&Tradition A/S

Kronprinsessegade 4
1306 København K

Annual Report 2021/22

CVR no. 18169304

Annual General Meeting held
the 22 November 2022

Mogens Madsen
Chairman

Contents

Management's Statement

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 2021 - 31 July 2022.

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 2022 and of the results of the Company's operations and cash flow for the financial year 1 August 2021 - 31 July 2022.

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 2022

Executive Board

Martin Kornbek Hansen

Supervisory Board

Troels Holch Povlsen Chairman	Martin Kornbek Hansen	Lise Kaae

Independent Auditors' Report

To the shareholders of &Tradition A/S

Opinion
We have audited the financial statements of &Tradition A/S for the financial year 1 August 2021 - 31 July 2022, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity, cash flows and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 July 2022 and of the results of the company's activities for the financial year and cash flows for the financial year 1 August 2021 - 31 July 2022 in accordance with the Danish Financial Statements Act.

Basis of opinion
We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". 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.

Responsibilities of management and those charged with governance for the financial statements
Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, 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

* Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the Management's review and to consider whether the Management's review is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the Management's review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in Management's review.

Brande, 22 November 2022

Partner Revision
Statsautoriseret revisionsaktieselskab
CVR-no. 15807776

Claus Lykke Jensen
State Authorised Public Accountant
mne10776

Henning Jager Neldeberg
State Authorised Public Accountant
mne32205

Company details

Company	&Tradition A/S Kronprinsessegade 4 1306 København K CVR No.: 18169304 Date of formation: 21 September 1994 Registered office: København Financial year: 1. august 2021 - 31. juli 2022
Supervisory Board	Troels Holch Povlsen Martin Kornbek Hansen Lise Kaae
Executive Board	Martin Kornbek Hansen
Auditors	Partner Revision Statsautoriseret revisionsaktieselskab Torvegade 22 7330 Brande CVR-no.: 15807776
Group companies	&Tradition Norway AS, Norway

The company's principal activities
The principal activities of &Tradition A/S are design and sale of furniture, lighting and interior products, including classic designs by Verner Panton, Viggo Boesen, Arne Jacobsen and others. The principal activities have not changed from last year.

Market overview
&Tradition 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 furniture market is expected to be pressured by increasing inflation, rising energy prices and consequently a possible decline in real wage levels.

Development in activities and financial matters
The company's income statement for the financial year 1 August 2021 to 31 July 2022 shows a turnover of t.DKK 721.142 (12 months) compared to last year of t.DKK 307.880 (7 months), and a result after tax of t.DKK 136.677 (12 months) compared to last year of t.DKK 52.861 (7 months). The balance sheet as at 31 July 2022 shows total assets of t.DKK 331.547 and an equity of t.DKK 256.501.

The previous year and follow up on last years expected developments
Both turnover and net result after tax surpass management's expectations, as the expected result before tax was in the range of 100-125 mill. DKK. This is due to rising demand of the company's products, primarily during the first two quarters of the year.

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 2022/23.

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

Strategy and objectives
The rising energy prices and inflation has caused a decreasing rate of growth, which along with the rising sourcing prices of the company's products means that a decrease in profit ratio for 2022/23 is expected.

Management's Review

Management expects a growth in turnover between 20% and 30% and a result before tax in the range of 140-160 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. 86 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, together with the parent company Nine United, developed and implemented a sustainability strategy last year. 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 DNA 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.

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 has an opportunity to address many of the risks in our industry by strengthening our expertise within sustainable material choices, increased transparency and traceability which may help limit overproduction.

&Tradition is committed to taking responsibility for our entire supply chain impact, environmentally and socially, which requires close cooperation with our suppliers and high levels of transparency. Our updated Code of Conduct, implemented globally across the Nine United companies, describes the ethics and behavior that the companies wish to live up to, and to promote throughout the supply chain and is directed at our suppliers and their subcontractors who manufacture products and provide services for the group. Beyond social and environmental considerations, the Code of Conduct addresses anti-corruption, anti-bribery, and other aspects of good governance and transparency.

Policies in relation to sustainability
The cross-cutting policies on environment, protection of vulnerable employees, and minimum supplier requirements are reflected in our shared Code of Conduct, so that these can be clearly communicated to suppliers and other stakeholders. In addition,
&Tradition has an environmental and local purchasing policy, IT policy as well as a Travel and Transportation policy.

Beyond building a better understanding of the environmental impact of our products, including their CO2 emissions, we will integrate environmental concerns from the outset of developing new products through our newly implemented sustainable design principles that will act as a guiding policy on how to develop more conscious products.

Targets, indicators and progress made
&Tradition evaluates itself annually based on B Corp's B impact assessment. Evaluation is based on a wide range of parameters which include governance, workers, community, environment, and customers. It is our clear goal that we should do better in this evaluation every year, and so far we have been able to achieve this. This evaluation ensures that we identify the areas where we potentially have a big impact, but where we also have the opportunity to make a positive difference. Below are some of the areas &Tradition has identified as important in relation to the environment, social and governance concerns, and the measures we have implemented to try to turn potential negative impacts into positive ones:

* In the all Nine United companies, and as a key part of the sustainability strategy, we have implemented a set of minimum sustainability requirements, that will act as a baseline across the companies, including &Tradition. These requirements span across environmental, social and governance concerns, to ensure that we can give a shared promise to our customers and each other.
* To ensure that &Tradition does not contribute to the loss of biodiversity, we work with FSC certified wood and wood-based materials. 92% of wood-based products are FSC certified.
* In order not to contribute to the depletion of resources, we work on several levels to reduce the amount of material we use. In the past year, we have implemented packaging requirements so that the amount of packaging is reduced and the materials used are either renewable or recyclable. In addition, we try to use recycled materials in all products where possible, e.g. plastic and metal. For the coming years, we have a goal that all plastic components over 100 grams must be post-consumer recycled material.
* In order to reduce our impact on the climate, we are actively working to reduce our CO2e emissions, and during the past year we have estimated our emissions using the Greenhouse Gas Protocol and mapping scope 1, 2 and 3. The next step is to set company goals to reduce all three scopes. In addition, we work to calculate the climate impact at product level both to be able to prevent emissions when developing new products, but also to reduce emissions for our existing range. We have currently calculated the CO2e emissions for approximately 2/3 of our collection.
* In order to take care of the employees in our supply chain, our customers and the environment, we have introduced a large number of chemical requirements that agree with the environmental labels. This means, among other things, that in the past year we have phased out the use of PUR varnish in a large part of our collection.
* In order to be able to verify a number of the initiatives we have implemented, in the past year we have more than doubled the amount of products that are eco-labelled.

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 minimise 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
&Tradition A/S and the companies below support and respect human rights. It is the Group's 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.

Management's Review

In relation to suppliers and business partners the Group expects that they all consider human rights to be important and that they all do business with a general high moral standard. A natural consequence of the Group's policy is to stop all collaboration with entities about which the Group has become aware, that human rights are not being treated respectfully.

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.

Key Figures and Financial Ratios

	2021/22 t.DKK (12 months)	2021 t.DKK (7 months)	2020 t.DKK (12 months)	2019 t.DKK (12 months)	2018 t.DKK (12 months)
Income Statement:					
Turnover	721.142	307.880	345.807	280.161	196.266
Gross profit	225.466	90.799	94.493	63.212	45.061
Profit from ordinary operating activities	175.481	67.201	57.919	33.856	20.618
Net financial income and expenses	-601	503	-46	-609	-808
Net result for the year	136.677	52.861	45.234	25.811	15.379
Balance Sheet:					
Total Assets	331.547	215.169	163.627	97.106	85.958
Investment in non-current assets	2.291	1.297	-2.069	-3.465	-3.163
Total Equity	256.501	144.527	105.509	67.399	46.584
Cash Flow:					
Operating activities	42.800	7.900	60.241	16.982	-342
Investing activities	-2.071	-1.297	-3.546	-3.797	-3.690
Financing activities	-26.000	-13.500	-7.500	-5.000	-6.000
Employees:					
Average number of employees	86	72	62	51	37
Financial ratio in %: *)					
Solvency ratio	77,4	67,2	64,5	69,4	54,2
Return on equity (ROE)	68,2	42,3	52,3	45,3	36,7

*) 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 are shown in the section of accounting policies

Accounting Policies

Reporting Class
The annual report of &Tradition A/S for 2021/22 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 continously 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

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 - 7 years	0%
Other fixtures and fittings, tools and equipment	3 - 5 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.

Other operating expenses
Other operating expenses comprise items of a secondary nature to the activities of the enterprise, including loss on sale of intangible and tangible assets.

Income form 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.

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.

Accounting Policies

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

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.

Accounting Policies

Dividend
Proposed dividend for the year is recognised as a separate item in equity.

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.

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. The reserve does not represent an obligation and can therefore not be negative.

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.

Accounting Policies

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

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

Income Statement

	Note	2021/22 DKK (12 months)	1/1-31/7 2021 DKK (7 months)
Turnover	1	721.142.321	307.879.781
Other operating income	2	873.075	847.223
Cost of goods sold		-445.991.546	-198.387.877
Other external expenses		-50.557.828	-19.540.346
Gross profit		**225.466.022**	**90.798.781**
Staff expenses	3	-47.159.976	-21.664.028
Depreciation of intangible assets and property, plant and equipment		-2.824.675	-1.920.833
Other operating expenses		0	-13.358
Profit from ordinary operating activities		**175.481.371**	**67.200.562**
Income from investments in group companies		1.022.171	696.984
Financial income	4	258.824	72.368
Financial expenses	5	-1.882.339	-266.798
Result before tax		**174.880.027**	**67.703.116**
Income tax	6	-38.202.960	-14.842.508
Net income for the year		**136.677.067**	**52.860.608**

Balance Sheet as of 31. July

	Note	2022 DKK	2021 DKK
Assets			
Completed development projects	8	8.031	97.064
Goodwill	9	0	0
Intangible assets		**8.031**	**97.064**
Fixtures, fittings, tools and equipment	10	3.594.186	4.247.722
Property, plant and equipment		**3.594.186**	**4.247.722**
Long-term investments in group companies	11, 12	3.906.533	2.710.015
Deposits, investments		20.000	20.000
Investments		**3.926.533**	**2.730.015**
Fixed assets		**7.528.750**	**7.074.801**
Manufactured goods and goods for resale		132.131.901	53.864.253
Prepayments for goods		3.656.134	0
Inventories		**135.788.035**	**53.864.253**
Trade receivables		43.401.127	42.821.404
Receivables from group companies		68.784.416	51.606.416
Current deferred tax	13	145.063	119.899
Other receivables		4.695.053	3.202.007
Prepayments	14	1.633.537	1.638.422
Receivables		**118.659.196**	**99.388.148**
Cash and cash equivalents		**69.571.169**	**54.841.787**
Current assets		**324.018.400**	**208.094.188**
Assets		**331.547.150**	**215.168.989**

Balance Sheet as of 31. July

	Note	2022 DKK	2021 DKK
Liabilities and equity			
Share capital	15	500.000	500.000
Reserve for net revaluation according to equity method		1.894.273	697.755
Reserve for development expenses		6.264	75.710
Reserve for hedging instruments		1.122.557	0
Retained earnings		202.978.292	117.253.949
Dividend for the financial year		50.000.000	26.000.000
Equity		**256.501.386**	**144.527.414**
Prepayments received from customers		7.948.171	10.202.448
Trade payables		26.728.053	37.830.751
Payables to group companies		2.488.477	634.158
Tax payables		35.610.310	17.310.647
Other payables		2.270.753	4.663.571
Short-term liabilities other than provisions		**75.045.764**	**70.641.575**
Liabilities other than provisions		**75.045.764**	**70.641.575**
Liabilities and equity		**331.547.150**	**215.168.989**

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Statement of changes in Equity

DKK	Share capital	Reserve for net revaluation according to equity method	Reserve for development expenses	Reserve for hedging instruments	Retained Earnings	Dividend for the financial year	Total
Equity at 1 August 2021	500.000	697.755	75.710	0	117.253.949	26.000.000	144.527.414
Exchange rate adjustment, foreign subsidiaries		174.347					174.347
Payment of dividend						-26.000.000	-26.000.000
Proposed dividend for financial year					-50.000.000	50.000.000	0
Net income for the year		1.022.171			135.654.896		136.677.067
Adjustments for the year			-69.446		69.447		1
Adjustments of hedging instruments				1.439.176			1.439.176
Tax on adjustments of hedging instruments				-316.619			-316.619
Equity at 31 July 2022	500.000	1.894.273	6.264	1.122.557	202.978.292	50.000.000	256.501.386

Cash Flow Statement

	2021/22 DKK (12 months)	1/1-31/7 2021 DKK (7 months)
Net income for the year	136.677.067	52.860.608
Depreciation of intangible assets and property, plant and equipment	2.824.675	1.920.833
Profit/loss from sale of property, plant and equipment	-11.372	13.358
Income from investments in Group companies	-1.022.171	-696.984
Financial income	-258.824	-72.368
Financial expenses	1.882.339	266.798
Income tax	38.202.960	14.842.508
Change in inventories	-81.923.782	-3.352.281
Change in receivables	-17.806.708	-55.573.887
Change in trade payables and other payables	-13.895.475	-597.063
Cash flow from operation before financial items	**64.668.709**	**9.611.522**
Interest received and similar	223.311	72.368
Interest paid and similar	-1.882.339	-266.798
Cash flow from ordinary operation	**63.009.681**	**9.417.092**
Paid income tax	-20.209.566	-1.516.726
Cash flow from operating activity	**42.800.115**	**7.900.366**
Purchase of tangible assets	-2.290.733	-1.296.785
Sale of tangible assets	220.000	0
Cash flow from investing activity	**-2.070.733**	**-1.296.785**
Payment of dividend	-26.000.000	-13.500.000
Cash flow from financing activity	**-26.000.000**	**-13.500.000**
Change in cash and cash equivalents	**14.729.382**	**-6.896.419**
Cash and cash equivalents at 1 August	54.841.787	61.738.206
Cash and cash equivalents at 31 July	**69.571.169**	**54.841.787**
Cash and cash equivalents specified as follows:		
Cash and cash equivalents	69.571.169	54.841.787
Total cash and cash equivalents	**69.571.169**	**54.841.787**

Notes

	2021/22 DKK	2021 DKK

1. Turnover

	2021/22 DKK	2021 DKK
Domestic sales	238.380.963	100.272.528
Sale on the European market	330.449.772	131.527.418
Sale on other markets	152.311.586	76.079.835
	721.142.321	**307.879.781**

2. Other operating income

	2021/22 DKK	2021 DKK
Salary compensation	861.703	847.223
Other	11.372	0
	873.075	**847.223**

3. Staff expenses

	2021/22 DKK	2021 DKK
Wages and salaries	43.550.844	19.887.527
Post-employement benefit expense	2.752.569	1.397.846
Social security contributions	856.563	378.655
	47.159.976	**21.664.028**
Average number of employees	86	72

Remuneration to the Executive Board is not disclosed in accordance with §98b subsection 3 of the Danish Financial Statements Act.

No remuneration is paid to members of the board of directors.

4. Finance income

	2021/22 DKK	2021 DKK
Finance income from group enterprises	219.574	64.677
Other finance income	39.250	7.691
	258.824	**72.368**

5. Finance expenses

	2021/22 DKK	2021 DKK
Other finance expenses	1.882.339	266.798
	1.882.339	**266.798**

	2021/22 DKK	2021 DKK

6. Income tax

Tax on taxable income	37.778.697	14.600.555
Tax regarding previous years	-63.516	0
Adjustment of deferred tax	-25.164	107.228
Payment of foreign tax	512.943	134.725
	38.202.960	**14.842.508**

7. Distribution of profit

Proposed dividend	50.000.000	26.000.000
Reserve for net revaluation according to equity method	1.022.171	696.984
Other statutory reserves	0	-169.572
Retained earnings	85.654.896	26.333.196
	136.677.067	**52.860.608**

8. Completed development projects

Cost at 1 August	6.866.145	6.866.145
Cost at 31 July	**6.866.145**	**6.866.145**
Depreciation and amortisation at 1 August	-6.769.081	-6.599.510
Amortisation for the year	-89.033	-169.571
Impairment losses and amortisation at 31 July	**-6.858.114**	**-6.769.081**
Carrying amount at 31 July	**8.031**	**97.064**

Notes

	2021/22 DKK	2021 DKK

9. Goodwill

	2021/22 DKK	2021 DKK
Cost at 1 August	3.619.959	3.619.959
Cost at 31 July	**3.619.959**	**3.619.959**
Depreciation and amortisation at 1 August	-3.619.959	-3.576.620
Amortisation for the year	0	-43.339
Impairment losses and amortisation at 31 July	**-3.619.959**	**-3.619.959**
Carrying amount at 31 July	**0**	**0**

10. Fixtures, fittings, tools and equipment

	2021/22 DKK	2021 DKK
Cost at 1 August	12.573.871	11.513.683
Addition during the year	2.290.733	1.296.785
Disposal during the year	-1.742.132	-236.597
Cost at 31 July	**13.122.472**	**12.573.871**
Depreciation and amortisation at 1 August	-8.326.149	-6.841.465
Amortisation for the year	-2.735.642	-1.707.923
Reversal of impairment losses and amortisation of disposed assets	1.533.505	223.239
Impairment losses and amortisation at 31 July	**-9.528.286**	**-8.326.149**
Carrying amount at 31 July	**3.594.186**	**4.247.722**

Notes

	2021/22 DKK	2021 DKK

11. Long-term investments in group companies

	2021/22 DKK	2021 DKK
Cost at 1 August	2.012.260	2.012.260
Cost at 31. july	**2.012.260**	**2.012.260**
Revaluations at 1 August	697.755	-3.763
Change due to a foreign currency translation adjustment	174.347	4.534
Revaluations for the year	1.022.171	696.984
Revaluations at 31 July	**1.894.273**	**697.755**
Carrying amount at 31 July	**3.906.533**	**2.710.015**

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	3.906.533	1.022.171
			3.906.533	**1.022.171**

13. Current deferred tax

	2021/22 DKK	2021 DKK
Current deferred tax at 1 August	119.899	227.127
Adjustment for the year	25.164	-107.228
Current deferred tax at 31 July	**145.063**	**119.899**
Current deferred tax relates to		
Intangible assets	-1.767	19.503
Property, plant and equipment	247.329	178.338
Current assets	-100.499	-77.942
	145.063	**119.899**

Notes

	2021/22 DKK	2021 DKK

14. Prepayments

Prepaid expenses	1.633.537	1.638.422
	1.633.537	**1.638.422**

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 facilitis with an annual rent of t.DKK 10,409, 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

	2021/22 DKK	2021 DKK

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

19. Fees for auditors elected on the general meeting

	2021/22 DKK	2021 DKK
Statutory audit	165.500	140.500
Other services	0	6.000
Total fee to Partner Revision	**165.500**	**146.500**

20. Disclosures on fair value

	Dreived financial instruments
Fair value at 31 July	1.439.176
Change in fair value of the year recognised in the income statement	0
Change in fair value of the year recognised in the equity	1.439.176

	2021/22 DKK	2021 DKK

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:

	2021/22	2021
Assets	1.439.176	0
Liabilities	0	0
	1.439.176	**0**

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