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Noa Noa ApS
Krogenbergvej 15 A
3490 Kvistgård
Central Business Registration
No 60746214

Annual report 2017

The Annual General Meeting adopted the annual report on ~~18~~ 30.05.2018

Chairman of the General Meeting

Name: Christian Vink

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Contents

Entity details

Entity
Noa Noa ApS
Krogenbergvej 15 A
3490 Kvistgård

Central Business Registration No (CVR): 60746214
Registered in: Helsingør
Financial year: 01.01.2017 - 31.12.2017
Reporting period, number:37

Board of Directors
Christian Hassel, Chairman
Anders Kunze Bønding
Nick Jensen

Executive Board
Henrik Aaen Kastberg

Bank
Nordea Bank

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Noa Noa ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kvistgaard, 18.05.2018

Executive Board

Henrik Aaen Kastberg

Board of Directors

Christian Hassel
Chairman

Anders Kunze Bønding

Nick Jensen

Independent auditor's report

To the shareholders of Noa Noa ApS

Opinion

We have audited the consolidated financial statements and parent financial statements of Noa Noa ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement.. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent financial statements of Noa Noa ApS for the financial year 01.01.2017 - 31.12.2017 give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We refer to note 1, where Management has described the basis of the Company's going concern assessment, including the subsequently completed debt reduction and share capital increase.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,

Independent auditor's report

but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of 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 Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’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 financial statements and parent financial statements 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and parent financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, 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 conclude that the management commentary is in accordance with the consolidated financial statements and parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 18.05.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Torben Skov
State Authorised Public Accountant
Identification No (MNE) mne19689

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Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Revenue	200,251	247,211	310,628	409,957	455,491
Gross profit/loss	35,867	67,494	78,594	119,406	139,365
Operating profit/loss	(36,818)	(23,248)	(42,201)	(23,067)	(32,223)
Net financials	(7,902)	(15,750)	(6,295)	(5,184)	(3,540)
Profit/loss for the year	(48,657)	(36,473)	(49,490)	(40,451)	(43,365)
Total assets	126,045	158,647	180,099	217,366	264,479
Investments in property, plant and equipment	641	4,587	10,310	19,855	10,293
Equity	(52,612)	(1)	32,937	41,429	58,695
Cash flows from (used in) operating activities	(11,120)	(20,478)	(13,781)	1,897	(1,863)
Cash flows from (used in) investing activities	(3,627)	3,196	(10,229)	(19,627)	(10,046)
Cash flows from (used in) financing activities	17,658	15,591	20,902	20,827	5,199
Ratios					
Gross margin (%)	17.9	27.3	25.3	29.1	30.6
Net margin (%)	(24.3)	(14.8)	(15.9)	(9.9)	(9.5)
Return on equity (%)	-	(221.5)	(133.1)	(80.8)	(50.8)
Equity ratio (%)	(41.7)	0.0	18.3	19.1	22.2

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The Group designs, markets and sells fashion clothing and a broad range of accessories for women and children. The products sell through own shops and own online shop, as well as through third party-owned franchise stores, online platforms and multi-brand stores in more than 18 countries.

During the financial year 2017, the Noa Noa ApS group has been owned by the Holding Companies NN AX 2 ApS and NN AX 1 ApS and a group of current and former executive officers. Ultimately the Company has been owned by NNCG Holding ApS.

This annual report comprises the Parent Company, Noa Noa ApS, and its wholly-owned subsidiaries. Reference is also made to the consolidated financial statements of the ultimate Parent Company, NNCG Holding ApS.

Subsequent to the balance sheet date, Noa Noa ApS has undergone a change of ownership, whereby the new owners have acquired 100% of the shares and all outstanding warrants have been cancelled.

Development in activities and finances
Consolidated revenue for the financial year 2017 came out at DKK 200 million down from DKK 247 million in 2016. Retail revenue (own shops and own online shop) came out at DKK 97 million against DKK 140 million in 2016, while wholesale revenue (franchise, third party-owned online platforms and multi-brand stores) came out at DKK 103 million against DKK 107 million in 2016. The downturn in retail is a result of the continued focus on closings of non-profitable stores, and the sale of the retail business in Norway, which was converted into franchise (wholesale). The development in wholesale revenue is a result of the additional turnover from converted retail stores in Norway (9 stores) and a continued loss of multi-brand customers.

The Group's development in 2017

2017 proved to be another challenging year with a continued focus on revitalizing and updating the Noa Noa brand and design profile. The retail revenue continuously showed a positive trend on a like-for-like basis, and the wholesale business likewise grew during the 2nd half of 2017, clearly indicating that the collections and the brand are getting back on track. The result for the financial year, however, was affected by delayed deliveries and a resulting loss of turnover.

By the end of 2017 Noa Noa had a total of 63 mono-brand shops, of which 24 were own shops and 39 franchise shops. During 2017, Noa Noa opened 4 mono-brand shops, all franchise, and closed 22 shops, of which 5 was own retail shops, i.e. a net close of 18 mono-brand shops.

The Group has continued the strategy of closing non profitable activities in the Group.

Market review in 2017

The financial year 2017 was once again characterized by declining consumer demand on several of the Group's key markets, which led to difficult market circumstances for both mono-brand and multi-brand shops.

Management commentary

Furthermore, brick-and-mortar retail faces intensified competition from e-commerce. This development is also reflected in the revenue of the Group where e-commerce represents an increasing share of overall sales.

Profit/loss for the year in relation to expected developments
Consolidated EBITDA for 2017 was a loss of DKK 22 million, compared to a loss of DKK 15 million in 2016. Due to several write downs of inventory, debtors and property, the gross margin decreased significantly compared to 2016. The income statements of the Group and the Parent Company, for the year ended 31 December 2017, respectively, show a loss of DKK 49 million after tax against a loss of DKK 36 million in 2016.

Uncertainty relating to recognition and measurement
No recognition and measurement uncertainties have been identified.

Outlook
Overall, the management expects that 2018 will be another year of consolidation with a minor decrease in revenue. Profitability is, however, expected to be improved based on adjustments to the cost structure carried out in 2015-2017.

Focus for 2018 will be to strengthen the Group's market position through executing the new brand strategy, combined with a continued focus on improved profitability. Particularly improved profitability is expected in the wholesale division, primarily through increased sales focus in core markets. In the retail division slightly increased LFL sales are expected, based on a continued positive development in the demand for the collections.

As per April 2017, the Group EBITDA has increased compared to the same period in 2017.

Subsequent to the balance sheet date, the Group has received a capital injection from the new owners, which has resulted in additional DKK 18 million of equity, through direct subscription of new capital combined with debt conversion. In addition, the Company's bank has agreed to a debt reduction of DKK 66 million, thus enabling the Company to operate with a significantly improved balance sheet.

This will give significantly better conditions for improving the market position as well as securing deliveries without delays caused by late payments.

The Company will have sufficient liquidity to support its ongoing operations as per its budgets. It is our opinion, that the Group budgets are realistic and achievable. We refer to note 1 for further information.

Particular risks
Business risks

The Group's key business risks are related to its ability to maintain a strong position in the markets in which its brand is sold. Throughout 2017, Noa Noa continued the work to strengthen the brand's DNA and design. This process will continue in 2018 with a view to strengthen Noa Noa's profile and enhance the commercial

Management commentary

aspects of the concept, and thus develop and reinforce the brand's position, with particular focus on strengthening the presence in existing markets.

Financial risks

Given its operations, investments and financing, Noa Noa is exposed to changes in exchange and interest rates. The Group pursues a low-risk financial policy approved by the supervisory board in order to ensure that currency risks arise only as a result of commercial conditions.

Intellectual capital resources

In order to be able to continuously strengthen its international profile and supply competitive products at the right price and quality, it is essential that Noa Noa can recruit and retain the most talented employees.

Noa Noa's brand and design teams are made up of of several competent employees and are therefore not dependent on a single key designer.

Staff

At 31 December 2017, the Group employed a total of 113 people, which is significantly lower than as of 31 December 2016, where the Group employed a total of 151 people. Most employees work in Noa Noa's shops in Scandinavia.

Statutory report on the underrepresented gender

The Board has agreed a target for the underrepresented gender in the Board at 40 %, equal to 2 out of 5 members. The Board currently consist of 3 men and the Board has agreed a plan to reach the target at the end of 2018 via expanding the number of board members. The target has not yet been achieved this year as there has been no increase in the number of members in the Board.

At Management level female employees account for 33 % (1 person) and male employees account for 67 % (2 persons). The distribution of gender representation is considered maintained in the future.

Statutory report on corporate governance

Management's duties are planned based on the Danish Companies Act, the Danish Financial Statements Act, the Group's articles of association and good practice for entities of the same size and international scope as Noa Noa ApS.

Noa Noa's supervisory and executive boards work continuously to ensure that the Group's management structure and control systems are appropriate and effective. Management considers this on a current basis.

Shareholders

The supervisory board considers on a current basis whether the Group's capital structure is in accordance with the Group's and its stakeholders' interests, the overriding goal being to ensure a capital structure that supports long-term profitable growth.

Management commentary

Noa Noa's articles of association do not lay down any restrictions in relation to ownership or voting rights. The supervisory and executive boards and a Group of executive officers are co-owners via an incentive program. Should an offer for the Group's shares be made, the supervisory board will consider this as required by law.

Subsequent to the balance sheet date, Noa Noa ApS has undergone a change of ownership, whereby the new owners have acquired 100% of the shares and all outstanding warrants have been cancelled.

The supervisory board's responsibilities

The supervisory board oversees that the executive board pursues the objectives and business procedures adopted by the supervisory board. The supervisory board receives systematic updates from the executive board at meetings and through written and oral reports on relevant events in the surrounding world and the Group's performance, profitability and financial position.

The supervisory board meets at least six times a year according to a fixed schedule. In between the ordinary board meetings, the board receives written updates on the Group's results and financial position. Extraordinary meetings are convened as required. Six board meetings were held in 2017.

Remuneration for the supervisory and executive boards

In order to attract and retain managerial skills within the Group, the executive board and other executive officers are paid according to duties, value creation and terms in comparable entities. Their remuneration includes bonuses and share warrant schemes to ensure consistency between the interests of management and owners, the incentive schemes reflecting both short and longterm goals.

Consolidated income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		200,251	247,211
Other operating income		2,308	6,330
Costs of raw materials and consumables		(97,565)	(106,905)
Other external expenses		(69,127)	(79,142)
Gross profit/loss		**35,867**	**67,494**
Staff costs	3	(55,142)	(76,234)
Depreciation, amortisation and impairment losses		(11,091)	(12,397)
Other operating expenses		(6,452)	(2,111)
Operating profit/loss		**(36,818)**	**(23,248)**
Other financial income	4	207	427
Other financial expenses	5	(8,109)	(16,177)
Profit/loss before tax		**(44,720)**	**(38,998)**
Tax on profit/loss for the year	6	(3,937)	2,525
Profit/loss for the year	7	**(48,657)**	**(36,473)**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Acquired licences		0	112
Acquired rights		4,080	3,258
Goodwill		0	834
Intangible assets	8	**4,080**	**4,204**
Land and buildings		25,042	29,600
Other fixtures and fittings, tools and equipment		5,082	12,235
Leasehold improvements		961	1,105
Property, plant and equipment	9	**31,085**	**42,940**
Other receivables		3,400	2,839
Deferred tax		0	1,204
Fixed asset investments	10	**3,400**	**4,043**
Fixed assets		**38,565**	**51,187**
Raw materials and consumables		41,738	52,385
Inventories		**41,738**	**52,385**
Trade receivables		26,366	33,674
Other receivables		2,563	7,021
Income tax receivable		595	3,090
Joint taxation contribution receivable		0	3,420
Prepayments	11	11,400	5,963
Receivables		**40,924**	**53,168**
Cash		**4,818**	**1,907**
Current assets		**87,480**	**107,460**
Assets		**126,045**	**158,647**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		209	209
Retained earnings		(52,821)	(210)
Equity		**(52,612)**	**(1)**
Deferred tax		59	50
Provisions		**59**	**50**
Mortgage debt		17,451	19,229
Trade payables		7,831	0
Non-current liabilities other than provisions	12	**25,282**	**19,229**
Current portion of long-term liabilities other than provisions	12	1,754	1,709
Bank loans		82,370	70,765
Trade payables		46,242	35,769
Payables to shareholders and management		500	0
Income tax payable		0	192
Other payables		22,450	30,934
Current liabilities other than provisions		**153,316**	**139,369**
Liabilities other than provisions		**178,598**	**158,598**
Equity and liabilities		**126,045**	**158,647**
Going concern	1		
Events after the balance sheet date	2		
Financial instruments	14		
Unrecognised rental and lease commitments	15		
Contingent assets	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Transactions with related parties	19		
Group relations	20		
Subsidiaries	21		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	209	(210)	(1)
Exchange rate adjustments	0	134	134
Fair value adjustments of hedging instruments	0	(4,088)	(4,088)
Profit/loss for the year	0	(48,657)	(48,657)
Equity end of year	**209**	**(52,821)**	**(52,612)**

Consolidated cash flow statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Operating profit/loss		(36,818)	(23,248)
Amortisation, depreciation and impairment losses		11,091	12,397
Working capital changes	13	19,510	9,056
Cash flow from ordinary operating activities		**(6,217)**	**(1,795)**
Financial income received		207	427
Financial income paid		(8,109)	(16,177)
Income taxes refunded/(paid)		0	(3,554)
Other cash flows from operating activities		2,999	621
Cash flows from operating activities		**(11,120)**	**(20,478)**
Additions/disposals of intangible assets, net		(4,155)	4,892
Additions/disposals of tangible assets, net		5,042	(4,344)
Additions/disposals of investments, net		(4,514)	2,648
Cash flows from investing activities		**(3,627)**	**3,196**
Repayments of loans etc		(1,778)	(1,709)
Change in balances with other credit institutions		11,605	17,300
Change in long-term liabilities trade payables		7,831	0
Cash flows from financing activities		**17,658**	**15,591**
Increase/decrease in cash and cash equivalents		**2,911**	**(1,691)**
Cash and cash equivalents beginning of year		1,907	3,598
Cash and cash equivalents end of year		**4,818**	**1,907**

Notes to consolidated financial statements

1. Going concern

Subsequently to the balance sheet date, Noa Noa ApS has undergone a change of ownership, whereby the new owners have acquired 100% of the shares and all outstanding warrants have been cancelled. This has resulted in additional DKK 18 million of equity, through direct subscription of new capital combined with debt conversion. In addition, the Company’s bank has agreed to a debt reduction of DKK 66 million, thus enabling the Company to operate with a significantly improved balance sheet. The Company will have sufficient liquidity to support its ongoing operations as per its budgets.

It is our opinion, that the Group budgets are realistic and achievable.

On this basis and the completed initiatives above, the annual report is prepared in accordance with the going concern assumption.

2. Events after the balance sheet date

Other than as described in note 1, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

	2017 DKK'000	2016 DKK'000
3. Staff costs		
Wages and salaries	44,978	62,077
Pension costs	2,277	2,987
Other social security costs	3,196	5,139
Other staff costs	4,691	6,031
	55,142	**76,234**
Average number of employees	**122**	**178**

	Remuneration of management 2017 DKK'000	Remuneration of management 2016 DKK'000
Total amount for management categories	2,889	3,231
	2,889	**3,231**

Special incentive programmes

As part of the change of ownership to the group, all outstanding warrants have been cancelled.

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
4. Other financial income		
Other interest income	207	427
	207	**427**

	2017 DKK'000	2016 DKK'000
5. Other financial expenses		
Other interest expenses	3,252	3,059
Exchange rate adjustments	4,344	12,966
Other financial expenses	513	152
	8,109	**16,177**

	2017 DKK'000	2016 DKK'000
6. Tax on profit/loss for the year		
Current tax	0	(3,341)
Change in deferred tax	1,195	445
Adjustment concerning previous years	2,742	371
	3,937	**(2,525)**

	2017 DKK'000	2016 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	(48,657)	(36,473)
	(48,657)	**(36,473)**

Notes to consolidated financial statements

	Acquired licences DKK'000	Acquired rights DKK'000	Goodwill DKK'000
8. Intangible assets			
Cost beginning of year	9,075	21,348	2,308
Transfers	0	33,666	0
Additions	0	454	0
Cost end of year	**9,075**	**55,468**	**2,308**
Amortisation and impairment losses beginning of year	(8,963)	(18,090)	(1,474)
Exchange rate adjustments	0	(4)	0
Transfers	0	(29,961)	0
Amortisation for the year	(112)	(3,333)	(834)
Amortisation and impairment losses end of year	**(9,075)**	**(51,388)**	**(2,308)**
Carrying amount end of year	**0**	**4,080**	**0**

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
9. Property, plant and equipment			
Cost beginning of year	53,284	72,788	26,612
Transfers	0	(33,666)	0
Additions	0	457	184
Disposals	(2,129)	(10,745)	(948)
Cost end of year	**51,155**	**28,834**	**25,848**
Depreciation and impairment losses beginning of year	(23,685)	(60,553)	(25,507)
Exchange rate adjustments	0	(88)	239
Transfers	0	29,961	0
Depreciation for the year	(2,428)	(3,817)	(567)
Reversal regarding disposals	0	10,745	948
Depreciation and impairment losses end of year	**(26,113)**	**(23,752)**	**(24,887)**
Carrying amount end of year	**25,042**	**5,082**	**961**

10. Fixed asset investments

Fixed asset investments consist of other receivables which primarily includes deposits and a vendor loan which was established in connection with the sale of the Norwegian part of the Group to the Norwegian entity Connect AS.

Notes to consolidated financial statements

The deferred tax asset has not been recognized in the balance due to impairment losses. See note 15 for contingent assets.

11. Prepayments

Prepayments consist of prepaid IT, insurance, marketing, rent cost, payables and clothes samples.

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	Due within 12 months 2017 DKK'000	Due within 12 months 2016 DKK'000	Due after more than 12 months 2017 DKK'000	Outstanding after 5 years DKK'000
12. Liabilities other than provisions				
Mortgage debt	1,754	1,709	17,451	10,405
Trade payables	0	0	7,831	0
	1,754	**1,709**	**25,282**	**10,405**

	2017 DKK'000	2016 DKK'000
13. Change in working capital		
Increase/decrease in inventories	10,647	13,581
Increase/decrease in receivables	6,329	(535)
Increase/decrease in trade payables etc	11,018	(7,003)
Other changes	(8,484)	3,013
	19,510	**9,056**

14. Financial instruments

The Group hedges expected risks relating to sales and purchase of goods through forward contracts in USD. The Goup's forward contracts had a negative market value of mDKK (1.7) included in the annual accounts (2016; positive value of mDKK 2.7). The Group has entered into interest swap in respect of mortgage debt. The Group's interest swap has a negative market value of mDKK (0.8) included in the annual accounts (2016; mDKK 1.2).

	2017 DKK'000	2016 DKK'000
15. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**27,282**	**51,300**

16. Contingent assets

The Group has an unrecognized deferred tax asset of mDKK 39 as per 31 December 2017.

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
17. Contingent liabilities		
Recourse and non-recourse guarantee commitments	1,110	1,575
Contingent liabilities in total	**1,110**	**1,575**
Recourse and non-recourse guarantee commitments	9,999	927
Contingent liabilities to group enterprises	**9,999**	**927**

Until 30 April 2018 the group has been part of joint taxation scheme with NNCG Holding ApS as Administration Company, and therefore obligated on joint and several liability terms with other jointly taxation companies for payments of company tax as well as tax for interests, royalties and dividend.

18. Assets charged and collateral

Floating charge in inventory, receivable and operating equipment amounted to mDKK 50 million is provided to the Group's financial institution Nordea as collateral for engagement. Further an owner´s mortgage have been registered totalling mDKK 15. The carrying amount of the property is mDKK 25.2.

19. Transactions with related parties

All transactions with related parties during the year have been made on market terms.

20. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
NNCG Holding ApS, Krogenbergvej 15 A, 3490 Kvistgård
Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Noa Noa ApS, Krogenbergvej 15A, 3490 Kvistgård

The group relations with the largest group has been terminated 30 April 2018.

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK'000	Profit/loss DKK'000
21. Subsidiaries					
Noa Noa Sverige AB	Stockholm	AB	100.0	7,930	(59)
Noa Noa UK Ltd.	London	Ltd.	100.0	2,195	(432)
Noa Noa GmbH	Düsseldorf	GmbH	100.0	14,549	527

* Noa Noa UK Ltd. with company number 6703897 is claiming audit exemption in the UK under section 479A of the Companies Act 2006 for the year ending 31 December 2017.

Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		159,983	170,739
Other operating income		2,308	5,560
Costs of raw materials and consumables		(97,565)	(104,701)
Other external expenses		(46,433)	(36,474)
Gross profit/loss		**18,293**	**35,124**
Staff costs	1	(42,160)	(51,596)
Depreciation, amortisation and impairment losses		(9,195)	(10,036)
Other operating expenses		(6,452)	(1,085)
Operating profit/loss		**(39,514)**	**(27,593)**
Income from investments in group enterprises		(279)	3,675
Other financial income	2	207	222
Other financial expenses	3	(5,594)	(16,197)
Profit/loss before tax		**(45,180)**	**(39,893)**
Tax on profit/loss for the year	4	(3,477)	3,420
Profit/loss for the year	5	**(48,657)**	**(36,473)**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Acquired rights		4,080	3,254
Intangible assets	6	**4,080**	**3,254**
Land and buildings		25,042	29,600
Other fixtures and fittings, tools and equipment		3,307	9,511
Leasehold improvements		862	1,155
Property, plant and equipment	7	**29,211**	**40,266**
Investments in group enterprises		24,674	38,684
Other receivables		2,808	1,896
Fixed asset investments	8	**27,482**	**40,580**
Fixed assets		**60,773**	**84,100**
Manufactured goods and goods for resale		35,800	43,677
Inventories		**35,800**	**43,677**
Trade receivables		14,937	11,074
Receivables from group enterprises		3,420	7,150
Other receivables		2,131	8,778
Income tax receivable		0	51
Joint taxation contribution receivable		0	3,420
Prepayments	9	9,164	4,421
Receivables		**29,652**	**34,894**
Cash		**3,104**	**151**
Current assets		**68,556**	**78,722**
Assets		**129,329**	**162,822**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital	10	209	209
Reserve for net revaluation according to the equity method		24,383	44,643
Retained earnings		(77,204)	(44,853)
Equity		**(52,612)**	**(1)**
Mortgage debt		17,451	19,229
Trade payables		7,831	0
Non-current liabilities other than provisions	11	**25,282**	**19,229**
Current portion of long-term liabilities other than provisions	11	1,754	1,709
Bank loans		82,370	70,765
Trade payables		42,269	33,661
Payables to group enterprises		10,465	13,030
Payables to shareholders and management		500	0
Other payables		19,301	24,429
Current liabilities other than provisions		**156,659**	**143,594**
Liabilities other than provisions		**181,941**	**162,823**
Equity and liabilities		**129,329**	**162,822**

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Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	209	44,643	(44,853)	(1)
Exchange rate adjustments	0	134	0	134
Dissolution of revaluations	0	(20,115)	20,115	0
Fair value adjustments of hedging instruments	0	0	(4,088)	(4,088)
Profit/loss for the year	0	(279)	(48,378)	(48,657)
Equity end of year	**209**	**24,383**	**(77,204)**	**(52,612)**

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	35,854	43,347
Pension costs	2,229	2,857
Other social security costs	619	811
Other staff costs	3,458	4,581
	42,160	**51,596**
Average number of employees	**95**	**117**

	Remunera-tion of manage-ment 2017 DKK'000	Remunera-tion of manage-ment 2016 DKK'000
Total amount for management categories	2,889	3,231
	2,889	**3,231**

Special incentive programmes

As part of the change of ownership to the group, all outstanding warrants have been cancelled.

	2017 DKK'000	2016 DKK'000
2. Other financial income		
Financial income arising from group enterprises	0	76
Other interest income	207	146
	207	**222**

	2017 DKK'000	2016 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	88	132
Other interest expenses	2,770	3,059
Exchange rate adjustments	2,223	12,854
Other financial expenses	513	152
	5,594	**16,197**

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
4. Tax on profit/loss for the year		
Current tax	0	(3,420)
Adjustment concerning previous years	3,477	0
	3,477	**(3,420)**

	2017 DKK'000	2016 DKK'000
5. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	(279)	3,675
Retained earnings	(48,378)	(40,148)
	(48,657)	**(36,473)**

	Acquired rights DKK'000
6. Intangible assets	
Cost beginning of year	16,914
Transfers	33,665
Additions	454
Disposals	(10,745)
Cost end of year	**40,288**
Amortisation and impairment losses beginning of year	(13,660)
Transfers	(29,960)
Amortisation for the year	(3,333)
Reversal regarding disposals	10,745
Amortisation and impairment losses end of year	**(36,208)**
Carrying amount end of year	**4,080**

Notes to parent financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
7. Property, plant and equipment			
Cost beginning of year	53,284	54,131	17,550
Transfers	0	(33,665)	0
Additions	0	457	184
Disposals	(2,129)	(1,511)	(948)
Cost end of year	**51,155**	**19,412**	**16,786**
Depreciation and impairment losses beginning of year	(23,685)	(44,620)	(16,395)
Transfers	0	29,960	0
Depreciation for the year	(2,428)	(2,956)	(477)
Reversal regarding disposals	0	1,511	948
Depreciation and impairment losses end of year	**(26,113)**	**(16,105)**	**(15,924)**
Carrying amount end of year	**25,042**	**3,307**	**862**

	Invest-ments in group enterprises DKK'000	Other receivables DKK'000
8. Fixed asset investments		
Cost beginning of year	889	1,896
Additions	0	1,127
Disposals	(598)	(215)
Cost end of year	**291**	**2,808**
Revaluations beginning of year	37,795	0
Exchange rate adjustments	(122)	0
Share of profit/loss for the year	(279)	0
Dividend	(5,883)	0
Reversal of revaluations	(7,128)	0
Revaluations end of year	**24,383**	**0**
Carrying amount end of year	**24,674**	**2,808**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

9. Prepayments

Prepayments consist of prepaid IT, insurance, marketing, rent cost, payables and clothes samples.

	Number	Par value DKK'000	Nominal value DKK'000
10. Contributed capital			
Class A shares	200	1	200
Class B shares	9	1	9
	209		**209**

	Due within 12 months 2017 DKK'000	Due within 12 months 2016 DKK'000	Due after more than 12 months 2017 DKK'000	Outstanding after 5 years DKK'000
11. Liabilities other than provisions				
Mortgage debt	1,754	1,709	17,451	10,405
Trade payables	0	0	7,831	0
	1,754	**1,709**	**25,282**	**10,405**

12. Financial instruments

The Company hedges expected risks relating to sales and purchase of goods through forward contracts in USD. The Company's forward contracts had a negative marked value of mDKK (1.7) included in the annual accounts (2016; positive value of mDKK 2.7). The Company has entered into interest swap in respect of mortgage debt. The Company's interest swap has a negative market value of mDKK (0.8) included in the annual accounts (2016; mDKK 1.2).

	2017 DKK'000	2016 DKK'000
13. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**15,760**	**19,200**

14. Contingent assets

The Company has an unrecognized deferred tax asset of mDKK 39 as per 31 December 2017.

	2017 DKK'000	2016 DKK'000
15. Contingent liabilities		
Recourse and non-recourse guarantee commitments	648	648
Contingent liabilities in total	**648**	**648**

Notes to parent financial statements

Until 30 April 2018 the company is part of joint taxation scheme with NNCG Holding ApS as Administration Company, and therefore obligated on joint and several liability terms with other jointly taxation companies for payments of company tax as well as tax for interests, royalties and dividend.

16. Related parties with controlling interest
The following parties control Noa Noa ApS

Name	Registered office	Basis of influence
NNCG Holding ApS	Krogenbergvej 15, 3490 Kvistgård	Ultimate owner
NN AX 1 ApS	Krogenbergvej 15, 3490 Kvistgård	Parent
NN AX 2 ApS	Krogenbergvej 15, 3490 Kvistgård	Parent

17. Transactions with related parties
All transactions with related parties during the year have been made on market terms.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the

Accounting policies

basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful

Accounting policies

life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 15 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25-40 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Accounting policies

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 15 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for

Accounting policies

prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale,

Accounting policies

etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.