

# DK Company Cph A/S

Kanonbådsvej 10, 1437 København K

CVR no 14 81 53 76

## Annual Report

2022

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 11 May 2023.

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Chairman of the Meeting

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## COMPANY INFORMATION

<b>Company</b>	DK Company Cph A/S Kanonbådsvej 10 DK-1437 København K  Telephone: 70 30 28 28  CVR no: 14 81 53 76 Founded: 19. November 1990 Registered office: City of Copenhagen Financial year: 1 January – 31 December
<b>Board of Directors</b>	Jens Poulsen, Chairman Søren Bak Lauritsen Jens Obel Jørgensen Marianne Tochtermann
<b>Executive Board</b>	Jens Obel Jørgensen
<b>Subsidiaries</b>	DK Company Belgium NV, Belgium DK Company Finland OY, Finland DK Company Norge AS, Norway DK Company Sweden AB, Sweden DKC Germany GmbH, Germany DK Company B. V., The Netherlands TOG Clothing (UK) Ltd., UK
<b>Audit</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1, DK-8000 Aarhus
<b>Bankers</b>	Jyske Bank A/S Vestergade 8-16 DK-8600 Silkeborg  Midt Factoring A/S Nygade 111 DK-7430 Ikast

## FINANCIAL HIGHLIGHTS

Amounts in DKK '000	2022	2021	2020	2019*	2018*
<b>Income Statement</b>					
Revenue	817,314	651,525	549,649	395,262	348,888
Profit/loss before financial income and expenses	166,494	133,089	71,736	27,480	-11,015
Financial income and expenses, net amounts	17,995	7,743	19,660	6,604	10,750
Profit/loss for the year	148,290	112,740	68,090	28,551	2,161
<b>Balance Sheet</b>					
Non-current assets	76,627	85,684	83,427	65,787	107,067
Current assets	474,335	337,485	241,199	194,388	125,768
Total assets	550,963	423,169	324,626	260,175	232,836
Equity	274,450	206,034	152,996	48,204	21,302
Non-current liabilities	0	3	6,769	17	86
Current liabilities	276,513	192,915	192,915	211,954	211,447
Investments in property, plant and equipment	1,414	2,290	2,290	4,489	3,072
<b>Employees</b>					
Average number of employees	119	112	115	147	141
<b>Financial Ratios</b>					
Solvency ratio	49.8%	48.7%	47.1%	18.5%	9.1%
Return on equity	61.7%	62.8%	67.7%	82.2%	9.7%

\* The Companies DK Company Cph A/S and Saint Tropez af 1993 A/S (CVR no 10 17 47 75) have merged effective from 1 January 2021. As a consequence the financial highlights for 2020 have been changed accordingly. The Financial highlights for 2019 and 2018 have not been changed.

The financial highlights have been calculated in accordance with the recommendations issued by the Danish Society of Financial Analysts. The financial ratios stated in the selected financial highlights have been calculated as follows:

$$\text{Solvency ratio (\%)} = \frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

$$\text{Return on equity (\%)} = \frac{\text{Profit/Loss after tax} \times 100}{\text{Average equity}}$$

## MANAGEMENT'S STATEMENT

The Executive Board and the Board of Directors have today considered and adopted the Annual Report of DK Company Cph A/S for the financial year 1 January - 31 December 2022.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company operations for the financial year 1 January - 31 December 2022.

Moreover, in our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 11 May 2023

### Executive Board

Jens Obel Jørgensen

### Board of Directors

Jens Poulsen  
*Chairman*

Søren Bak Lauritsen

Jens Obel Jørgensen

Marianne Tochtermann

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of DK Company Cph A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DK Company Cph A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### 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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 Management's Review.

### 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 Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, 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 exists. 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 financial statements.

## INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the 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 Company'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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Aarhus, 11 May 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR no 33 77 12 31

Jens Weiersøe Jakobsen  
State Authorised Public Accountant  
mne30152

Christine Tveteraas  
State Authorised Public Accountant  
mne34341

## MANAGEMENT'S REVIEW

### Main activity

The Company's activity consists in the purchase and sale of goods for resale in the textile industry.

### Development in activities and financial position

Revenue for the year amounts to DKK 817.3 million (DKK 651.5 million). Profit for the year totals 148.3 million (DKK 112.7 million), and the balance sheet of the Company shows equity of DKK 274.5 million (DKK 206.0 million).

Profit for the year is considered satisfactory and exceed the expected for the year.

### Special risks

In Management's opinion, the Company is not affected by any special risks apart from those generally existing in the line of business.

### Research and development activities

The Company's collections are developed continuously throughout the year. In addition thereto, the Company has no actual research and development activities.

### Outlook

Profit forecasts for 2023 are subject to great uncertainty due to inflation within Europa. The Company expects a profit for the financial year 2023 in line with 2022.

### Subsequent events

No events have occurred after the balance sheet date which materially affect the assessment of the Annual Report.

### Environmental aspects

According to section 99(1) of the Danish Financial Statements Act, no separate statutory report has been made on the Company's impact on the external environment and measures to prevent, reduce or remedy any damage to the environment for DK Company Cph A/S, covering the reporting period 1 January to 31 December 2022, as this information is provided for the Group as a whole in the Responsibility Report for 2022. The information is provided under CSR on the Group's website:

[www.dkcompany.com](http://www.dkcompany.com) - <http://www.dkcompany.com/index.php?id=1452>.

### Corporate social responsibility

According to section 99a of the Danish Financial Statements Act, no separate statutory report has been made on corporate social responsibility for DK Company Cph A/S, covering the reporting period 1 January to 31 December 2022, as such information is provided for the Group as a whole in the Responsibility Report for 2022. The information is provided under CSR on the Group's website:

[www.dkcompany.com](http://www.dkcompany.com) - <http://www.dkcompany.com/index.php?id=1452>.



## MANAGEMENT'S REVIEW

### Targets and policies on the under-represented gender

According to the Danish Financial Statements Act section 99b the entity must report on targets and policies related to the under-represented gender.

The fashion industry, which traditionally employs many women, is challenged by a limited proportion of women in senior management. The proportion of women in managements positions in DK Company Cph A/S is representative in terms of gender; however, this is not the case on the Executive Board and the Board of Directors.

### Diversity in management and board

	2021		2022	
	Women	Men	Women	Men
Board of Directors	0%	100%	25%	75%
Executive Board	0%	100%	0%	100%
Managers	20%	80%	20%	80%
Distribution	87%	13%	84%	16%

The Board of Directors has a policy on equal gender representation of managers, with a representation of both genders of at least 40%. By 2022, the number of female leaders were still 20% and we consider the difference in relation to our target of 40% to be acceptable.

We continue to work for gender balance and are very aware of any circumstances we can improve to achieve our goal.

By 2022, the number of equal gender representation on the Board of Directors has not been achieved. In March 2023 the shareholders elected Marianne Tochtermann as member of the Board of Directors. The overall target for minimum 20% equal gender representation on the Board of Directors before 2027 has been reached in 2023.

### Data ethics

According to section 99d of the Danish Financial Statements Act, no separate policy has been made for DK Company Cph A/S as such information is provided for the Group as a whole. The information is provided under CSR on the Group's website: [www.dkcompany.com](http://www.dkcompany.com) - <http://www.dkcompany.com/index.php?id=2302>.

## ACCOUNTING POLICIES

The 2022 Annual Report of DK Company Cph A/S has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (large enterprises). The accounting policies remain unchanged compared to last year.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The Company is included in the Consolidated Financial Statements of DK Company A/S, available on the Group's website: [www.dkcompany.com](http://www.dkcompany.com) under About us / Financial Information. ([DK Company Financial Information](#))

### Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. Moreover, all expenses incurred are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described below for each item.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the accumulated amortisation of any difference between cost and the nominal amount. Capital losses and gains are thus allocated over the terms of the asset or liability.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Financial Statements which concern affairs and conditions existing at the balance sheet date.

The annual report is presented in Danish kroner (DKK), which is also the functional currency of the Company. All other currencies are regarded as foreign currencies.

### Translation policies

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in the income statement. If foreign exchange positions are considered hedges of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items denominated in foreign currency which have not been settled at the balance sheet date are translated at the closing rate. Any differences between the exchange rates at the balance sheet date and the rates at the dates when the receivables or the payables arose or at which they were recognised in the latest financial statements are recognised in the income statement.

Intangible assets and property, plant and equipment purchased in foreign currencies are translated at the exchange rates at the dates of transaction.

## ACCOUNTING POLICIES

If the foreign group enterprises meet the criteria for legal entities, the income statements are converted at an average exchange rate for the month, and the balance sheet items are translated at the exchange rates on the balance sheet date. Currency translation differences arising on the translation of the opening equity of foreign group enterprises at the exchange rates on the balance sheet date and on the translation of income statements from average exchange rates to the exchange rates on the balance sheet date are recognised directly in equity.

### INCOME STATEMENT

#### Revenue

The Company has decided to apply IFRS 15 as interpretation for the recognition of revenue.

The Company's revenue stems from the sale of goods for resale in the textile industry. Revenue is recognised when control of the individually identifiable performance obligation set out in the sales agreement passes to the customer, which according to the terms of sale occurs at the time of delivery.

The Company's sales agreements are divided into individually identifiable performance obligations, which are recognised and measured separately at fair value. Although sales agreements for the sale of goods for resale often set out multiple performance obligations, such obligations are treated as a single performance obligation owing to their concurrent delivery. If a sales agreement contains multiple performance obligations, the total sales value of the sales agreement is allocated proportionally to its individual performance obligations.

Recognised revenue is measured at the fair value of the consideration agreed, exclusive of VAT, charges, etc. collected on behalf of third parties. All types of discounts granted are recognised in revenue. Exchange differences in receivables from the sale of goods and services in foreign currencies are recognised in revenue. Fair value corresponds to the price agreed discounted to net present value, where the terms of payment exceed 12 months.

The part of total consideration that is variable, for example in the form of discounts, bonus payments, etc., is only recognised in revenue when it is reasonably certain that there will be no reversal thereof in subsequent periods. This also applies to the goods that are expected to be returned by fulfilling the Company's return obligations based on historical experience on actual return percentages and product mix. Customers are typically entitled to return online purchases within two weeks, but when returning Christmas presents purchased between 1 November and 23 December, they have 14-90 days.

#### Cost of goods for resale

Cost of goods for resale include expenses incurred to generate revenue for the year. Cost of goods for resale are recognised in line with revenue. This year's change in inventories is included in the cost of goods for resale. Exchange differences relating to suppliers of goods and services in foreign currencies are recognised in cost of goods for resale.

#### Other external expenses

Other external expenses include expenses for distribution and advertising, sale, administration, premises, losses on trade receivables and rental expenses under operating leases.

#### Staff costs

Staff costs include salaries, considerations, pensions and other staff costs related to the Company's employees.

#### Depreciation, amortisation and impairment losses on intangible assets as well as property, plant and equipment

Depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets include depreciation of property, plant and equipment and amortisation of intangible assets, as well as impairment losses for the year as a result of impairment.

## ACCOUNTING POLICIES

### **Other operating income and operating expenses**

Other operating income and expenses comprise income and expenses of a secondary nature to the activities of the Company, including gains or losses from current sale and replacement of intangible assets and property, plant and equipment. Gains or losses from the disposal of intangible assets and property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the time of disposal.

### **Income in the form of compensation received from public authorities**

Compensation received from public authorities is recognised in other operating income in line with the costs associated with the compensation, once the Company has obtained final commitment from the compensation provider, it is likely that the Company will meet the conditions attached to the compensation and it is highly likely that the compensation will not have to be repaid.

### **Share of profit/loss after tax in group enterprises**

According to the equity method, a proportion of profit or loss after tax in the underlying enterprises is to be recognised in the income statement. Shares of profit or loss after tax in subsidiaries and group enterprises are presented in the income statement as separate line items. Full elimination of intra-group profit/loss is made for investments in subsidiaries. For investments in group enterprises, only a proportionate elimination of intra-group profit/loss is made.

### **Financial income and expenses**

Financial income and expenses comprise interest income and expenses, the interest element of finance lease payments, realised and unrealised capital gains and losses in respect of securities, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as interest charges and interest reimbursement under the on-account taxation scheme. Financial items are recognised at the amounts relating to the financial year.

### **Tax on profit/loss for the year**

The Company is jointly taxed with the Danish consolidated enterprises. The current Danish corporation tax is allocated to the jointly taxed companies in proportion to their taxable incomes. The jointly taxed Danish enterprises are included in the on-account taxation scheme.

Tax for the year consists of current tax for the year and any changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## **BALANCE SHEET**

### **Intangible assets**

#### **Goodwill**

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. The amortisation period is ten years. Management estimates a useful life of at least ten years for the Company's goodwill. Emphasis is placed on the Company's brands being well incorporated in the market and providing satisfactory earnings. Goodwill is written down to the lower of the recoverable amount or carrying amount. However, goodwill for agencies with a contractual term of 1-3 years is amortised over this period.

## ACCOUNTING POLICIES

### Property, plant and equipment

Leasehold improvements and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition as well as expenses directly related to the acquisition up until the time when the asset is ready for use.

Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which are:

Leasehold improvements	3 - 5 year
Other fixtures and fittings, tools and equipment	3 - 5 year

The basis of depreciation is cost less estimated residual value at the end of the useful life and reduced by any impairment loss. The depreciation period and the residual value are determined at the date of acquisition and are reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

If the period of depreciation or the residual value changes, the effect on depreciation is recognised prospectively as a change in the accounting estimate.

Gains or losses from the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the time of disposal. Profit or losses are recognised in the income statement under other operating income and other operating expenses, respectively.

### Leases

The Company has chosen IAS 17 as interpretation for the classification and recognition of leases.

Leases in respect of assets in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are initially recognised in the balance sheet at the lower of the assets' fair value and the net present value of the future minimum lease payments. When computing the net present value, the interest rate implicit in the lease or the alternative borrowing rate is applied as the discount rate. After that, assets acquired under finance leases are treated in the same way as the other assets of the Company.

The capitalised lease obligation is recognised in the balance sheet under debt, and the interest element of the lease payment is charged over the lease term to the income statement under finance costs. After initial recognition, lease obligations are measured at amortised cost.

All other leases are considered operating leases. Payments made under operating leases and other rental agreements are recognised in the income statement over the lease term. The Company's total liability relating to operating leases and rental agreements is disclosed under contingent assets and liabilities, etc.

### Other non-current assets

#### Investments in group enterprises

Investments in group enterprises are measured according to the equity method. The Company has chosen the equity method as its measurement method.

This implies that investments are measured at cost on initial recognition. Cost is allocated according to the purchase method.

## ACCOUNTING POLICIES

Newly acquired or newly established enterprises are recognised in the financial statements from the date of acquisition or establishment. Enterprises sold or wound up are recognised until the date of disposal. Comparative figures are not restated for newly acquired, sold or wound-up enterprises.

The time of acquisition is the time when the Group obtains actual control of the entity acquired.

Acquisitions of new group enterprises are accounted for using the purchase method under which the identified assets and liabilities of the newly acquired enterprises acquired are measured at fair value at the time of acquisition. Identifiable intangible assets are recognised if they can be separated from or arise from a contractual right. Deferred tax is recognised on the revaluations.

Positive differences (goodwill) between the cost and fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised under investments in group enterprises. The difference is amortised systematically in the income statement over an individual estimation of the useful life determined on the basis of Management's experience with the individual business areas.

Negative differences (negative goodwill) are recognised in the income statement at the time of acquisition.

Costs incurred in connection with acquisitions (transaction costs) are recognised directly in the income statement under shares of profit or loss after tax of group enterprises in the year of incurrence. In contrast to the accounting policies applied in the Consolidated Financial Statements, where such costs are recognised directly in the income statement under special items, the parent discloses these special items only in a separate note to the income statement.

If, at the time of the acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the purchase consideration, initial recognition is made on the basis of provisionally determined values. If it subsequently turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was not correct on initial recognition, the statement is adjusted retrospectively. Goodwill and negative goodwill from acquired enterprises may be adjusted up to 12 months after acquisition.

Cost is adjusted for shares of profit or loss after tax deducting or adding unrealised intra-group profits and losses.

Dividends received are deducted from the carrying amount.

Investments in group enterprises that are measured at equity value are subject to impairment tests in case of indication of impairment.

On divestment of group enterprises in which control is no longer maintained, profits or losses are determined as the difference between the net selling price on the one hand and the proportion of the carrying amount of net assets on the other. Gains or losses are recognised in the income statement under financial income and expenses, net. If the enterprise continues to hold investments in the divested group enterprise, the remaining proportion of the carrying amount forms the basis for measurement of investments in group enterprises.

### **Other receivables**

Deposits are measured at amortised cost.

### **Impairment of non-current assets**

The carrying amounts of intangible assets and property, plant and equipment as well as investments in group enterprises are assessed annually to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

In the event of indications of impairment, an impairment test is carried out of each individual asset or group of assets. Write-down is made to the lower of the recoverable amount or carrying amount.

## ACCOUNTING POLICIES

The recoverable amount used is the higher of net selling price and value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or asset group and expected net cash flows on the disposal of the asset or asset group on expiry of the useful life.

Previously recognised impairment losses are reversed when the basis for the impairment loss no longer exists. An impairment loss in respect of goodwill is not reversed.

### **Inventories**

Inventories are measured at cost under the FIFO method. If the net realisable value of inventories is lower than cost, write-down is made to this lower value.

The cost of inventories equals landed cost.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to execute sales. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

### **Receivables**

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for the write-down of financial receivables.

Write-down to net realisable value is made for estimated bad debts. Assessment of write-downs for estimated bad debt is carried out at both individual and portfolio level using a provisions account.

### **Prepayments**

Prepayments that are recognised under assets include expenses related to subsequent reporting periods.

### **Equity – reserve for net revaluation under the equity method**

Reserve for net revaluation under the equity method includes net revaluation of investments in group enterprises relative to cost.

The reserve may be eliminated in case of loss, realisation of investments or changes in accounting estimates.

This reserve cannot be recognised at a negative amount.

### **Equity - dividend**

Dividend expected to be paid for the year is disclosed as a separate equity item. Proposed dividend is recognised as a liability when a resolution approving the dividend has been adopted by the general meeting (the time of declaration).

### **Corporation tax and deferred tax**

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

Deferred tax is measured under the balance sheet liability method on the basis of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, no deferred tax is recognised on temporary differences relating to goodwill not deductible for tax purposes, or other items where temporary differences – except in the case of business acquisitions – have arisen at the date of acquisition and affect neither the net profit for the year nor the taxable income. In cases where the computation of the tax base may be made according to different tax rules, deferred tax is measured on the basis of Management's intended use of the asset and settlement of the liability, respectively. Deferred tax assets as well as deferred tax liabilities are recognised.

## ACCOUNTING POLICIES

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is adjusted for eliminations of unrealised intra-group gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates of the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

### **Liabilities**

Financial liabilities are initially measured at fair value less any transaction costs. In subsequent periods, the liabilities are measured at amortised cost using "the effective interest method" so that the difference between the proceeds and the nominal value is recognised in the income statement as financial expenses over the loan term.

Other liabilities are measured at net realisable value.

### **OTHER DISCLOSURES**

#### **Cash flow statement**

According to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the Company as such statement is included in the cash flow statement for the Group as a whole in the Consolidated Financial Statements of DK Company A/S.

#### **Fee to auditors appointed at the Annual General Meeting**

According to section 96(3) of the Danish Financial Statements Act, the fee to the auditors appointed at the Annual General Meeting has not been disclosed as such information is disclosed for the Group as a whole in the Consolidated Financial Statements of DK Company A/S.



## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

Note	2022	2021
1 Revenue	817,314,489	651,525,493
Costs of goods for resale	-525,264,350	-404,447,323
Other external expenses	-53,679,902	-50,964,653
2 Other operating income	221,973	-22,823
<b>Gross profit</b>	<b>238,592,210</b>	<b>196,090,694</b>
3 Staff costs	-70,646,081	-61,345,872
Depreciation, amortisation and impairment losses on intangible assets as well as property, plant and equipment	-1,331,982	-1,625,402
4 Other operating expenses	-119,652	-30,262
<b>Profit/loss before financial income and expenses</b>	<b>166,494,495</b>	<b>133,089,158</b>
8 Share of profit/loss after tax in group enterprises	20,320,637	9,572,201
5 Financial income	1,034,108	2,903,512
5 Financial expenses	-3,360,239	-4,733,083
<b>Financial income and expenses, net amounts</b>	<b>17,994,506</b>	<b>7,742,630</b>
<b>Profit/loss before tax</b>	<b>184,489,001</b>	<b>140,831,788</b>
6 Tax on profit/loss for the year	-36,198,680	-28,091,776
<b>Profit/Loss for the year from continuing operations</b>	<b>148,290,321</b>	<b>112,740,012</b>

## BALANCE SHEET

Note	31/12 2022	31/12 2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Leasehold improvements	313,369	584,253
Other fixtures and fittings, tools and equipment	1,524,439	1,171,745
<b>7 Property, plant and equipment</b>	<b>1,837,808</b>	<b>1,755,998</b>
8 Investments in group enterprises	70,405,821	79,171,901
9 Other receivables	1,585,814	1,573,743
10 Deferred tax assets	2,798,000	3,182,000
<b>Other non-current assets</b>	<b>74,789,635</b>	<b>83,927,644</b>
<b>NON-CURRENT ASSETS</b>	<b>76,627,443</b>	<b>85,683,642</b>
<b>CURRENT ASSETS</b>		
Goods for resale	157,205,333	56,506,360
Goods in transit	89,326,207	72,526,220
<b>Inventories</b>	<b>246,531,540</b>	<b>129,032,580</b>
Trade receivables	7,984,388	10,603,537
Receivables from group enterprises	198,176,036	170,112,172
Corporation tax	0	8,990,494
Other receivables	20,933,443	17,266,654
Prepayments	710,089	1,424,269
<b>Receivables</b>	<b>227,803,956</b>	<b>208,397,126</b>
<b>Cash</b>	<b>0</b>	<b>55,166</b>
<b>CURRENT ASSETS</b>	<b>474,335,496</b>	<b>337,484,872</b>
<b>TOTAL ASSETS</b>	<b>550,962,939</b>	<b>423,168,514</b>

## BALANCE SHEET

Note	31/12 2022	31/12 2021
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
11 Share capital	18,000,000	18,000,000
Reserve for net revaluation under the equity method	-7,389,494	1,302,616
Retained earnings	173,839,702	111,731,747
Proposed dividend	90,000,000	75,000,000
<b>EQUITY</b>	<b>274,450,208</b>	<b>206,034,363</b>
<b>NON-CURRENT LIABILITIES</b>		
12 Credit institutions	0	2,503
<b>NON-CURRENT LIABILITIES</b>	<b>0</b>	<b>2,503</b>
<b>CURRENT LIABILITIES</b>		
12 Credit institutions	2,230	50,999
Prepayments received from customers	62,051	248,466
Trade payables	143,204,856	110,947,472
Payables to group enterprises	72,379,654	73,330,984
Corporation tax	29,877,680	0
Other payables	30,986,260	32,553,727
<b>CURRENT LIABILITIES</b>	<b>276,512,731</b>	<b>217,131,648</b>
<b>LIABILITIES</b>	<b>276,512,731</b>	<b>217,134,151</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>550,962,939</b>	<b>423,168,514</b>

13 Contingent assets and liabilities

14 Security

15 Related parties

16 Distribution of profit

17 Special items

## STATEMENT OF CHANGES IN EQUITY

	2022	2021
<b>Share capital</b>	<b>18,000,000</b>	<b>18,000,000</b>
Reserve for net revaluation under the equity method at 1 January	1,302,616	-7,868,080
Adjustment at the beginning of the year	0	3,500,000
Exchange adjustments from translation of foreign entities	-4,874,476	298,495
Transferred from distribution of net profit	-3,817,634	5,372,201
<b>Reserve for net revaluation under the equity method at 31 December</b>	<b>-7,389,494</b>	<b>1,302,616</b>
Retained earnings at 1 January	111,731,747	142,863,936
Reclassification related to merger	0	-3,500,000
Transferred from distribution of net profit	62,107,955	32,367,811
Extraordinary dividend	0	-60,000,000
<b>Retained earnings at 31 December</b>	<b>173,839,702</b>	<b>111,731,747</b>
Proposed dividend at 1 January	75,000,000	0
Dividend	-75,000,000	0
Transferred from distribution of net profit	90,000,000	75,000,000
<b>Proposed dividend at 31 December</b>	<b>90,000,000</b>	<b>75,000,000</b>
<b>Equity at 31 December</b>	<b>274,450,208</b>	<b>206,034,363</b>

## NOTES

Note	2022	2021
<b>1 REVENUE</b>		
<b>By geography</b>		
Denmark	197,893,100	166,394,016
Norway	106,746,458	74,199,688
Germany	57,201,426	85,868,366
Sweden	156,024,885	92,992,593
Benelux	71,018,208	59,828,909
Canada	41,478,985	24,222,314
Other markets in Europe	168,697,606	136,755,138
Other markets outside Europe	18,253,821	11,264,469
	<b>817,314,489</b>	<b>651,525,493</b>
<b>2 OTHER OPERATING INCOME</b>		
COVID-19 salary compensation	23,112	-293,216
Administration fee	198,861	270,393
	<b>221,973</b>	<b>-22,823</b>
<b>3 STAFF COSTS</b>		
Wages and salaries	64,346,766	55,882,791
Pensions	5,340,747	4,621,638
Other social security expenses	958,568	841,443
	<b>70,646,081</b>	<b>61,345,872</b>
In accordance with section 98b(3) of the Danish Financial Statements Act, no disclosure is made as to management remuneration as the information covers only one member.		
Average number of employees	119	112
<b>4 OTHER OPERATING EXPENSES</b>		
Cost related to sale of subsidiary	119,652	0
Loss on disposal of property, plant and equipment	0	30,262
	<b>119,652</b>	<b>30,262</b>
<b>5 FINANCIAL INCOME AND EXPENSES</b>		
Interest income from group enterprises constitutes DKK 0m of financial income compared to DKK 2.8m in 2021.		
Interest expenses from group enterprises constitutes DKK 3m of financial expenses compared to DKK 0.8m in 2021.		

## NOTES

Note	2022	2021
<b>6 TAX ON PROFIT/LOSS FOR THE YEAR</b>		
Current tax for the year	35,814,680	27,500,506
Change in deferred tax for the year	384,000	1,407,924
Adjustment of tax relating to previous years	0	-816,654
	<b>36,198,680</b>	<b>28,091,776</b>
	<b>Leasehold improvements</b>	<b>Other fixtures and fittings, tools and equipment</b>
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>		
Cost at 1 January 2022	2,194,354	4,770,871
Additions at cost	0	1,413,792
Disposals at cost	-156,596	-999,530
<b>Cost at 31 December 2022</b>	<b>2,037,758</b>	<b>5,185,133</b>
Depreciation and impairment losses at 1 January 2022	1,610,101	3,599,126
Depreciation for the year	270,884	1,061,098
Reversal of assets sold	-156,596	-999,530
<b>Depreciation and impairment losses at 31 December 2022</b>	<b>1,724,389</b>	<b>3,660,694</b>
<b>Carrying amount at 31 December 2022</b>	<b>313,369</b>	<b>1,524,439</b>
<b>Carrying amount of leased assets</b>		<b>2,153</b>

## NOTES

Note**8 INVESTMENTS IN GROUP ENTERPRISES**

Cost at 1 January 2022	77,869,285
Disposals at cost	-73,970
<b>Cost at 31 December 2022</b>	<b>77,795,315</b>
Value adjustments at 1 January 2022	1,302,616
Exchange adjustments from translation of foreign entities	-4,874,476
Share of profit/loss for the year	18,292,220
Adjustments to intercompany profits	2,028,417
Distribution from group enterprises	-23,541,480
Adjustments reversed on disposal	-596,791
<b>Value adjustments at 31 December 2022</b>	<b>-7,389,494</b>
<b>Carrying amount at 31 December 2022</b>	<b>70,405,821</b>

**Group enterprises are specified as follows:**

	<u>Profit or loss</u>	<u>Equity</u>
DK Company Belgium NV, Gent, Belgium, 100%	1,602,184	16,595,087
DK Company Finland OY, Helsinki, Finland, 100%	700,667	7,971,102
DK Company Norge AS, Oslo, Norway, 100%	5,805,322	5,837,335
DK Company Sweden AB, Västra, Sweden, 100%	6,082,161	21,744,600
TOG Clothing UK Ltd., Harrow, England, 100%	1,455,640	6,164,162
DKC Germany GmbH, Neuss, Germany, 100%	1,574,936	2,849,579
DK Company B.V., Amsterdam, Netherlands, 100%	1,200,014	5,743,956
ST Sweden AB, Helsingborg, Sweden, 100%	-725,494	0
	17,695,429	66,905,821
Adjustments to intercompany profits	2,028,417	0
Adjustments related tofor acquisitions in 2019	0	3,500,000
	<b>19,723,846</b>	<b>70,405,821</b>

All subsidiaries are regarded as separate entities.

**9 OTHER NON-CURRENT ASSETS****OTHER RECEIVABLES**

	<u>Deposits</u>
Cost at 1 January 2022	1,573,743
Additions at cost	12,071
Disposals at cost	0
<b>Cost at 31 December 2022</b>	<b>1,585,814</b>
<b>Carrying amount at 31 December 2022</b>	<b>1,585,814</b>

## NOTES

Note	2022	2021
<b>10 DEFERRED TAX</b>		
Deferred tax at 1 January	3,182,000	4,589,924
Correction at the beginning of the year	0	0
Deferred tax for the year recognised in profit/loss for the year	-384,000	-1,407,924
Deferred tax for the year recognised in equity	0	0
<b>Deferred tax at 31 December</b>	<b><u>2,798,000</u></b>	<b><u>3,182,000</u></b>
Deferred tax is recognised as follows in the balance sheet:		
Deferred tax assets	<u>2,798,000</u>	<u>3,182,000</u>
	<b><u>2,798,000</u></b>	<b><u>3,182,000</u></b>
Deferred tax relates to:		
Intangible assets	0	0
Property, plant and equipment	2,954,000	3,495,000
Other current assets	-156,000	-313,000
	<b><u>2,798,000</u></b>	<b><u>3,182,000</u></b>

The Company has prepared an impairment test of deferred tax assets which shows that the losses will with reasonable certainty/probability be realised in the foreseeable future (within five years), and thus the requirement of convincing evidence for the recognition of deferred tax assets is considered met.

Provision for deferred tax is made at the tax rate at which temporary differences are expected realised on the basis of the adopted corporation tax rate of 22%.

**11 SHARE CAPITAL**

The share capital consists of 18,000 shares of DKK 1,000 each or multiples thereof. The capital is not divided into classes.

The share capital has changed as follows:

Share capital at formation on 19 November 1990	300,000
Cash capital increase 19 December 1994	200,000
Cash capital increase 31 December 1994	9,500,000
Capital increase through merger on 19 February 2000	7,000,000
Capital increase through merger on 12 February 2002	<u>1,000,000</u>
	<b><u>18,000,000</u></b>



## NOTES

Note	2022	2021
<b>12 DEBT</b>		
Credit institutions	2,230	28,723
Other payables	0	24,779
	<b>2,230</b>	<b>53,502</b>
	<b>2,230</b>	<b>53,502</b>
The debt is expected to fall due for payment as follows:		
0-1 year	2,230	50,999
1-5 years	0	2,503
	<b>2,230</b>	<b>53,502</b>
	<b>2,230</b>	<b>53,502</b>

**13 CONTINGENT ASSETS AND LIABILITIES****Contingent liabilities**

The Company has entered into agreements (letters of credit) for the delivery of goods of DKK 12.6m compared to DKK 12.5m last year.

The Company has entered into operating leases; as a result, total lease liabilities constitute DKK 2.3m (DKK 1.8m)

The Company has entered into operational rental agreements; as a result, total rental obligations constitute DKK 2.9m (DKK 3m)

The Company is jointly taxed with its parent Jens Poulsen Holding ApS as an administration company and is jointly and severally liable with other jointly taxed companies for payment of corporation tax as from the accounting period of 2015, as well as for withholding tax on interest, royalties and dividends falling due on or after 1 July 2014.

Until its withdrawal on 29 June 2014, the Company was jointly taxed with IC Group A/S. Tax liabilities known prior to the withdrawal of this previous joint taxation scheme were settled before withdrawal.

**14 SECURITY**

The Company's shares in the amount of DKK 18,000k (DKK 18,000k) have been provided as security for the balances with banks of the Company, DK Company Vejle A/S, DK Company Retail A/S, DK Company Online A/S and the parent DK Company A/S.

The Company has provided surety as security for the balances with banks of DK Company Vejle A/S, DK Company Online A/S, DK Company Retail A/S and the parent DK Company A/S.

The Company's total warranty commitments amount to DKK 3.5m (DKK 3m).

## NOTES

Note

## 15 RELATED PARTIES

**Controlling interest**

DK Company A/S, La Cours Vej 6, 7430 Ikast (CVR-nr. 24 43 11 18) (Majority owner).

**Ultimate parent**

Jens Poulsen Holding ApS, Søbjergvej 56, 7430 Ikast, Denmark (CVR no. 20 67 66 71).

The ultimate parent is domiciled in the Municipality of Ikast-Brande.

**Related party transactions**

During the financial year, the Company's related party transactions were solely carried out on an arm's length basis.

The Company is included in the Consolidated Financial Statements of DK Company A/S, Ikast-Brande.

## 16 DISTRIBUTION OF NET PROFIT

**Proposal for distribution of net profit**

	<u>2022</u>	<u>2021</u>
Retained earnings	62,107,955	32,367,811
Reserve for net revaluation under the equity method	-3,817,634	5,372,201
Proposed dividend for the year	<u>90,000,000</u>	<u>75,000,000</u>
	<u><u>148,290,321</u></u>	<u><u>112,740,012</u></u>

## 17 SPECIAL ITEMS

Special items include material income and expenses of a special nature in relation to the parent's revenue-generating operating activities, including significant one-off amounts which, in Management's view, are not part of the parent's operating activities.

As stated in Management's Review, net profit/loss for the year is affected by a number of factors that deviate from what Management assesses as being part of the operating activities.

Special items for the year are specified below, including where these are recognised in the income statement.

**Income**

COVID-19 salary compensation	<u>23,112</u>	<u>-293,216</u>
	<u><u>23,112</u></u>	<u><u>-293,216</u></u>

**Special items are included in the following line items of the financial statements**

Other operating income	23,112	-293,216
Other operating cost	<u>0</u>	<u>0</u>
<b>Profit or loss on special items, net</b>	<u><u>23,112</u></u>	<u><u>-293,216</u></u>

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er blevet underskrevet ved hjælp af IntraNote Signing.  
Underskrivernes identitet er blevet registreret, og underskriverne står opført nedenfor.

Med min underskrift bekræfter jeg indhold og datoer i dette dokument

## Jens Obel Jørgensen

(CPR validated)

*På vegne af: Executive Board, DK Company Cph A/S*

*PID: 9208-2002-2-742931579060*

*Dato: 2023-05-12 11:06 (UTC)*



## Jens Poulsen

(CPR validated)

*På vegne af: Chairman, DK Company Cph A/S*

*PID: 9208-2002-2-035027453774*

*Dato: 2023-05-12 11:24 (UTC)*



## Søren Bak Lauritsen

(CPR validated)

*På vegne af: Board Member, DK Company Cph A/S*

*PID: 9208-2002-2-752602538924*

*Dato: 2023-05-12 11:35 (UTC)*



## Jens Obel Jørgensen

(CPR validated)

*På vegne af: Board Member, DK Company Cph A/S*

*PID: 9208-2002-2-742931579060*

*Dato: 2023-05-15 08:06 (UTC)*



## Marianne Tochtermann

(CPR validated)

*På vegne af: Board Member, DK Company Cph A/S*

*PID: 9208-2002-2-259517392330*

*Dato: 2023-05-15 20:59 (UTC)*



## Jens Weiersøe Jakobsen

(CPR validated)

*På vegne af: State Authorised Public Accountant, PWC*

*PID: 9208-2002-2-589633187442*

*Dato: 2023-05-16 06:43 (UTC)*



## Christine Tveteraas

(CPR validated)

*På vegne af: State Authorised Public Accountant, PWC*

*PID: 9208-2002-2-305979967644*

*Dato: 2023-05-16 12:25 (UTC)*



## Søren Bak Lauritsen

(CPR validated)

*På vegne af: Chairman of the Meeting, DK Company Cph A/S*

*PID: 9208-2002-2-752602538924*

*Dato: 2023-05-16 12:29 (UTC)*

