

# **&Tradition A/S**

Kronprinsessegade 4  
1306 København K

## **Annual Report 2022/23**

CVR no. 18169304

The annual report was submitted and approved by the general meeting on  
the 22 November 2023



Mogens Madsen  
Chairman



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## **Management's Statement**

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Today, the Board of directors and the Executive Board have considered and adopted the Annual Report of &Tradition A/S for the financial year 1 August 2022 - 31 July 2023.

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 assets, liabilities and financial position of the Company at 31 July 2023 and of the results of the Company's operations and cash flow for the financial year 1 August 2022 - 31 July 2023.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

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

København, 22 November 2023

### **Executive Board**



Marie Eiko Honda Dempster

### **Supervisory Board**



Troels Holch Povlsen  
Chairman



Martin Kornbek Hansen

Lise Kaae

**Independent Auditors' Report**

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To the shareholders of &Tradition A/S

**Opinion**

We have audited the financial statements of &Tradition A/S for the financial year 1 August 2022 - 31 July 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, for the company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 July 2023 and of the results of the Company's operations and cash flows for the financial year 1 August 2022 - 31 July 2023 in accordance with the Danish Financial Statements Act.

**Basis of 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.

**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 the 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.

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 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 the 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.



## Independent Auditors' Report

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- \* 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 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 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.

### Statement on management's review

Management is responsible for Management's review.

Our opinion on the financial statements does not cover the 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, we conclude that Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's review.

Brande, 22 November 2023

### Partner Revision

**Statsautoriseret revisionsaktieselskab**

CVR-no. 15807776



Henning Jager Neldeberg  
State Authorised Public Accountant  
mne32205

**Company details**

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<b>Company</b>	&Tradition A/S Kronprinsessegade 4 1306 København K
CVR No.	18169304
Date of formation	21 September 1994
Registered office	København
Financial year	1 August 2022 - 31 July 2023
<b>Supervisory Board</b>	Troels Holch Povlsen Martin Kornbek Hansen Lise Kaae
<b>Executive Board</b>	Marie Eiko Honda Dempster
<b>Auditors</b>	Partner Revision Statsautoriseret revisionsaktieselskab Torvegade 22 7330 Brande CVR-no.: 15807776
<b>Group companies</b>	&Tradition Norway AS, Norway

## **Management's Review**

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### **The company's principal activities**

The principal activities of &Tradition A/S are design and sale of furniture, lighting and interior products. &Tradition A/S strive for timeless designs born out of tradition and revolution, honor old masters, who were avantgarde in their time and welcome new designers creating icons of tomorrow. Our designs include classic designs by Verner Panton, Viggo Boesen, Arne Jacobsen and others. The principal activities have not changed from last year.

### **Market overview**

&Tradition A/S sells design furniture, lighting and home accessories primarily to the European market. The largest markets are the Nordics, Benelux and Germany.

The company's strategy is to grow organically by continuing to market design classics as well as new designs.

The market has been under pressure by increasing inflation, rising energy prices and consequently a decline in real wage levels in most of the markets.

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

The company's income statement for the financial year 1 August 2022 to 31 July 2023 shows a turnover of t.DKK 755.414 compared to last year of t.DKK 725.048, and a result after tax of t.DKK 110.091 compared to last year of t.DKK 136.677. The balance sheet as at 31 July 2023 shows total assets of t.DKK 385.462 and an equity of t.DKK 314.312.

### **The previous year and follow up on last years expected developments**

This year the turnover has been under pressure on several markets, among others due to a general slowdown in the interior design market. Thus, a somewhat smaller increase in revenue has been realized than expected. Based on this, the year's profit at DKK 141 million before tax is considered to be satisfactory, as the expected result was between DKK 140 and 160 million.

### **Special risks - operational risks and financial risks**

#### *Operation*

The company has entered into the necessary agreements regarding delivery of products to ensure the ability to supply. The operational risks are therefore unchanged.

#### *Currency risks*

The activities abroad have an effect on the result, the cash flows and the equity due to the development in the exchange rate and the interest rate for a number of currencies. It is the company's policy to partially hedge commercial currency risks. The hedging is primarily done by forward exchange contracts to partially hedge expected revenue and purchases within the next 12 months. The company does not enter into speculative currency positions.

Currency adjustment on investments in subsidiaries that are independent entities, is recognized directly in the equity. Currency risks related to this matter is not covered by hedging, as it is the company's view that hedging of long-term investments in subsidiaries is not an optimal solution, when looking at it from an overall risk and cost perspective.

#### *Interest rate risks*

As the interest-bearing net debt does not represent a significant amount, moderate changes in the interest rate level will not have any significant direct effect on the result. Therefore no interest rate positions are entered into, to hedge interest rate risks.

#### *Liquidity risks*

It is the company's policy to be self-financing, and thus be independent from credits. This is also expected to be the case for the financial year 2023/24.



## **Management's Review**

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### **Particular risks**

Beyond ordinary occurring risks, no particular risks are considered to affect the company except ordinary occurring risks.

### **Strategy and objectives**

The rising inflation following by a lower consumer confidence has caused a decreasing rate of growth, which along with the rising sourcing prices of the company's products means that a further decrease in profit ratio is expected in 2023/24.

Management expects a growth in turnover between 5% and 20% and a result before tax in the range of 120-140 mill. DKK, and a positive cashflow in the same range.

### **Research and development activities**

Besides the ordinary development of furniture and accessories and development of the company's IT-platform, there are no research and development activities in the company.

### **Branches abroad**

All the company's activities abroad operate as independent legal entities, which is why there are none branches abroad.

### **Statement on Corporate Social Responsibility**

#### *Business model and strategy*

The company's activities consist primarily of the design and sale of furniture, lighting and interiors, including the sale of classic designs by Verner Panton, Viggo Boesen, Arne Jacobsen and others. The company employs approx. 105 people who are primarily administrative staff.

The company wants to develop its core business and meet its strategic challenges in an economically and socially sound manner. This means that the company complies with the laws of the countries and communities where the company conducts business and the company will carry out activities and efforts of a societal nature in order to achieve its strategic goals.

The company's ethical rules are integrated into the company's activities and include:

- \* To respect and support internationally recognized human rights
- \* To support the abolition of child labor
- \* To support the abolition of discrimination in relation to working and employment conditions
- \* To ensure a good working environment
- \* To ensure environmental friendliness and take the initiative to promote environmental responsibility
- \* To act in accordance with applicable competition law, including neither offering nor receiving any kind of bribe
- \* To influence our partners to also comply with the above requirements

To ensure that many of our initiatives are rooted in the company and to ensure an overall vision, &Tradition A/S, together with the parent company Nine United, has developed and implemented a sustainability strategy. Based on this initiative, a large number of initiatives have been defined that &Tradition and Nine United want to implement. This will ensure that responsibility and sustainability become part of the company's core business and thus play a role in all matters. This strategy also comes with a number of indicators that we want to report on in the future.

#### *- Risk and opportunities*

&Tradition A/S is committed to taking responsibility for the entire supply chain impact, environmentally and socially, which requires close cooperation with suppliers. Through the Supplier Code of Conduct, implemented across Nine United A/S including &Tradition A/S, describes the ethics and behavior that Nine United A/S wish to live up to, and to promote throughout the supply chain. The Code of Conduct is directed at suppliers and their subcontractors who manufacture products and provide services. Beyond social and environmental considerations, the Supplier Code of Conduct addresses integrity and anti-corruption, protection of whistleblowers, animal welfare, and other aspects of good governance and transparency.

**Management's Review**

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*Environmental risks and opportunities*

The furniture industry is under pressure for their large environmental impact, leading to demands for transparency by customers, regulators, and industry alliances, and an increasing need to document efforts around product quality and safety, including material choice and product environmental impact. &Tradition A/S is familiar with this risk and finds it important to contribute by working actively with the environmental impact. &Tradition A/S strives to reduce impact by strengthening our expertise within material choices, waste reduction, reduced use of volatile organic compounds, increased transparency and traceability which may help limit overproduction, and by developing durable and long-lasting products of a high quality.

KPIs related to Environmental topics

Amount of renewable electricity purchased in the buildings we operate	100 %
Amount of purchased goods produced with renewable energy	40 %
Amount of products, that includes wood and paper that are FSC/PEFC certified	92 %
Amount of packaging used that are FSC/PEFC certified	81 %
Amount of products, that uses recycled plastic components (over 100g)	95 %
Amount of recycled plastic used, that are third party certified (GRS or similar)	90 %

*Social- and employee conditions*

&Tradition A/S support and respect human rights. It is the policy to ensure that human rights always are respected in relation to both employees and business associates.

Part of this effort is to ensure a safe and secure working environment for all employees in all countries where the Group is represented. This applies to both the physical and mental work environment. This is demonstrated not only by the natural compliance to legislation on the area but is also reflected in the Group's handbook for employees.

&Tradition A/S continuously govern employees well-being through workplace assessments, and aims to continue this work in 2023/24.

**Statutory report on climate**

As mentioned previously &Tradition A/S aims continuously for contributing towards a greener future environment.

- \* Nine United A/S including &Tradition A/S is trying to minimize the impact on the World's climate on several levels. Both by increasing the use of materials coming from sustainable sources, by working with suppliers that live up to the Code of Conduct and by developing durable and long-lasting products of a high quality.

**Statement on data ethics**

The company has no policy on data ethics, as the company does not process data or use algorithms for data analysis.

**Statutory report on human rights**

In relation to suppliers and business partners Nine United A/S including &Tradition A/S expects that they all consider human rights to be important and do business with a general high moral standard. A natural consequence of this policy is to stop all collaboration with entities about which the Group has become aware, that human rights are not being treated respectfully. Through the Supplier Code of Conduct, &Tradition A/S also governs its value chain according to the companies own standards, The Universal Declaration of Human Rights, key UN conventions, ILO conventions and recommendations, as well as the UN Global Compact's ten principles of responsible business.

In 2023/24 &Tradition A/S will continue to focus on protection against violations of human rights through signing, auditing and govern suppliers globally according to the Group Supplier Code of Conduct.

KPIs related to Social topics

Amount of suppliers, with yearly purchases of at least 10k USD, that have signed our Code of Conduct	91 %
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## Management's Review

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### Statutory report on the underrepresented gender

&Tradition A/S is governed by the rules on targets and policies for the gender composition of management. &Tradition A/S aims to be a tolerant workplace without discrimination of any kind. Employees are hired based only on their skills and experience. Gender, religious belief, age, nationality or other such factors are not considered to be relevant for recruitment.

In order to comply with the legislation, despite the above, the target has been formulated with a gender mix of equal representation between women and men in the board of directors of &Tradition A/S. Today &Tradition A/S has an equal gender distribution on the management level. The target for the underrepresented gender in the board of directors is to maintain 33,3%.

### Anti-corruption and bribery

The company distances itself from all forms of corruption and bribery. It is a fundamental part of the value set in the company that the company's employees are instructed not to receive or offer valuables or the like with the aim of obtaining unfair advantages.

The company has an open-door policy, and the individual employee always has the option of going to HR or immediate manager if there is doubt about a breach of the company's anti-corruption policy.

No breach of the rules has been detected either during the financial year or after the end of the financial year.

### KPIs related to Governance

Restricted Substance List implemented in Product requirements	Yes
Packaging guidelines implemented	Yes

## Key Figures and Financial Ratios

	<b>2022/23</b>	<b>2021/22</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	(12 month)	(12 month)	(7 month)	(12 month)	(12 month)
Income statement:					
Turnover	755,414	725,048	307,880	345,807	280,161
Gross profit	203,323	222,965	90,799	95,503	63,212
Operating profit/loss	144,098	172,980	66,185	58,492	33,856
Net financial income and expenses	3,057	1,900	1,518	-619	-609
Net result for the year	110,091	136,677	52,861	45,234	25,811
Balance sheet:					
Total assets	385,462	331,547	215,169	163,627	97,106
Investment in non-current assets	2,275	2,291	1,297	-2,069	-3,465
Total equity	314,312	256,501	144,527	105,509	67,399
Cash flow:					
Operating activities	85,534	42,800	7,900	60,241	16,982
Investing activities	-2,171	-2,071	-1,297	-3,546	-3,797
Financing activities	-50,000	-26,000	-13,500	-7,500	-5,000
Total cash flow	33,362	14,729	-6,897	49,195	8,185
Employees:					
Average number of employees	105	86	72	62	51
Financial ratio in %: *)					
Solvency ratio (%)	81.54	77.36	67.17	64.50	69.40
Return on equity (ROE) (%)	38.57	68.16	42.28	52.30	45.30

\*) The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2015". Negative value ratios are not indicated. The definitions of the financial ratios is shown in the section of accounting policies

## **Accounting Policies**

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### **Reporting Class**

The annual report of &Tradition A/S for 2022/23 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

### **Consolidated Financial Statements**

With reference to § 112 of the Danish Financial Statements Act, no Consolidated Financial Statement have been prepared because the Group enterprises are subsidiaries of a higher-ranking group.

### **Reporting currency**

The annual report is presented in Danish kroner.

### **Translation policies**

On initial recognition, transactions in foreign currencies are translated at the exchange rates prevailing at the date of transaction. Gains and losses occurring due to differences between the transaction date rates and the rates at the date of payment are recognised as an item under Financial Income and Expenses in the Income Statement.

Receivables, debt and other monetary items denominated in a foreign currency are translated at the rate at the balance sheet date. The difference between the rate at the balance sheet date and the rate at the time when the receivable or payable occurred or was recognised in the latest Financial Statements is recognised in the Income Statement under Financial Income and Expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated based on an average rate of exchange and the balance sheet items are translated based on the rates of exchange at the balance sheet date. Currency translation differences that occur when translating foreign subsidiaries' equity at the beginning of the year at the rates of exchange at the balance sheet date and when translating Income Statements from average rates at the rates of exchange at the balance sheet date are recognised directly in equity.

### **Derivative financial instruments**

Derivative financial instruments are measured at cost and subsequently at fair value at initial recognition in the balance sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging the fair value of a recognised asset or liability are recognised in the income statement together with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as and fulfilling the conditions for hedging future assets and liabilities are recognised in other receivables or other payables and in equity. In the event that the future transaction results in the recognition of assets or liabilities, any amounts previously recognised in equity will be transferred to the cost of the asset or the liability, respectively. In the event that the future transaction results in income or expenses, any amounts previously recognised in equity will be transferred to the Income Statement in the period in which the hedged item affects the Income Statement.

For derivative financial instruments that do not fulfill the conditions for treatment as hedging instruments, changes in the fair value will continuously be recognised in the income statement.

## **General information**

### **Basis of recognition and measurement**

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.



**Accounting Policies**

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

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

**Income statement****Turnover**

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

**Other operating income**

Other operating income comprises items of a secondary nature to the activities of the enterprises, including compensation of salary expenses and profits on sale of intangible and tangible assets.

**Cost of goods sold**

Costs of goods sold comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

**Other external expenses**

Other external expenses include expenses for distribution, sales, advertising, administration, premises, bad debts, operating leasing expenses etc.

**Staff expenses**

Staff expenses comprise wages, salaries, pensions and social security costs.

**Depreciation of intangible assets and property, plant and equipment**

Depreciation of intangible assets and property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Completed development projects	5 years	0%
Goodwill	5 years	0%
Other fixtures and fittings, tools and equipment	3-10 years	0%
Leasehold improvements	5 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

**Income from investments in group companies**

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the parent company's Income Statement after full elimination of intercompany profit/loss.

## **Accounting Policies**

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### **Financial income and expenses**

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

### **Income tax**

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

## **Balance sheet**

### **Intangible assets**

Goodwill is depreciated over the estimated economic life, which is determined on the basis of management's experience within the individual business areas. Goodwill is depreciated on a straight line basis over the depreciation period, which is between 5 and 7 years. The depreciation period is determined on the basis of the expected repayment period and is the longest for strategically acquired companies with a strong market position and long-term earnings profile.

Clearly defined and identifiable development projects where the technical rate of utilisation, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Amounts corresponding to what was capitalized during the year, a provision is made in the equity named "Reserve for development expenses".

Other development costs are recognised as costs in the Income Statement as they incur.

Development costs comprise costs, including wages, salaries and depreciation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalised development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortisation and the recoverable amount.

After completion of the development projects the capitalised development costs are depreciated over the estimated useful life of the product.

### **Tangible assets**

Fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated as the cost price less expected residual value after the end of the useful life.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

The cost price includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use.



## **Accounting Policies**

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The cost price of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

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

The carrying amounts of tangible assets are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts.

### **Long-term investments in group companies**

Long-term Investments in group companies are measured using the equity method.

Investments in group companies are recognised in the balance sheet at the proportionate share of the equity value of the companies, calculated according to the parents accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the purchase method.

Subsidiaries having a negative equity value are recognised at DKK 0, and any amounts receivable from those companies are written down by the parents share of the negative equity value to the extent that the amounts are deemed to be uncollectible.

If the negative equity value exceeds receivables, the remaining amount is recognised as a provision to the extent that the parent has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

Net revaluation of long-term investments in group companies is classified under a separate reserve for net revaluation by the equity method in equity, in so far as the carrying amount exceeds the cost. Dividends from subsidiaries that are expected to be adopted before the annual report for &Tradition A/S is approved are not tied up in the revaluation reserve.

When acquiring companies, the acquisition method is used, cf. the description above regarding the valuation of goodwill.

### **Deposits**

Deposits are measured at cost.

### **Inventories**

Inventories are measured at cost on the basis of the FIFO principle. Where the net realizable value is lower than cost, the inventories are written down to this lower value.

The cost of goods for resale are measured at cost comprising purchase price plus delivery costs.

### **Receivables**

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### **Prepayments, assets**

Prepayments recognised in assets comprise prepaid costs regarding subsequent financial years.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand.

### **Equity**

Equity comprises share capital and a number of other equity items that may be statutory or stipulated in the articles of association.

#### *Reserve for net revaluation according to the equity method*

Net revaluation of long-term investments in group companies is classified under a separate reserve for net revaluation according to the equity method in equity, in so far as the carrying amount exceeds the cost.

## **Accounting Policies**

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Dividends from subsidiaries that are expected to be adopted before the annual report for &Tradition A/S is approved are not tied up in the revaluation reserve. The reserve is adjusted with other equity movements regarding long-term investments in group companies.

### *Reserve for development expenses*

Reserve for development expenses includes recognised development costs. The reserve is not available for the payment of dividends or losses. The reserve is deducted or dissolved by depreciation of the recognised costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

### *Reserve for hedging instruments*

Reserve for hedging instruments includes the accumulated net change after tax of the fair value of hedging transactions that meet the criteria for hedging future payment flows and where the hedged transaction has not yet been realized. The reserve is dissolved when the hedged transaction is realized, if the hedged cash flows are no longer expected to be realized or the hedging relationship is no longer effective.

## **Provisions**

### **Provision for deferred tax**

Provision for deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

### **Current tax liabilities**

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### **Other payables**

Other payables are measured at amortized cost, which usually corresponds to the nominal value.

### **Accruals and deferred income**

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

## **Cash flow statement**

The Cash Flow Statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

The cash flow from buying and selling companies is shown separately under cash flows from investment activity. Cash flows relating to acquired companies are recognized in the cash flow statement from the time of acquisition, and cash flows relating to sold companies are recognized up to the time of sale.

### **Cash flow from the operating activity**

Cash flow from the operating activity is determined as the profit/loss for the year adjusted for changes in working capital and non-cash income statement items such as amortisation and impairment losses and provisions as well as tax payment.

### **Cash flow from the investing activity**

Cash flow from the investing activity comprises cash flows from purchase and sale of intangible, tangible and investments.

## **Accounting Policies**

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### **Cash flow from the financing activity**

Cash flows from financing activities include changes in the size or composition of contributed capital and associated costs. In addition, the cash flows from the financing activity include raising and repaying long-term liabilities as well as payment of dividends to shareholders.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand.

### **Financial ratios**

Financial ratios are determined based on "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts.

The Financial ratios in the overview are calculated as follows:

Solvency ratio	=	$\frac{\text{Equity at the end of the year} \times 100}{\text{Total liabilities and equity}}$
Return on equity (%)	=	$\frac{\text{Net income for the year} \times 100}{\text{Average equity}}$

## Income Statement

	Note	2022/23 DKK	2021/22 DKK
Turnover	1	755,414,279	725,047,582
Other operating income	2	2,583,276	873,075
Cost of goods sold		-494,268,116	-452,397,984
Other external expenses		-60,406,129	-50,557,828
<b>Gross profit</b>		<b>203,323,310</b>	<b>222,964,845</b>
Staff expenses	3	-56,986,464	-47,159,976
Depreciation of intangible assets and property, plant and equipment		-2,239,058	-2,824,675
<b>Profit from ordinary operating activities</b>		<b>144,097,788</b>	<b>172,980,194</b>
Income from investments in group companies		768,117	1,022,171
Finance income	4	3,915,585	2,760,001
Finance expenses	5	-7,741,017	-1,882,339
<b>Income before tax</b>		<b>141,040,473</b>	<b>174,880,027</b>
Income tax	6	-30,949,774	-38,202,960
<b>Net income for the year</b>	7	<b>110,090,699</b>	<b>136,677,067</b>



**Balance Sheet as of 31 July**

	Note	2023 DKK	2022 DKK
<b>Assets</b>			
Completed development projects	8	0	8,031
Goodwill	9	0	0
<b>Intangible assets</b>		<b>0</b>	<b>8,031</b>
Fixtures, fittings, tools and equipment	10	3,547,337	3,594,186
<b>Property, plant and equipment</b>		<b>3,547,337</b>	<b>3,594,186</b>
Long-term investments in group enterprises	11, 12	4,200,805	3,906,533
Deposits, investments		20,000	20,000
<b>Investments</b>		<b>4,220,805</b>	<b>3,926,533</b>
<b>Fixed assets</b>		<b>7,768,142</b>	<b>7,528,750</b>
Manufactured goods and goods for resale		98,795,261	132,131,901
Prepayments for goods		175,122	3,656,134
<b>Inventories</b>		<b>98,970,383</b>	<b>135,788,035</b>
Trade receivables		45,205,640	43,401,127
Receivables from group enterprises		127,276,174	68,784,416
Current deferred tax	13	162,422	145,063
Other receivables		1,214,309	4,695,053
Prepayments	14	1,931,690	1,633,537
<b>Receivables</b>		<b>175,790,235</b>	<b>118,659,196</b>
<b>Cash and cash equivalents</b>		<b>102,933,628</b>	<b>69,571,169</b>
<b>Current assets</b>		<b>377,694,246</b>	<b>324,018,400</b>
<b>Assets</b>		<b>385,462,388</b>	<b>331,547,150</b>



**Balance Sheet as of 31 July**

	Note	2023 DKK	2022 DKK
<b>Liabilities and equity</b>			
Share capital	15	500,000	500,000
Reserve for net revaluation according to equity method		2,188,545	1,894,273
Reserve for development expenses		0	6,264
Reserve for hedging instruments		-684,116	1,122,557
Retained earnings		212,307,137	202,978,292
Dividend for the financial year		100,000,000	50,000,000
<b>Equity</b>		<b>314,311,566</b>	<b>256,501,386</b>
Prepayments received from customers		5,224,513	7,948,171
Trade payables		31,817,407	26,728,053
Payables to group companies		2,740,932	2,488,477
Tax payables		25,021,083	35,610,310
Other payables		6,346,887	2,270,753
<b>Short-term liabilities other than provisions</b>		<b>71,150,822</b>	<b>75,045,764</b>
<b>Liabilities other than provisions</b>		<b>71,150,822</b>	<b>75,045,764</b>
<b>Liabilities and equity</b>		<b>385,462,388</b>	<b>331,547,150</b>
Contingent liabilities	16		
Collaterals and assets pledges as security	17		
Related parties	18		
Fees for auditors elected on the general meeting	19		
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# Statement of changes in Equity

	Share capital	Reserve for net reval- uation ac- cording to equity method	Reserve for development expenses	Reserve for hedging instruments	Retained earnings	Dividend for the financial year	Total
Equity 1 August 2022	500,000	1,894,273	6,264	1,122,557	202,978,292	50,000,000	256,501,386
Dividend paid						-50,000,000	-50,000,000
Change of investments through net exchange differences		-473,845					-473,845
Other adjustments of equity			-6,264		6,264		0
Profit (loss)		768,117			9,322,581	100,000,000	110,090,698
Tax on changes in equity				509,575			509,575
Adjustments of hedging instruments at fair value				-2,316,248			-2,316,248
<b>Equity 31 July 2023</b>	<b>500,000</b>	<b>2,188,545</b>	<b>0</b>	<b>-684,116</b>	<b>212,307,137</b>	<b>100,000,000</b>	<b>314,311,566</b>

## Cash Flow Statement

	2022/23 DKK	2021/22 DKK
Profit	110,090,699	136,677,067
Depreciation of property, plant and equipment and intangible assets	2,239,058	2,824,675
Loss on realisations of fixed assets	-12,875	-11,372
Profit from group enterprises after tax	-768,117	-1,022,171
Interest and similar incomes	-3,915,585	-2,760,001
Interest and similar expenses	7,741,017	1,882,339
Tax expense	30,949,774	38,202,960
Change in inventories	36,817,652	-81,923,782
Change in receivables	-59,429,928	-17,806,708
Change in trade payables	6,693,781	-13,895,475
<b>Cash flow from operating activities before financial items</b>	<b>130,405,476</b>	<b>62,167,532</b>
Interest received	3,915,585	2,724,488
Interest paid	-7,741,017	-1,882,339
<b>Cash flow from ordinary operating activities</b>	<b>126,580,044</b>	<b>63,009,681</b>
Income taxes paid	-41,046,284	-20,209,566
<b>Cash flows from operating activities</b>	<b>85,533,760</b>	<b>42,800,115</b>
Purchase of property, plant and equipment	-2,274,801	-2,290,733
Sales of property, plant and equipment	103,500	220,000
<b>Cash flows from investing activities</b>	<b>-2,171,301</b>	<b>-2,070,733</b>
Dividend paid	-50,000,000	-26,000,000
<b>Cash flows from financing activities</b>	<b>-50,000,000</b>	<b>-26,000,000</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>33,362,459</b>	<b>14,729,382</b>
Cash and cash equivalents, beginning balance	69,571,169	54,841,787
<b>Cash and cash equivalents, ending balance</b>	<b>102,933,628</b>	<b>69,571,169</b>

## Notes

	2022/23 DKK	2021/22 DKK
<b>1. Turnover</b>		
Domestic sales	230,183,683	237,982,573
Sale on the European market	376,581,359	333,395,618
Sale on other markets	148,649,237	153,669,391
	<b>755,414,279</b>	<b>725,047,582</b>
<b>2. Other operating income</b>		
Salary compensation	2,570,401	861,703
Other	12,875	11,372
	<b>2,583,276</b>	<b>873,075</b>
<b>3. Staff expenses</b>		
Wages and salaries	52,263,831	43,550,844
Post-employment benefit expense	3,652,830	2,752,569
Social security contributions	1,069,803	856,563
	<b>56,986,464</b>	<b>47,159,976</b>
<i>Hereof remuneration to management</i>		
Executive board	1,285,400	0
Board of directors	0	0
	<b>1,285,400</b>	<b>0</b>
Average number of employees	105	86
Comparative figures for remuneration to the management have not been specified, as last year the company applied the exception provision in section 98b, subsection 3 of the Danish Financial Statements Act.		
<b>4. Finance income</b>		
Finance income from group enterprises	2,541,555	219,574
Other finance income	1,374,030	2,540,427
	<b>3,915,585</b>	<b>2,760,001</b>

Notes

	2022/23 DKK	2021/22 DKK
<b>5. Finance expenses</b>		
Other finance expenses	7,741,017	1,882,339
	<b>7,741,017</b>	<b>1,882,339</b>
<b>6. Income tax</b>		
Tax on taxable income	30,373,254	37,778,697
Tax regarding previous years	0	-63,516
Adjustment of deferred tax	-17,359	-25,164
Payment of foreign tax	593,879	512,943
	<b>30,949,774</b>	<b>38,202,960</b>
<b>7. Distribution of profit</b>		
Proposed dividend	100,000,000	50,000,000
Reserve for net revaluation according to equity method	768,117	1,022,171
Retained earnings	9,322,582	85,654,896
	<b>110,090,699</b>	<b>136,677,067</b>
<b>8. Completed development projects</b>		
Cost at 1 August	6,866,145	6,866,145
<b>Cost at 31 July</b>	<b>6,866,145</b>	<b>6,866,145</b>
Depreciation and amortisation at 1 August	-6,858,114	-6,769,081
Amortisation for the year	-8,031	-89,033
<b>Impairment losses and amortisation at 31 July</b>	<b>-6,866,145</b>	<b>-6,858,114</b>
<b>Carrying amount at 31 July</b>	<b>0</b>	<b>8,031</b>



Notes

	2023 DKK	2022 DKK
<b>9. Goodwill</b>		
Cost at 1 August	3,619,959	3,619,959
<b>Cost at 31 July</b>	<b>3,619,959</b>	<b>3,619,959</b>
Depreciation and amortisation at 1 August	-3,619,959	-3,619,959
<b>Impairment losses and amortisation at 31 July</b>	<b>-3,619,959</b>	<b>-3,619,959</b>
<b>Carrying amount at 31 July</b>	<b>0</b>	<b>0</b>
<b>10. Fixtures, fittings, tools and equipment</b>		
Cost at 1 August	13,122,472	12,573,871
Addition during the year	2,274,804	2,290,733
Disposal during the year	-946,434	-1,742,132
<b>Cost at 31 July</b>	<b>14,450,842</b>	<b>13,122,472</b>
Depreciation and amortisation at 1 August	-9,528,286	-8,326,149
Amortisation for the year	-2,231,027	-2,735,642
Reversal of impairment losses and amortisation of disposed assets	855,808	1,533,505
<b>Impairment losses and amortisation at 31 July</b>	<b>-10,903,505</b>	<b>-9,528,286</b>
<b>Carrying amount at 31 July</b>	<b>3,547,337</b>	<b>3,594,186</b>

## Notes

	2023 DKK	2022 DKK
<b>11. Long-term investments in group companies</b>		
Cost at 1 August	2,012,260	2,012,260
<b>Cost at 31. july</b>	<b>2,012,260</b>	<b>2,012,260</b>
Revaluations at 1 August	1,894,273	697,755
Change due to a foreign currency translation adjustment	-473,845	174,347
Revaluations for the year	768,117	1,022,171
<b>Revaluations at 31 July</b>	<b>2,188,545</b>	<b>1,894,273</b>
<b>Carrying amount at 31 July</b>	<b>4,200,805</b>	<b>3,906,533</b>

**12. Disclosure in long-term investments in group companies***Group companies*

Name	Registered office	Share held in %	Equity	Profit
&Tradition Norway AS	Oslo, Norge	100.00	4,200,805	768,117
			<b>4,200,805</b>	<b>768,117</b>

**13. Current deferred tax**

Current deferred tax at 1 August	145,063	119,899
Adjustment for the year	17,359	25,164
<b>Current deferred tax at 31 July</b>	<b>162,422</b>	<b>145,063</b>
<b>Current deferred tax relates to</b>		
Intangible assets	0	-1,767
Property, plant and equipment	327,124	247,329
Current assets	-164,702	-100,499
	<b>162,422</b>	<b>145,063</b>

**Notes**

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	2023 DKK	2022 DKK
<b>14. Prepayments</b>		
Prepaid revenue	<u>1,931,690</u>	<u>1,633,537</u>
	<u><b>1,931,690</b></u>	<u><b>1,633,537</b></u>

**15. Share capital**

The share capital of DKK 500,000 is divided into shares of DKK 1,000 or multiples thereof, and no shares are granted special rights.

The share capital has remained unchanged for the last 5 years.

The company does not hold any own shares at the balance sheet date, nor have any of its own shares been bought or sold during the financial year.

**16. Contingent liabilities**

The company has entered into lease agreements and warehouse facilities with an annual rent of t.DKK 9,174, and the contracts have a notice period of 6 months.

Danish joint-taxation scheme:

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company Nine United A/S, CVR no. 25 93 44 58.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

**17. Collaterals and assets pledges as security**

There are no securities or mortgages at the balance sheet date.

## Notes

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### 18. Related parties

Controlling interest:

Nine United A/S - CVR no. 29 93 44 58  
 Troels Holch Povlsen - main shareholder  
 Cole Park  
 Grange Lane  
 Malmesbury  
 SN16 0ER  
 Storbritannien

Transactions with related parties:

All transactions with related parties during the year have been made on market terms and are therefore not disclosed in accordance with § 98 C, 7 of the Danish Financial Statements Act.

Group Annual Report:

The company is included in the group annual report of:

Nine United A/S  
 Havnen 1  
 8700 Horsens  
 CVR no. 29 93 44 58

	2022/23 DKK	2021/22 DKK
<b>19. Fees for auditors elected on the general meeting</b>		
Statutory audit	170,000	165,500
Other services	6,500	0
<b>Total fee to Partner Revision</b>	<b>176,500</b>	<b>165,500</b>

### 20. Disclosure on fair value

	<u>Deived financial instruments</u>
Fair value at 31 July	-877,072
Change in fair value of the year recognised in the income statement	0
Change in fair value of the year recognised in the equity	-2,316,248



## Notes

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### 21. Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	2023 DKK	2022 DKK
Assets	0	1,439,176
Liabilities	<u>877,072</u>	<u>0</u>
	<u>877,072</u>	<u>1,439,176</u>

Currency	Receivables	Debt	Net
SEK	36,262,924	37,139,996	-877,072

The forward exchange contracts have been concluded to hedge future sale/purchase of goods in SEK. The forward exchange contracts have a term of 0 - 6 months.