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DEPT DENMARK HOLDING APS
TORVEGADE 29, 1400 KØBENHAVN K
ANNUAL REPORT
2 JULY 2018 - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 31 August 2020**

Francois Louis Schmid

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 39 69 11 40

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Statement by Board of Executives.....	4
The Independent Auditor's Report.....	5-6
Management's Review	
Management's Review.....	7
Financial Statements 2 July 2018 - 31 December 2019	
Income Statement.....	8
Balance Sheet.....	9-10
Notes.....	11-13
Accounting Policies.....	14-15

COMPANY DETAILS**Company**

Dept Denmark Holding ApS
Torvegade 29
1400 Copenhagen K

CVR No.: 39 69 11 40

Established: 2 July 2018

Registered Office: Copenhagen

Financial Year: 2 July 2018 - 31 December 2019

Board of Executives

Francois Louis Schmid

Auditor

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
1561 Copenhagen V

STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of Dept Denmark Holding ApS for the financial year 2 July 2018 - 31 December 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 2 July 2018 - 31 December 2019.

The Management's Review includes in my opinion a fair presentation of the matters dealt with in the Review.

I recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 31 August 2020

Board of Executives

Francois Louis Schmid

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dept Denmark Holding ApS

REPORT ON EXTENDED REVIEW OF THE FINANCIAL STATEMENTS

Conclusion

We have performed an extended review of the Financial Statements of Dept Denmark Holding ApS for the financial year 2 July 2018 - 31 December 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 2 July 2018 - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such Internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Extended Review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our conclusion on the Financial Statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

THE INDEPENDENT AUDITOR'S REPORT

In connection with our extended review of the Financial Statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, 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 conclude that the Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management's Review.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Violation of the Danish VAT legislation

Contrary to the Danish VAT Act the Company has not submitted VAT returns to SKAT, the Danish Tax Authorities within the deadline, and the Company's Management may incur liability in this respect.

Copenhagen, 31 August 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Søren Søndergaard Jensen
State Authorised Public Accountant
MNE no. mne32069

MANAGEMENT'S REVIEW

Principal activities

The principal activity of the company is acting as a holding company.

Significant events after the end of the financial year

During March 2020, the company suffered from the global COVID-crisis and lock-down situation in most European countries, however, management reacted quickly and adequately to these new circumstances. The company did not have to apply for governmental support and had sufficient liquidity. Furthermore, the company adjusted its cost base to align with a temporary decrease in revenues and hence was able to keep positive operating profits during the lockdown situation. Management is closely monitoring the current health developments and economic circumstances but is confident for the future.

Additionally, in April 2020 Dept Denmark Holding ApS became the 100% owner of the strategic design company Sorthvid ApS, based in Copenhagen. Best-known for its work for Danish and global e-commerce clients - such as Pandora, Royal Copenhagen, Copenhagen Airports, BoConcept and Magasin - the Sorthvid team joins forces with Dept Copenhagen. This new 100-strong team of digital experts will move to a new shared location this year. Dept acquires 100% of the shares in Sorthvid. In return, the Managing Directors and former owners of Sorthvid, Peter Risborg and Jonas Roland Therkildsen take a stake in Dept and maintain key roles within management.

INCOME STATEMENT 2 JULY - 31 DECEMBER

	Note	2018/19 DKK
GROSS LOSS		-170.042
Result of equity investments in group and associates.....		-5.869.925
Other financial income.....		450.000
Other financial expenses.....		-894.667
LOSS BEFORE TAX		-6.484.634
Tax on profit/loss for the year.....	1	135.150
LOSS FOR THE YEAR		-6.349.484
PROPOSED DISTRIBUTION OF DIVIDEND		
Allocation to reserve for net revaluation according to equity value method.....		-5.869.925
Retained earnings.....		-479.559
TOTAL		-6.349.484

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK
Equity investments in group enterprises.....		39.168.743
Fixed asset investments.....	2	39.168.743
FIXED ASSETS.....		39.168.743
Other receivables.....		142.532
Joint tax contribution receivable.....		1.210.774
Receivables.....		1.353.306
Cash and cash equivalents.....		697.963
CURRENT ASSETS.....		2.051.269
ASSETS.....		41.220.012

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2019 DKK
Share capital.....		52.223
Retained earnings.....		13.972.964
EQUITY.....	3	14.025.187
Short-term portion of long-term liabilities.....	4	19.981.800
Trade payables.....		67
Debt to group enterprises.....		5.933.076
Corporation tax.....		1.075.624
Other liabilities.....		204.258
Current liabilities.....		27.194.825
LIABILITIES.....		27.194.825
EQUITY AND LIABILITIES.....		41.220.012
 Contingencies etc.	 5	
Significant events after the end of the financial year	6	

NOTES

	2018/19 DKK	Note
Tax on profit/loss for the year		
Calculated tax on taxable income of the year.....	-135.150	1
	-135.150	
 Fixed asset investments		2
	Equity investments in group enterprises	
Additions.....	45.038.669	
Cost at 31 December 2019.....	45.038.669	
 Profit/loss for the year.....	3.828.562	
Revaluation at 31 December 2019.....	3.828.562	
 Amortisation of goodwill.....	9.698.488	
Impairment losses and amortisation of goodwill at 31 December 2019.....	9.698.488	
 Carrying amount at 31 December 2019.....	39.168.743	

NOTES

	Note
Equity	3

	Share capital	Reserve for net revaluati- on according to equity va- lue method	Retained earnings	Total
Equity at 2 July 2018.....	52.223	0	0	52.223
Capital contribution.....			20.322.448	20.322.448
Transfers to/from other items.....		5.869.925	-5.869.925	
Proposed distribution of profit.....		-5.869.925	-479.559	-6.349.484
Equity at 31 December 2019.....	52.223	0	13.972.964	14.025.187

Long-term liabilities	4
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	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years
Bank loan.....	19.981.800	19.981.800	0
	19.981.800	19.981.800	0

The facility has been fully repaid as per January 29, 2020. As part of the acquisition, and refinancing structure of the Dept group, Dept Denmark Holding ApS has received an intercompany loan in April 2020 that has been used to acquire the new subsidiary, Sorthvid ApS.

Contingencies etc.	5
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Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 1.076 at the balance sheet date.

NOTES

Note

Significant events after the end of the financial year

6

During March 2020, the company suffered from the global COVID-crisis and lock-down situation in most European countries, however, management reacted quickly and adequately to these new circumstances. The company did not have to apply for governmental support and had sufficient liquidity. Furthermore, the company adjusted its cost base to align with a temporary decrease in revenues and hence was able to keep positive operating profits during the lockdown situation. Management is closely monitoring the current health developments and economic circumstances but is confident for the future.

The management is of the opinion that the worldwide spread of the COVID-virus is a non-adjusting event and there is no impact on the financial statements as per December 31, 2019.

Despite the COVID-virus, the management still considers the capital resources to be sufficient.

The management has not subsequently identified significant changes in the valuation of assets and liabilities.

Additionally, in April 2020 Dept Denmark Holding ApS became the 100% owner of the strategic design company Sorthvid ApS, based in Copenhagen. Best-known for its work for Danish and global e-commerce clients - such as Pandora, Royal Copenhagen, Copenhagen Airports, BoConcept and Magasin - the Sorthvid team joins forces with Dept Copenhagen. This new 100-strong team of digital experts will move to a new shared location this year. Dept acquires 100% of the shares in Sorthvid. In return, the Managing Directors and former owners of Sorthvid, Peter Risborg and Jonas Roland Therkildsen take a stake in Dept and maintain key roles within management.

ACCOUNTING POLICIES

The Annual Report of Dept Denmark Holding ApS for 2018/19 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared with the following accounting principles.

INCOME STATEMENT

Net revenue

Net revenue from sale is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include costs related to administration.

Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Fixed asset investments

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

ACCOUNTING POLICIES

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

Impairment of fixed assets

The carrying amount of fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.