



Sønderjyllands Revision
Statsautoriseret revisionsaktieselskab

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Brax Denmark ApS

c/o Sønderjyllands Revision A/S, Torvegade 6, 6330 Padborg

Company reg. no. 39 06 73 82

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 29th March 2021

Stefan Brandmann
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The executive board has today presented the annual report of Brax Denmark ApS for the financial year 1 January to 31 December 2020.

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 annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

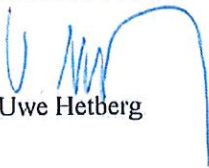
The executive board considers the requirements of omission of audit of the annual accounts for 2020 as met.

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.

Padborg, 8 March 2021

Executive board



Uwe Hetberg



Nils Schrahe



Stefan Brandmann

Auditor's report on compilation of the annual accounts

To the shareholders of Brax Denmark ApS

We have compiled the financial statements of Brax Denmark ApS for the financial year 1 January - 31 December 2020 based on the company's bookkeeping and on further information provided by you.

The financial statements comprise the accounting policies, income statement, statement of financial position and notes.

We performed this engagement in accordance with the international standard ISRS 4410 applying to compilation engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

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

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us in order to compile the financial statements. Accordingly, we express neither an audit opinion nor a review opinion as to whether the financial statements have been compiled in accordance with the Danish Financial Statements Act.

Padborg, 8 March 2021

Sønderjyllands Revision

State Authorised Public Accountants
Company reg. no. 18 06 16 35



Søren Kring

State Authorised Public Accountant
mne31458

Company information

The company

Brax Denmark ApS
c/o Sønderjyllands Revision A/S, Torvegade 6
6330 Padborg

Company reg. no. 39 06 73 82
Established: 1 November 2017
Financial year: 1 January - 31 December

Executive board

Uwe Hetberg
Nils Schrahe
Stefan Brandmann

Auditors

Sønderjyllands Revision, Statsautoriseret revisionsaktieselskab
Torvegade 6
6330 Padborg

Management commentary

The principal activities of the company

BRAX Denmark ApS is an agency for the brokerage of sales in the product area outerwear for women and men of the brand BRAX to the clothing retail trade in Denmark.

Development in activities and financial matters

The results from ordinary activities after tax are DKK -35.124 against TDKK 143 last year. The management consider the results unsatisfactory.

Equity per. 31 December 2020 amounts to DKK 622.876.

The 2020 financial year was extraordinarily shaped by the pandemic caused by the corona virus.

In Denmark there were temporary closures of the clothing retail trade from March 2020. This lockdown has caused significant falls in apparel sales. Furthermore, very high inventories of unsold goods put a strain on the profitability and liquidity of companies. In addition, the clothing retail sector is undergoing a structural upheaval with considerable sales losses in stationary retail and disproportionate growth in e-commerce (online retail, B2C).

BRAX Denmark was able to receive approx. 13.7% less commission in the 2020 financial year.

These revenue declines are only offset by possible cost reductions to a small extent.

BRAX Denmark received short-time work benefits from the Danish state in the 2020 financial year to compensate for fixed personnel costs.

The shareholder of BRAX Denmark, Leineweber GmbH & Co. KG, compensated for the company's losses caused by the corona pandemic in the 2020 financial year. Also in the following years the parent company will support the economic activities of BRAX Denmark operationally very substantially.

Events subsequent to the financial year

The first half of the 2021 financial year will also be characterized by the pandemic and the associated economic damage from lockdowns, temporary closings of retail stores and massive disruptions to public life.

After successfully implementing the strategy to vaccinate the population in Denmark, we do not expect business activity to normalize until the second half of 2021.

Only in the years 2022 and 2023 will the economic level of sales and profitability of 2019 be reached again for the clothing retail sector.

Accounting policies

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

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

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

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

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

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

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

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

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

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of 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.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for administration, selling and cost of premisses.

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 fixed assets respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

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 balance sheet

Intangible assets

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 7 years.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Financial fixed assets

Deposits

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounting policies

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

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 the bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Income statement 1 January - 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	4.244.129	4.846
1 Staff costs	-3.632.274	-3.964
Amortisation and writedown relating to intangible fixed assets	-565.714	-566
Results before net financials	46.141	316
Other financial income	10.845	0
2 Other financial costs	-92.110	-125
Results before tax	-35.124	191
Tax on ordinary results	0	-48
Net profit or loss for the year	-35.124	143
 Proposed appropriation of net profit:		
Transferred to retained earnings	0	143
Allocated from retained earnings	-35.124	0
Total allocations and transfers	-35.124	143

Statement of financial position at 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets		
Non-current assets		
Goodwill	2.262.857	2.828
Total intangible assets	2.262.857	2.828
Deposits	266.296	266
Total investments	266.296	266
Total non-current assets	2.529.153	3.094
Current assets		
Receivable corporate tax	34.000	35
Other debtors	90.976	86
Accrued income and deferred expenses	67.768	50
Total receivables	192.744	171
Available funds	160.940	324
Total current assets	353.684	495
Total assets	2.882.837	3.589

Statement of financial position at 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

Equity and liabilities	<u>2020</u>	<u>2019</u>
<u>Note</u>		
Equity		
Share Capital	50.000	50
Results brought forward	<u>572.876</u>	<u>608</u>
Total equity	<u>622.876</u>	<u>658</u>
Liabilities other than provisions		
Debt to group enterprises	<u>1.358.693</u>	<u>2.093</u>
3 Total long term liabilities other than provisions	<u>1.358.693</u>	<u>2.093</u>
3 Short-term part of long-term liabilities	563.248	563
Trade creditors	10.483	13
Other debts	<u>327.537</u>	<u>262</u>
Total short term liabilities other than provisions	<u>901.268</u>	<u>838</u>
Total liabilities other than provisions	<u>2.259.961</u>	<u>2.931</u>
Total equity and liabilities	<u>2.882.837</u>	<u>3.589</u>

4 Contingencies

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

	2020	2019		
1. Staff costs				
Salaries and wages	3.455.885	3.779		
Pension costs	169.573	177		
Other costs for social security	6.816	8		
	<u>3.632.274</u>	<u>3.964</u>		
 Average number of employees	 <u>3</u>	 <u>3</u>		
2. Other financial costs				
Financial costs, group enterprises	37.791	61		
Other financial costs	54.319	64		
	<u>92.110</u>	<u>125</u>		
3. Liabilities				
	Debt in total 31 Dec 2020	Short-term part of long- term liabilities	Long-term debt 31 Dec 2020	Outstanding debt after 5 years
Debt to group enterprises	<u>1.921.941</u>	<u>563.248</u>	<u>1.358.693</u>	<u>0</u>
	1.921.941	563.248	1.358.693	0
4. Contingencies				
Contingent liabilities				
Renting liabilities				
The rent of premises can be terminated with 12 months of notice. The rent obligation is TDKK 533.				