

**Axel Arigato ApS**  
Pilestræde 16, 1112 København K

**Company reg. no. 39 77 12 09**

**Annual report**

**2018/19**

The annual report was submitted and approved by the general meeting on the 1 September 2020.

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**David Albin Johansson**  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British 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**

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Today, the managing director has presented the annual report of Axel Arigato ApS for the financial year 2018/19.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the company's results of activities in the financial year 1 August 2018 – 31 December 2019.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Copenhagen, 1 September 2020

### **Managing Director**

David Albin Johansson

## **Independent auditor's report on extended review**

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### **To the shareholder of Axel Arigato ApS**

#### **Opinion**

We have performed an extended review of the financial statements of Axel Arigato ApS for the financial year 1 August 2018 to 31 December 2019, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, we believe that the financial statements give a fair presentation of the assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 August 2018 - 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We performed the extended review in accordance with the standard from the Danish Business Authority applicable to auditor's reports on small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable to 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 section "Auditor's responsibilities for the extended review of the financial statements". 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 evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that give a fair presentation in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management considers necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 unless the 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 an opinion on the financial statements. This requires that we plan and perform our procedures with the purpose of achieving moderate assurance as to our opinion on the financial statements. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

## **Independent auditor's report on extended review**

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An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an assessment of the achieved evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the financial statements.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion on the management commentary.

In connection with our extended review the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the extended review, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management commentary is consistent with the financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not discover any material misstatement in the management commentary.

Viby Sj., 1 September 2020

### **Grant Thornton**

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

### **Morten Skovbjerg Kristiansen**

State Authorised Public Accountant  
mne31448

## Company information

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**The company**

Axel Arigato ApS  
Pilestræde 16  
1112 København K

Company reg. no. 39 77 12 09  
Established: 1 August 2018  
Domicile: Copenhagen  
Financial year: 1 August - 31 December  
1st financial year

**Managing Director**

David Albin Johansson

**Auditors**

Grant Thornton, Statsautoriseret Revisionspartnerselskab  
Søndergade 7  
4130 Viby Sj.

**Parent company**

Axel Arigato AB

## **Management commentary**

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### **The principal activities of the company**

The principal activities are retail business in the fashion industry.

### **Development in activities and financial matters**

The gross loss for the year totals DKK -3.146.000. Income or loss from ordinary activities after tax totals DKK -3.950.000. Management considers the net profit or loss for the year as not satisfactory but expected. Axel Arigato AB is the major investor and is still willing to finance the start up process.

## Accounting policies

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The annual report for Axel Arigato ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

### Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

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 and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.



## Accounting policies

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### Income statement

#### Gross loss

Gross loss 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.

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 comprises costs concerning purchase of goods, raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

#### Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

#### Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

#### Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

#### Financial income and expenses

Financial income and expenses 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 income statement with the amounts concerning the financial year.

#### Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

## Accounting policies

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### Statement of financial position

#### Intangible assets

##### Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

#### 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 10 years.

#### Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with 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 when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

## **Accounting policies**

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Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from sub-suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

### **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 company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

### **Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates 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 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 derived from the use of the asset or group of assets.

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

### **Leasehold improvements**

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

### **Investments**

#### **Deposits**

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

### **Inventories**

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

## **Accounting policies**

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Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

### **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.

### **Prepayments and accrued income**

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

### **Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

### **Income tax and deferred tax**

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities other than provisions**

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

## Income statement

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All amounts in DKK.

<u>Note</u>	1/8 2018 - 31/12 2019
<b>Gross loss</b>	<b>-3.145.838</b>
2 Staff costs	-1.342.609
Depreciation, amortisation, and impairment	-518.961
Other operating costs	-63.027
<b>Operating profit</b>	<b>-5.070.435</b>
Other financial income	7.231
3 Other financial costs	-67
<b>Pre-tax net profit or loss</b>	<b>-5.063.271</b>
Tax on ordinary results	1.112.953
<b>Profit or loss from ordinary activities after tax</b>	<b>-3.950.318</b>
<b>Net profit or loss for the year</b>	<b>-3.950.318</b>
<b>Proposed appropriation of net profit:</b>	
Allocated from retained earnings	-3.950.318
<b>Total allocations and transfers</b>	<b>-3.950.318</b>

## Statement of financial position

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All amounts in DKK.

### Assets

<u>Note</u>	<u>31/12 2019</u>
<b>Non-current assets</b>	
Acquired concessions, patents, licenses, trademarks and similar rights	683.333
Total intangible assets	<u>683.333</u>
Other fixtures and fittings, tools and equipment	579.949
Leasehold improvements	<u>6.029.881</u>
Total property, plant, and equipment	<u>6.609.830</u>
Deposits	<u>749.554</u>
Total investments	<u>749.554</u>
<b>Total non-current assets</b>	<b><u>8.042.717</u></b>
<b>Current assets</b>	
Manufactured goods and goods for resale	<u>563.139</u>
Total inventories	<u>563.139</u>
Receivables from group enterprises	3.783.356
Deferred tax assets	280.615
Other receivables	274.031
Prepayments and accrued income	<u>24.498</u>
Total receivables	<u>4.362.500</u>
Cash on hand and demand deposits	<u>634.012</u>
<b>Total current assets</b>	<b><u>5.559.651</u></b>
<b>Total assets</b>	<b><u>13.602.368</u></b>

## Statement of financial position

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All amounts in DKK.

<b>Equity and liabilities</b>		
<u>Note</u>		<u>31/12 2019</u>
<b>Equity</b>		
4	Contributed capital	50.000
	Results brought forward	<u>-999.300</u>
	<b>Total equity</b>	<b><u>-949.300</u></b>
<b>Liabilities other than provisions</b>		
5	Payables to group enterprises	<u>13.925.849</u>
	Total long term liabilities other than provisions	<u>13.925.849</u>
	Other payables	<u>625.819</u>
	Total short term liabilities other than provisions	<u>625.819</u>
	<b>Total liabilities other than provisions</b>	<b><u>14.551.668</u></b>
	<b>Total equity and liabilities</b>	<b><u>13.602.368</u></b>

### 1 Uncertainties concerning the enterprise's ability to continue as a going concern

**Statement of changes in equity**

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All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 August 2018	50.000	0	50.000
Profit or loss for the year brought forward	0	-3.950.318	-3.950.318
Group contributions	0	2.951.018	2.951.018
	<b><u>50.000</u></b>	<b><u>-999.300</u></b>	<b><u>-949.300</u></b>



## Notes

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All amounts in DKK.

<b>1. Uncertainties concerning the enterprise's ability to continue as a going concern</b>	
The Loss of the year is covered by the parent company Axel Arigato AB. Axel Arigato AB considers the investment in Copenhagen as a strategic investment. The company is still in a start up process. Axel Arigato AB is the major investor and is still willing to finance the on-going business and start up process.	
	1/8 2018
	<u>- 31/12 2019</u>
<b>2. Staff costs</b>	
Salaries and wages	1.317.926
Pension costs	17.419
Other costs for social security	<u>7.264</u>
	<b><u>1.342.609</u></b>
Average number of employees	<u>5</u>
<b>3. Other financial costs</b>	
Other financial costs	<u>67</u>
	<b><u>67</u></b>
<b>4. Contributed capital</b>	
Contributed capital 1 August 2018	<u>50.000</u>
	<b><u>50.000</u></b>
<b>5. Payables to group enterprises</b>	
<b>Total payables to group enterprises</b>	<b><u>13.925.849</u></b>
Share of liabilities due after 5 years	<u>13.925.849</u>