds it applicable.

Environmental issues

The group has a goal of a more green economy and a protection of the environment. As part of this, a CSR strategy han been developed in cooperation with an internationally recognized consulting firm.

The implementation of the strategy helps focusing on running the business with a respect for sustainability and a social responsibility. The goal is that sustainable behavior will become an integrated part of the group’s daily business. At the same time, this should be expressed in every product presented in the shops.

Long-term relations with the production partners play an important role so that the partners will share the group’s goal of continuous minimization of the environmental impact. Among other things, focus is to improve sustainability in the production process – both as regards elimination of chemicals used in the production and minimization of energy consumption and CO2 emissions.

The expected development

Based on the sale of season 2018 collections, management expects continued rising revenue with an increased positive result before interest.

The past part of 2018 has confirmed expectations for 2018.

Accounting policies used

The annual report for Danish Fashion Co A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The company's first financial year regards the period 28 June 2017 to 31 December 2017. The group's first financial year regards the period 20 December 2017 to 31 December 2017. The applied accounting policies are:

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Accounting policies used

Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the profit and loss account together with any changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging future cash flows are recognised under amounts owed or other debt in the equity.

If the future transaction results in the recognition of assets or liabilities, amounts which have been recognised in the equity previously, are transferred to the cost for the asset or the liability, respectively. If the future transaction results in income or costs, amounts which have been recognised in the equity currently, are transferred to the profit and loss account in the period in which the hedged item influenced the profit and loss account.

As regards any derived financial instruments which do not meet the criteria for being treated as hedging instruments, changes in the fair value are recognised currently in the profit and loss account.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Danish Fashion Co A/S and those group enterprises of which Danish Fashion Co A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. Enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises, takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

Accounting policies used

In connection with the acquisition of new enterprises, the acquisition method is applied, by which the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Costs for restructuring which are recognised in the acquiree before the acquisition date and which have not been agreed upon as part of the acquisition, are recognised in the pre-acquisition balance sheet and thereby forms part of the measurement of goodwill. Restructuring decided by the acquiree is recognised in the profit and loss account. The tax effect of the revaluations carried out is taken into consideration.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories, 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 include 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.

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.

Accounting policies used

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.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

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 parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent enterprise acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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

Intangible fixed assets

Development projects, patents, and licences

Development projects, trademarks and rights are measured at cost less accumulated depreciation and write-downs. Trademarks and rights are amortized on a straight-line basis over the remaining contract period, but no more than 5 years.

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Tangible fixed assets

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

Accounting policies used

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.

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:

	Useful life	*Residual value*
Furnishing of rented premises	5 years	0 %
Other plants, operating assets, fixtures and furniture	5 years	0 %

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.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the group holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Accounting policies used

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

Accounting policies used

In connection with the acquisition of new group enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Inventories

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 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.

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.

Equity

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

Accounting policies used

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Danish Fashion Co A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Danish Fashion Co A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or “Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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

Accounting policies used

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities
Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities
Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities
Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, installments on interestbearing debt, and payment of dividend to the shareholders.

Available funds
Available funds comprise cash funds with deduction of short-term bank debt.

Profit and loss account

All amounts in DKK.

Note		Group 28/6 - 31/12 2017	Parent enterprise 28/6 - 31/12 2017
	Gross profit	**398.283**	**-50.000**
2	Staff costs	-1.499.706	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-1.023.442	0
	Operating profit	**-2.124.865**	**-50.000**
	Income from equity investments in group enterprises	0	-2.045.948
	Other financial costs	-702.305	-400.341
	Results before tax	**-2.827.170**	**-2.496.289**
3	Tax on ordinary results	429.956	99.075
4	**Results for the year**	**-2.397.214**	**-2.397.214**
	The group's results are as follows:		
	Shareholders in Danish Fashion Co A/S	-2.397.214	
		-2.397.214	

Balance sheet

All amounts in DKK.

Note	Assets	Group 31/12 2017	Parent enterprise 31/12 2017
	Fixed assets		
5	Acquired concessions, patents, licenses, trademarks and similar rights	447.300	0
6	Goodwill	587.147.422	0
7	Development projects in progress and prepayments for intangible fixed assets	717.834	0
	Intangible fixed assets in total	588.312.556	0
8	Other plants, operating assets, and fixtures and furniture	6.780.483	0
9	Decoration rented premises	8.998.267	0
	Tangible fixed assets in total	15.778.750	0
10	Equity investments in group enterprises	0	627.707.708
11	Other debtors	111.416	0
12	Deposits	1.083.976	0
	Financial fixed assets in total	1.195.392	627.707.708
	Fixed assets in total	**605.286.698**	**627.707.708**

Balance sheet

All amounts in DKK.

Note	Assets	Group 31/12 2017	Parent enterprise 31/12 2017
	Current assets		
	Manufactured goods and trade goods	24.800.513	0
	Prepayments for goods	3.209.201	0
	Inventories in total	28.009.714	0
	Trade debtors	31.872.396	0
	Amounts owed by group enterprises	0	10.884.969
13	Deferred tax assets	0	99.075
	Receivable corporate tax	226.000	0
	Other debtors	1.090.597	1.070.597
14	Accrued income and deferred expenses	1.907.679	0
	Debtors in total	35.096.672	12.054.641
	Available funds	22.377.743	14.007.946
	Current assets in total	**85.484.129**	**26.062.587**
	Assets in total	**690.770.827**	**653.770.295**

Balance sheet

All amounts in DKK.

Equity and liabilities

Note		Group 31/12 2017	Parent enterprise 31/12 2017
	Equity		
15	Contributed capital	1.500.000	1.500.000
	Reserve for development expenditure	559.910	0
	Results brought forward	377.565.783	378.125.693
	Equity before non-controlling interest.	379.625.693	379.625.693
	Equity in total	**379.625.693**	**379.625.693**
	Provisions		
16	Provisions for deferred tax	301.526	0
	Provisions in total	**301.526**	**0**
	Liabilities		
17	Debts obtained by the issuance of bonds	242.294.270	242.294.270
18	Bank debts	6.624.725	0
19	Debt to associated enterprises	30.055.000	30.055.000
	Long-term liabilities in total	278.973.995	272.349.270

Balance sheet 31 December

All amounts in DKK.

Note	**Equity and liabilities**	Group 31/12 2017	Parent enterprise 31/12 2017
	Short-term part of long-term liabilities	4.516.680	0
	Bank debts	7.619.129	0
	Trade creditors	11.274.240	1.527.812
	Corporate tax	1.869.750	0
	Other debts	6.589.814	267.520
	Short-term liabilities in total	31.869.613	1.795.332
	Liabilities in total	**310.843.608**	**274.144.602**
	Equity and liabilities in total	**690.770.827**	**653.770.295**

1 Subsequent events

20 Mortgage and securities

21 Contingencies

22 Financial risks

23 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development expenditure	Results brought forward	In total
Equity 28 June 2017	500.000	0	0	500.000
Cash capital increase	1.000.000	0	0	1.000.000
Profit or loss for the year brought forward	0	559.910	-2.957.124	-2.397.214
Share premium	0	0	380.695.459	380.695.459
Fair value adjustement of hedgning instruments	0	0	-221.220	-221.220
Tax on adjustment of hedging isntruments	0	0	48.668	48.668
	1.500.000	**559.910**	**377.565.783**	**379.625.693**

Statement of changes in equity of the parent enterprise

All amounts in DKK.

	Contributed capital	Results brought forward	In total
Equity 28 June 2017	0	0	0
Cash capital increase	1.500.000	0	1.500.000
Profit or loss for the year brought forward	0	-2.397.214	-2.397.214
Share premium	0	380.695.459	380.695.459
Equity movements in group enterprises	0	-172.552	-172.552
	1.500.000	**378.125.693**	**379.625.693**

Cash flow statement

All amounts in DKK.

Note		Group 28/6 - 31/12 2017
	Results for the year	-2.397.214
24	Adjustments	631.167
25	Change in working capital	15.948.373
	Cash flow from operating activities before net financials	14.182.326
	Interest paid and similar amounts	-702.305
	Cash flow from ordinary activities	13.480.021
	Corporate tax paid	0
	Cash flow from operating activities	**13.480.021**
	Purchase of intangible fixed assets	-432.702
	Purchase of tangible fixed assets	-1.230.019
	Purchase of enterprise	-629.926.208
	Cash flow from investment activities	**-631.588.929**
	Raising of long-term debts	272.349.270
	Repayments of long-term debt	-11.297.719
	Capital increase	382.195.459
	Cash flow from financing activities	**643.247.010**
	Changes in available funds	**25.138.102**
	Available funds 20 December 2017	-10.379.488
	Available funds 31 December 2017	**14.758.614**

Available funds	
Available funds	22.377.743
Short-term bank debts	-7.619.129
Available funds 31 December 2017	**14.758.614**

Notes

All amounts in DKK.

1. Subsequent events

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

		Group 28/6 - 31/12 2017	Parent enterprise 28/6 - 31/12 2017
2.	**Staff costs**		
	Salaries and wages	946.394	0
	Pension costs	383.554	0
	Other costs for social security	30.558	0
	Other staff costs	139.200	0
		1.499.706	**0**
	Executive board	120.203	0
	Board of directors	0	0
		120.203	**0**
	Average number of employees	70	0
3.	**Tax on ordinary results**		
	Adjustment for the year of deferred tax	-429.956	-99.075
		-429.956	**-99.075**

		Parent enterprise 28/6 - 31/12 2017
4.	**Proposed distribution of the results**	
	Allocated from results brought forward	-2.397.214
	Distribution in total	**-2.397.214**

Notes

All amounts in DKK.

		Group 31/12 2017
5.	**Acquired concessions, patents, licenses, trademarks and similar rights**	
	Additions concerning company transfer	160.491
	Additions during the year	292.899
	Cost 31 December 2017	**453.390**
	Amortisation for the year	-6.090
	Amortisation and writedown 31 December 2017	**-6.090**
	Book value 31 December 2017	**447.300**

		Group 31/12 2017
6.	**Goodwill**	
	Additions concerning company transfer	588.017.949
	Cost 31 December 2017	**588.017.949**
	Amortisation for the year	-870.527
	Amortisation and writedown 31 December 2017	**-870.527**
	Book value 31 December 2017	**587.147.422**

		Group 31/12 2017
7.	**Development projects in progress and prepayments for intangible fixed assets**	
	Additions concerning company transfer	578.031
	Additions during the year	139.803
	Cost 31 December 2017	**717.834**
	Book value 31 December 2017	**717.834**

Notes

All amounts in DKK.

		Group 31/12 2017
8.	**Other plants, operating assets, and fixtures and furniture**	
	Additions concerning company transfer	6.684.818
	Additions during the year	165.403
	Cost 31 December 2017	**6.850.221**
	Depreciation for the year	-69.738
	Amortisation and writedown 31 December 2017	**-69.738**
	Book value 31 December 2017	**6.780.483**
9.	**Decoration rented premises**	
	Additions concerning company transfer	8.010.738
	Additions during the year	1.064.616
	Cost 31 December 2017	**9.075.354**
	Depreciation for the year	-77.087
	Depreciation and writedown 31 December 2017	**-77.087**
	Book value 31 December 2017	**8.998.267**

Notes

All amounts in DKK.

		Parent enterprise 31/12 2017
10.	**Equity investments in group enterprises**	
	Additions during the year	629.926.208
	Cost 31 December 2017	**629.926.208**
	Results for the year before goodwill amortisation	-1.175.421
	Equity movements in group enterprises	-172.552
	Revaluation 31 December 2017	**-1.347.973**
	Amortisation of goodwill for the year	-870.527
	Depreciation on goodwill 31 December 2017	**-870.527**
	Book value 31 December 2017	**627.707.708**
	The items include goodwill with an amount of	587.147.422
	Goodwill is recognised under the item "Additions during the year" with an amount of	588.017.949

Group enterprises:

	Domicile	Share of ownership
Ganni A/S	Copenhagen	100 %
Ganni Inc.	Delaware	100 %

Notes

All amounts in DKK.

		Group 31/12 2017
11.	**Other debtors**	
	Additions concerning company transfer	111.416
	Cost 31 December 2017	**111.416**
	Book value 31 December 2017	**111.416**
12.	**Deposits**	
	Additions concerning company transfer	1.083.976
	Cost 31 December 2017	**1.083.976**
	Book value 31 December 2017	**1.083.976**

13. Deferred tax assets

Deferred tax assets concerns tax loss to carry forward.

14. Accrued income and deferred expenses

Accrued income and deferred expenses comprises of prepaid rent, insurance and subscriptions etc.

		Group 31/12 2017	Parent enterprise 31/12 2017
15.	**Contributed capital**		
	Cash capital increase	1.500.000	1.500.000
		1.500.000	**1.500.000**

The share capital consists of 1.500.000 shares, each with a nominal value of DKK 1. No shares hold particular rights.

After the founding of the company the following changes in the share capital have taken place:

Cash capital increase amounting to DKK 265.000 the 19 December 2017 at rate 73.365,91.
Capital increase the 20 december by conversion of debt, DKK 735.000, at rate 25.479,69.

Notes

All amounts in DKK.

		Group 31/12 2017
16.	**Provisions for deferred tax**	
	Provisions for deferred tax 20 December 2017	780.150
	Deferred tax of the results for the year	-429.956
	Deferred tax recognised directly in equity	-48.668
		301.526

Provisions for deferred tax concerns intagible and tangible fixed assets, prepaid costs and tax loss to carry forward.

17. Debts obtained by the issuance of bonds

Total bond loan are due later than five years from balance sheet date.

		Group 31/12 2017
18.	**Bank debts**	
	Bank debts in total	11.141.405
	Share of amount due within 1 year	-4.516.680
		6.624.725
	Share of liabilities due after 5 years	0

		Group 31/12 2017	Parent enterprise 31/12 2017
19.	**Debt to associated enterprises**		
	Debt to associated enterprises in total	30.055.000	30.055.000
	Share of amount due within 1 year	0	0
	Debt to associated enterprises in total	**30.055.000**	**30.055.000**

No fixed maturity has been agreed and thus it is not possible to state how much of the loan is due for payment later than 5 years from the balance sheet date.

Notes

All amounts in DKK.

20. Mortgage and securities

As security for bond loan, the company and group has pledged all shares in Ganni A/S and two bank accounts where the deposit as at balance sheet date amounts to tDKK 14.008.

For group bank debts, tDKK 17.092, the company has provided security in company assets representing a nominal value of tDKK 24.000. This security comprises the below assets, stating the book values:

Inventories	DKK 24.801.000
Receivable from sales and services	DKK 31.872.000
Intangible fixed assets	DKK 1.165.000
Other plants, operating assets, and fixtures and furniture	DKK 6.780.000

21. Contingencies

Contingent liabilities

	DKK in thousands
Leasing liabilities	253
Other contingent liabilities	7.526
Contingent liabilities in total	**7.779**

Leasing liabilities

The group has entered into operational leasing contracts with an average annual leasing payment of tDKK 68. The leasing contracts have 45 months left to run, and the total outstanding leasing payment is tDKK 253.

Other contingent liabilities

The group entered into leasing contracts with a total liablity of tDKK 7.526. The leasing contracts' notice periods are between 3-47 months.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and, as from December 20 2017, unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

As from 20 December 2017, 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.

Notes

All amounts in DKK.

. Contingencies (continued)

Joint taxation (continued)

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of tDKK 0.

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

22. Financial risks

Exchange rate risks

For currency hedging of the future purchase of goods in USD, the group has entered into forward exchange contracts of a total tDKK 3.900. Compared to the forward price at the balance sheet date, the contracts have a negative value of approximately tDKK 221. The capital loss is recognised in the equity.

23. Related parties

Controlling interest

S.L.03 S.a r.l. rue Antoine Jans 10 1820 Luxembourg	Majority shareholder

	Group 28/6 - 31/12 2017
24. Adjustments	
Depreciation and amortisation	10.234.423
Other financial costs	702.305
Tax on ordinary results	-429.956
Other adjustments	-664.626
	9.842.146
25. Change in working capital	
Change in inventories	291.022
Change in debtors	11.645.630
Change in trade creditors and other liabilities	4.011.721
	15.948.373