Danish Fashion Co A/S

c/o Ganni A/S, Bremerholm 4, 1069 Copenhagen

Company reg. no. 38 74 79 32

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 26 August 2020.

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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 1 January to 31 December 2019.

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 at 31 December 2019, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2019.

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

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

Copenhagen, 26 August 2020

Executive board

Andrea Baldo CEO	Ditte Reffstrup

Board of directors

Eduardo, Salvador Velasco Chairman	Pierre-Axel, Emmanuel Botuha	Christian Mariager
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 1 January to 31 December 2019, 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 2019 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2019 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 or 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 and 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, 26 August 2020

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

Brian Rasmussen
State Authorised Public Accountant
mne30153

Company information

The company	Danish Fashion Co A/S c/o Ganni A/S Bremerholm 4 1069 Copenhagen	
	Company reg. no.	38 74 79 32
	Financial year:	1 January - 31 December
Board of directors	Eduardo, Salvador Velasco, Chairman Pierre-Axel, Emmanuel Botuha Christian Mariager Nicolaj Reffstrup	
Executive board	Andrea Baldo, CEO Ditte Reffstrup	
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 Ganni Limited, London Ganni AB, Stockholm Ganni SAS, Paris Ganni Norway AS, Olso Ganni GmbH, Hamburg	

Consolidated financial highlights

DKK in thousands.	2019	2018	2017
Income statement:			
Net turnover	562.421	412.203	4.600
Gross profit	207.295	149.168	398
Profit from ordinary operating activities	81.535	58.838	-2.125
Net financials	-21.735	-25.601	-702
Results for the year	39.611	19.458	-2.397
Statement of financial position:			
Balance sheet sum	773.938	724.779	690.771
Investments in property, plant and equip-ment	42.332	13.483	1.230
Equity	439.058	399.533	379.626
Cash flows:			
Operating activities	76.841	46.440	13.480
Investing activities	-68.843	-23.416	-631.589
Financing activities	-1.055	-4.028	643.247
Total cash flows	6.943	18.995	25.138
Employees:			
Average number of full-time employees	164	89	70
Key figures in %:			
Profit margin (EBIT-margin)	14,5	14,3	-46,2
Acid test ratio	307,7	306,1	-
Solvency ratio	56,7	55,1	55,0
Return on equity	9,4	5,0	-1,3

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 commentary

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 production of and trading with clothing and related activities.

Development in activities and financial matters

The revenue for the year is DKK 10,3m for the parent company and DKK 562,4m for the group. The results from ordinary activities after tax are DKK 39,6m. The management considers the results satisfactory.

This year's activity and results are as announced in the annual report for 2018.

On July 1 2019, the group acquired the company Colina Stores AS which operates six GANNI stores in Norway. During 2019, the group opened a flagship store in Stockholm, a flagship store in London and three retail stores in the United States. In 2020, the group moved to a new headquarter and opened a new flagship store in Copenhagen.

Special risks

Exchange rate risks:
The result, cash flow, and equity is influenced by development in currencies due to activities abroad. Currency risks are not covered by the use of financial instruments.

Environmental issues

The group has a goal of a more green, circular economy and a protection of the environment. As part of this, a 44 Goal CSR strategy has been developed focussing on People, Planet, Product and Prosperity. The group is a signatory of the UNFCCC Fashion Charter for Climate Action, with a focus on decarbonising the fashion industry, the Ellen MaCarthur New Plastics Economy, looking to eliminate single-use plastic and the Global Fashion Agenda's Circular Economy commitment. In the area of social responsibility the group has committed to the UN Women Empowerment Principles to advance gender equity both with direct employees and further down the supply chain. The group's intention is that a more Responsible mindset will become an integrated part of the group's daily operation.

Please see our responsibility report for 2019 where the 44 goals and progress are outlined:
https://ganniresponsibilityreport.com/

The expected development

The result and activity for the coming financial year was expected to be on a higher level than in 2019. However, we have concerns in 2020 regarding the trading uncertainties caused by Covid-19 & are taking as many actions as possible to mitigate the circumstances.

Management commentary

Events subsequent to the financial year

Based on the present situation with Covid-19, the company's management cannot at present state anything about the financial consequences and expected results for the financial year 2020.

Statement of corporate social responsibility

We refer to our responsibility report for 2019 on: https://ganniresponsibilityreport.com/

Target figures and policies for the underrepresented gender

GANNI focuses on value creation through several policies targeting gender equality and diversity in our recruiting efforts and leadership development. There is a vast majority of female employees throughout the organization and 38% of our management is female. GANNI has aligned with the UN Women Empowerment Principles. At present, the executive board consists of one woman and one man (50/50). The Board of Directors consists of representatives from the owners (all men). In relation to organizational changes and nomination of new board and management members, GANNI is focusing on the best person for the job based on knowledge, competence, and experience.

The group has set a long-term goal of having minimum 50% women in the management. The executive boards are gender equal. The long-term goal of gender diversity in the Board of Directors is set to be 50% women.

Accounting policies

The annual report for Danish Fashion Co A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

In 2018, the annual report was presented in accordance with the Danish Financial Statements Act on middle-size class C-companies. Changes from the Danish Financial Statements Act's provisions did not affect recognizing and measuring. The annual accounts are presented in Danish kroner (DKK).

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.

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.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derivatives intended as hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the fair value of the hedged asset or hedged liability.

Accounting policies

Changes in the fair value of derivatives classified as, and meeting the criteria for, hedging future cash flows are recognised under other receivables or other payables and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

As regards any derivatives which do not meet the criteria for treatment as hedging instruments, changes in the fair value are recognised in the income statement on a continuing basis.

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.

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.

Accounting policies

Goodwill and negative goodwill from acquirees may be adjusted until 12 months after the acquisition.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

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

Other external costs

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.

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 less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

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.

Accounting policies

The parent and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent 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. Development projects, 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 10-20 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.

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
Decoration of rented premises	5 years	0 %
Other plants, operating assets, fixtures and furniture	5 years	0 %

Accounting policies

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.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

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 in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

Accounting policies

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

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase 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 pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations 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 are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

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.

Accounting policies

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to 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

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

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.

Accounting policies

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.

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.

Accounting policies

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

Segment information

Information on geographical markets is provided. The segment information follows the consolidated accounting policies, risks and internal financial control systems.

Income statement 1 January - 31 December

All amounts in DKK.

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
2	Net turnover	562.420.842	412.202.691	10.334.578	6.955.311
	Raw materials and consumables used	-245.560.702	-182.951.586	0	0
	Other external costs	-109.565.579	-80.083.404	-569.794	-2.001.476
	Gross profit	**207.294.561**	**149.167.701**	**9.764.784**	**4.953.835**
4	Staff costs	-83.829.381	-50.769.578	-9.764.784	-4.953.835
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-41.929.963	-39.560.616	0	0
	Operating profit	**81.535.217**	**58.837.507**	**0**	**0**
	Income from equity investments in group enterprises	0	0	56.275.243	36.665.745
	Other financial income from group enterprises	0	0	273.947	384.351
	Other financial income	529.588	201.628	0	0
5	Other financial costs	-22.264.389	-25.802.339	-21.638.351	-22.445.632
	Pre-tax net profit or loss	**59.800.416**	**33.236.796**	**34.910.839**	**14.604.464**
6	Tax on ordinary results	-20.189.408	-13.778.851	4.700.169	4.853.481
7	**Net profit or loss for the year**	**39.611.008**	**19.457.945**	**39.611.008**	**19.457.945**

Statement of financial position 31 December

All amounts in DKK.

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Fixed assets				
8	Completed development projects, including patents and similar rights arising from development projects	249.495	1.327.358	0	0
9	Acquired concessions, patents, licenses, trademarks and similar rights	110.854	168.363	0	0
10	Goodwill	546.393.445	559.144.349	0	0
	Intangible fixed assets in total	546.753.794	560.640.070	0	0
12	Other plants, operating assets, and fixtures and furniture	23.930.013	12.490.265	0	0
13	Decoration rented premises	33.064.218	11.113.650	0	0
	Tangible fixed assets in total	56.994.231	23.603.915	0	0
14	Equity investments in group enterprises	0	0	712.482.989	656.294.462
15	Other debtors	0	0	0	0
16	Deposits	8.195.058	4.896.762	93.750	93.750
	Financial fixed assets in total	8.195.058	4.896.762	712.576.739	656.388.212
	Fixed assets in total	**611.943.083**	**589.140.747**	**712.576.739**	**656.388.212**

Statement of financial position 31 December

All amounts in DKK.

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Current assets				
	Manufactured goods and trade goods	68.312.548	43.302.121	0	0
	Prepayments for goods	1.874.416	2.919.845	0	0
	Inventories in total	70.186.964	46.221.966	0	0
	Trade debtors	41.442.995	42.338.003	0	0
	Amounts owed by group enterprises	0	0	5.465.337	15.075.103
17	Deferred tax assets	0	0	488.447	234.624
	Receivable corporate tax	0	0	4.545.421	4.717.932
	Other debtors	1.665.288	8.853.283	0	0
18	Accrued income and deferred expenses	5.561.755	3.671.777	0	34.858
	Debtors in total	48.670.038	54.863.063	10.499.205	20.062.517
	Available funds	43.138.262	34.553.399	300.781	2.405.699
	Current assets in total	**161.995.264**	**135.638.428**	**10.799.986**	**22.468.216**
	Assets in total	**773.938.347**	**724.779.175**	**723.376.725**	**678.856.428**

Statement of financial position 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Equity				
19	Contributed capital	1.500.000	1.500.000	1.500.000	1.500.000
	Reserves for net revaluation as per the equity method	0	0	81.085.393	24.896.858
	Results brought forward	437.557.551	398.033.259	356.472.158	373.136.401
	Equity in total	**439.057.551**	**399.533.259**	**439.057.551**	**399.533.259**
	Provisions				
20	Provisions for deferred tax	3.891.597	2.887.900	0	0
	Provisions in total	**3.891.597**	**2.887.900**	**0**	**0**

Statement of financial position 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Liabilities				
21	Debts obtained by the issuance of bonds	244.514.485	243.360.745	244.514.485	243.360.745
22	Bank debts	0	2.804.067	0	0
23	Debt to group enterprises	6.210.472	5.857.999	6.210.472	5.857.999
24	Other payables	27.609.921	26.026.634	27.609.921	26.026.634
	Long-term liabilities in total	278.334.878	278.049.445	278.334.878	275.245.378
	Short-term part of long-term liabilities	2.869.208	4.200.000	0	0
	Bank debts	1.153.873	799.442	0	0
	Trade creditors	12.124.765	22.292.885	264.220	242.077
	Corporate tax	6.092.323	1.802.491	0	0
	Other debts	30.414.152	15.213.753	5.720.076	3.835.714
	Short-term liabilities in total	52.654.321	44.308.571	5.984.296	4.077.791
	Liabilities in total	**330.989.199**	**322.358.016**	**284.319.174**	**279.323.169**
	Equity and liabilities in total	**773.938.347**	**724.779.175**	**723.376.725**	**678.856.428**

1 Subsequent events

3 Fees, auditor

25 Mortgage and securities

26 Contingencies

27 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward	In total
Equity 1 January 2018	1.500.000	0	378.125.693	379.625.693
Share of results	0	0	19.457.945	19.457.945
Fair value adjustement of hedgning instruments	0	0	221.220	221.220
Tax on adjustment of hedging isntruments	0	0	-48.668	-48.668
Currency changes	0	0	277.069	277.069
Equity 1 January 2019	1.500.000	0	398.033.259	399.533.259
Share of results	0	0	39.611.008	39.611.008
Currency changes	0	0	-86.716	-86.716
	1.500.000	**0**	**437.557.551**	**439.057.551**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward	In total
Equity 1 January 2018	1.500.000	0	378.125.693	379.625.693
Share of results	0	24.896.858	-5.438.913	19.457.945
Equity movements in group enterprises	0	0	449.621	449.621
Equity 1 January 2019	1.500.000	24.896.858	373.136.401	399.533.259
Share of results	0	56.188.535	-16.577.527	39.611.008
Equity movements in group enterprises	0	0	-86.716	-86.716
	1.500.000	**81.085.393**	**356.472.158**	**439.057.551**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2019	2018
	Results for the year	39.611.008	19.457.945
	Adjustments	84.409.554	79.292.584
	Change in working capital	-13.150.776	-18.340.841
	Cash flow from operating activities before net financials	110.869.786	80.409.688
	Interest received and similar amounts	529.588	201.630
	Interest paid and similar amounts	-19.174.886	-23.015.211
	Cash flow from ordinary activities	92.224.488	57.596.107
	Corporate tax paid	-15.383.543	-11.156.050
	Cash flow from operating activities	**76.840.945**	**46.440.057**
	Purchase of intangible fixed assets	0	-6.231.652
	Purchase of tangible fixed assets	-42.331.865	-13.483.334
	Purchase of financial fixed assets	-3.180.086	-3.701.370
	Purchase of enterprises and activities	-23.331.000	0
	Cash flow from investment activities	**-68.842.951**	**-23.416.356**
	Raising of long-term debts	0	5.619.184
	Repayments of long-term debt	-4.134.859	-9.647.542
	Residual purchase sum	3.080.000	0
	Cash flow from financing activities	**-1.054.859**	**-4.028.358**
	Changes in available funds	**6.943.135**	**18.995.343**
	Available funds 1 January 2019	33.753.957	14.758.614
	Available funds from purchase of enterprises and activities	1.287.297	0
	Available funds 31 December 2019	**41.984.389**	**33.753.957**
	Available funds		
	Available funds	43.138.262	34.553.399
	Short-term bank debts	-1.153.873	-799.442
	Available funds 31 December 2019	**41.984.389**	**33.753.957**

Notes

All amounts in DKK.

1. Subsequent events

Based on the present situation with Covid-19, the company's management cannot at present state anything about the financial consequences and expected results for the financial year 2020.

2. Net turnover

Segment information

DKK in thousands

Denmark	Norway	US	Great Britain	Other countries	In total
79.084	53.321	107.662	50.234	272.121	562.421

	Group 2019	2018
3. Fees, auditor		
Total fee for Grant Thornton, State Authorised Public Accountants	606.689	537.005
Fee concerning compulsory audit	285.000	150.000
Tax consultancy	87.088	46.000
Assurance engagements	0	60.500
Other services	234.601	280.505
	606.689	**537.005**

Notes

All amounts in DKK.

		Group		Parent	
		2019	2018	2019	2018
4.	**Staff costs**				
	Salaries and wages	76.944.123	44.251.480	9.375.356	4.626.883
	Pension costs	3.087.468	2.121.564	384.000	320.000
	Other costs for social security	3.405.808	1.203.898	21.508	17.632
	Other staff costs	391.982	3.192.636	-16.080	-10.680
		83.829.381	**50.769.578**	**9.764.784**	**4.953.835**
	Executive board	5.460.097	4.946.883	5.460.097	4.946.883
	Board of directors	0	0	0	0
		5.460.097	**4.946.883**	**5.460.097**	**4.946.883**
	Average number of employees	164	89	4	3
5.	**Other financial costs**				
	Financial costs, group enterprises	352.473	238.815	352.473	238.815
	Other financial costs	21.911.916	25.563.524	21.285.878	22.206.817
		22.264.389	**25.802.339**	**21.638.351**	**22.445.632**
6.	**Tax on ordinary results**				
	Tax of the results for the year	18.780.538	11.228.845	-4.545.421	-4.717.932
	Adjustment for the year of deferred tax	1.003.697	2.537.706	-253.823	-135.549
	Adjustment of tax for previous years	405.173	12.300	99.075	0
		20.189.408	**13.778.851**	**-4.700.169**	**-4.853.481**

Notes

All amounts in DKK.

		Parent 2019	2018
7.	**Proposed distribution of the results**		
	Reserves for net revaluation as per the equity method	56.188.535	24.896.858
	Allocated from results brought forward	-16.577.527	-5.438.913
	Distribution in total	**39.611.008**	**19.457.945**

		Group 31/12 2019	31/12 2018
8.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2019	2.197.421	0
	Transfers	0	2.197.421
	Cost 31 December 2019	**2.197.421**	**2.197.421**
	Amortisation and writedown 1 January 2019	-870.063	0
	Amortisation for the year	-1.077.863	-870.063
	Amortisation and writedown 31 December 2019	**-1.947.926**	**-870.063**
	Book value 31 December 2019	**249.495**	**1.327.358**

The completed development projects concern the group's development of new products. Sales of the new products have been made in the current financial year.

Notes

All amounts in DKK.

		Group	
		31/12 2019	31/12 2018
9.	**Acquired concessions, patents, licenses, trademarks and similar rights**		
	Cost 1 January 2019	3.835.059	453.390
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	0	101.000
	Additions during the year	-146.376	3.280.669
	Cost 31 December 2019	**3.688.683**	**3.835.059**
	Amortisation and writedown 1 January 2019	-3.666.696	-6.090
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	0	-101.000
	Amortisation for the year	-57.509	-3.559.606
	Reversal of depreciation, amortisation and writedown, assets disposed of	146.376	0
	Amortisation and writedown 31 December 2019	**-3.577.829**	**-3.666.696**
	Book value 31 December 2019	**110.854**	**168.363**
10.	**Goodwill**		
	Cost 1 January 2019	589.489.345	588.017.949
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-220.047	0
	Additions concerning company transfer	17.835.384	1.471.396
	Cost 31 December 2019	**607.104.682**	**589.489.345**
	Amortisation and writedown 1 January 2019	-30.344.996	-870.527
	Amortisation for the year	-30.366.241	-29.474.469
	Amortisation and writedown 31 December 2019	**-60.711.237**	**-30.344.996**
	Book value 31 December 2019	**546.393.445**	**559.144.349**

Notes

All amounts in DKK.

		Group	
		31/12 2019	31/12 2018
11.	**Development projects in progress and prepayments for intangible fixed assets**		
	Cost 1 January 2019	0	717.834
	Additions during the year	0	1.479.587
	Transfers	0	-2.197.421
	Cost 31 December 2019	**0**	**0**

12.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2019	15.529.440	6.850.221
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-5.737	0
	Additions concerning company transfer	1.560.429	0
	Additions during the year	14.754.157	8.679.219
	Disposals during the year	-6.842	0
	Cost 31 December 2019	**31.831.447**	**15.529.440**
	Amortisation and writedown 1 January 2019	-3.039.175	-69.738
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	0	-1.681
	Depreciation for the year	-4.869.101	-2.967.756
	Adjustment of writedown, opening balance	6.842	0
	Amortisation and writedown 31 December 2019	**-7.901.434**	**-3.039.175**
	Book value 31 December 2019	**23.930.013**	**12.490.265**

Notes

All amounts in DKK.

		Group 31/12 2019	31/12 2018
13.	**Decoration rented premises**		
	Cost 1 January 2019	13.879.469	9.075.354
	Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-41.513	0
	Additions during the year	27.577.708	4.804.115
	Cost 31 December 2019	**41.415.664**	**13.879.469**
	Depreciation and writedown 1 January 2019	-2.765.819	-77.087
	Translation by use of the exchange rate valid on balance sheet date	-26.379	0
	Depreciation for the year	-5.559.248	-2.688.732
	Depreciation and writedown 31 December 2019	**-8.351.446**	**-2.765.819**
	Book value 31 December 2019	**33.064.218**	**11.113.650**

Notes

All amounts in DKK.

		Parent 31/12 2019	Parent 31/12 2018
14.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2019	631.397.604	629.926.208
	Additions during the year related to adjustment from last year	0	1.471.396
	Cost 31 December 2019	**631.397.604**	**631.397.604**
	Revaluations, opening balance 1 January 2019	55.241.854	-1.347.973
	Results for the year before goodwill amortisation	85.749.715	66.140.214
	Dividend	0	-10.000.000
	Equity movements in group enterprises	-86.716	449.613
	Revaluation 31 December 2019	**140.904.853**	**55.241.854**
	Amortisation of goodwill, opening balance 1 January 2019	-30.344.996	-870.527
	Amortisation of goodwill for the year	-29.474.472	-29.474.469
	Depreciation on goodwill 31 December 2019	**-59.819.468**	**-30.344.996**
	Book value 31 December 2019	**712.482.989**	**656.294.462**
	The items include goodwill with an amount of	529.669.877	0

Group enterprises:

	Domicile	**Share of ownership**
Ganni A/S	Copenhagen	100 %
Ganni Inc.	Delaware	100 %
Ganni Limited	London	100 %
Ganni AB	Stockholm	100 %
Ganni SAS	Paris	100 %
Ganni Norway AS	Olso	100 %
Ganni GmbH	Hamburg	100 %

Notes

All amounts in DKK.

		Group	
		31/12 2019	31/12 2018
15.	**Other debtors**		
	Cost 1 January 2019	0	111.416
	Transfers	0	-111.416
	Cost 31 December 2019	**0**	**0**

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
16.	**Deposits**				
	Cost 1 January 2019	4.896.762	1.083.976	93.750	93.750
	Additions during the year	3.180.086	3.812.786	0	0
	Translation by use of the exchange rate valid on balance sheet date	118.210	0	0	0
	Cost 31 December 2019	**8.195.058**	**4.896.762**	**93.750**	**93.750**
	Book value 31 December 2019	**8.195.058**	**4.896.762**	**93.750**	**93.750**

17. Deferred tax assets

Deferred tax assets concerns loan costs and tax losses to carry forward. Deferred tax assets are expected to be used within the joint taxation group.

18. Accrued income and deferred expenses

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

19. Contributed capital

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

Notes

All amounts in DKK.

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 2017 by conversion of debt, DKK 735.000, at rate 25.479,69.

		Group	
		31/12 2019	31/12 2018
20.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2019	2.887.900	301.526
	Deferred tax of the results for the year	1.003.697	2.586.374
		3.891.597	**2.887.900**

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

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
21.	**Debts obtained by the issuance of bonds**				
	Debts obtained by the issuance of bonds in total	244.514.485	243.360.745	244.514.485	243.360.745
	Share of amount due within 1 year	0	0	0	0
	Debts obtained by the issuance of bonds in total	**244.514.485**	**243.360.745**	**244.514.485**	**243.360.745**
	Share of liabilities due after 5 years	0	0	0	0

		Group	
		31/12 2019	31/12 2018
22.	**Bank debts**		
	Bank debts in total	2.869.208	7.004.067
	Share of amount due within 1 year	-2.869.208	-4.200.000
		0	**2.804.067**
	Share of liabilities due after 5 years	0	0

Notes

All amounts in DKK.

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
23. Debt to group enterprises				
Debt to group enterprises in total	6.210.472	5.857.999	6.210.472	5.857.999
Share of amount due within 1 year	0	0	0	0
Debt to group enterprises in total	**6.210.472**	**5.857.999**	**6.210.472**	**5.857.999**

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.

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
24. Other payables				
Total other payables	27.609.921	26.026.634	27.609.921	26.026.634
Share of amount due within 1 year	0	0	0	0
Total other payables	**27.609.921**	**26.026.634**	**27.609.921**	**26.026.634**

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.

25. Mortgage and securities

As security for bond loan tDKK 244.514, the company and group has pledged all shares in Ganni A/S, book value tDKK 712.483, and two bank accounts where the deposit as at balance sheet date amounts to tDKK 157.

For group bank debts, tDKK 2.869, 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	t.DKK 37.553
Receivable from sales and services	t.DKK 25.394
Intangible fixed assets	t.DKK 1.496
Other plants, operating assets, and fixtures and furniture	t.DKK 11.898

Notes

All amounts in DKK.

26. Contingencies

Contingent liabilities

The group has entered into operational leasing contracts with an average annual leasing payment of tDKK 68. The leasing contracts have 21 months left to run, and the total outstanding leasing payment is tDKK 118.

Other contingent liabilities

The group entered into leasing contracts with a total liablity of tDKK 156.087. The leasing contracts' notice periods are between 2-118 months.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

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

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

27. Related parties

Controlling interest

L Catterton Europe, 1, rue Euler, 75008 Paris	Majority shareholder
S.L.03 S.a.r.l, Rue Antoine Jans 10, 1810 Luxembourg	Majority shareholder

Transactions

All transactions have been made on market terms.

Notes

All amounts in DKK.

		Group 2019	2018
28.	**Adjustments**		
	Depreciation and amortisation	41.929.963	39.560.616
	Other financial income	-529.588	-201.628
	Other financial costs	22.264.387	25.802.339
	Tax on ordinary results	20.189.408	13.778.850
	Other adjustments	555.384	352.407
		84.409.554	**79.292.584**

		Group 2019	2018
29.	**Change in working capital**		
	Change in inventories	-19.268.132	-18.212.251
	Change in debtors	6.928.440	-19.992.391
	Change in trade creditors and other liabilities	-811.084	19.863.801
		-13.150.776	**-18.340.841**