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# ***Carrington ApS***

Larsbjørnsstræde 3, DK-1454 København K

## **Annual Report for 1 January - 31 December 2022**

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CVR No 21 41 61 34

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
12/7 2023

Mikael Lunøe  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Carrington ApS for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

In our opinion, 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.

Copenhagen, 12 July 2023

## Executive Board

Kyrk Tassai Macmillan  
CEO

## Board of Directors

Mikael Lunøe  
Chairman

Kåre Bo Stolt

Henrik Vilhelm Fuglsang

Mads Christian Bønnelycke Lunøe

# Independent Auditor's Report

To the Shareholders of Carrington ApS

## Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Carrington ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

# Independent Auditor's Report

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and 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 Group or 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 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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

## Independent Auditor's Report

Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 12 July 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jakob Thisted Binder

statsautoriseret revisor

mne42816

## Company Information

### **The Company**

Carrington ApS  
Larsbjørnsstræde 3  
DK-1454 København K

CVR No: 21 41 61 34  
Financial period: 1 January - 31 December  
Municipality of reg. office: København

### **Board of Directors**

Mikael Lunøe, Chairman  
Kåre Bo Stolt  
Henrik Vilhelm Fuglsang  
Mads Christian Bønnelycke Lunøe

### **Executive Board**

Kyrk Tassai Macmillan

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>				
	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	22,267	29,793	26,822	34,937	40,544
EBITDA	-15,284	339	110	9,129	14,808
Operating profit/loss	-27,172	-3,381	-4,759	5,335	12,291
Profit/loss before financial income and expenses	-26,232	-2,540	-3,014	7,558	13,502
Net financials	-4,720	-261	-2,461	-836	-1,384
Net profit/loss for the year	-32,023	-2,693	-4,134	4,291	9,235
<b>Balance sheet</b>					
Balance sheet total	77,815	75,680	60,121	58,131	39,737
Equity	-4,755	-17,732	-14,520	-10,595	-14,894
<b>Cash flows</b>					
Cash flows from:					
- operating activities	-24,733	-14,565	10,684	-9,378	7,710
- investing activities	-3,988	-1,546	-6,136	-9,647	-2,390
including investment in property, plant and equipment	-3,988	-1,546	-6,136	-9,647	-2,390
- financing activities	26,844	10,813	843	17,284	-6,766
Change in cash and cash equivalents for the year	-1,878	-5,299	5,391	-1,741	-1,446
Number of employees	77	55	61	66	55
<b>Ratios</b>					
Return on assets	-33.7%	-3.4%	-5.0%	13.0%	34.0%
Solvency ratio	-6.1%	-23.4%	-24.2%	-18.2%	-37.5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



# Management's Review

## Key activities

The Group's main activity is to engage in a service, consulting and trading company, in the fashion industry and business related thereto.

## Development in the year

The income statement of the Group for 2022 shows a loss of DKK 32,022,981, and at 31 December 2022 the balance sheet of the Group shows negative equity of DKK 4,755,411.

It was prior acknowledged by management and the board of directors that 2022 was to be a year of significant restructuring of the business. This restructuring has impacted the financial results. The income statement of the Group for 2022 shows a loss of DKK -32,022,981, hereof DKK 13,432,902 due to group restructuring. The financial results were also impacted by extraordinary financial costs and extraordinary impairment on inventory. On 31 December 2022 the balance sheet of the Group shows negative equity of DKK -4,755,411.

Excluding one offs and impact on earnings due to liquidity constraints, a normalized EBITDA is approximately DKK -5,5m.

During 2022 the Group undertook a full restructuring of senior management which substantially impacted the staff cost within the Group for the full year. This was deemed an essential step in building a strong and secure future for Wood Wood.

In the spring of 2023, the Group has decided to reduce the retail footprint throughout 2023. As a consequence, due to requirements in financial reporting legislation, a substantial write down of the Group's investments in its stores are required in the 2022 annual accounts, materially affecting the Group's net profits.

## Operating risks and financial risks

Consumer spending in the first quarter of 2023 was substantially down, with the fashion industry in general highly affected. The political and macroeconomic environment continues to be unstable and unpredictable. With the decision to reduce the retail footprint of the Group we are in a less vulnerable position to further negative consumer spending behavior.

Employee satisfaction and retention remains a priority ensuring a highly optimized and efficient organization. During the year and in 2023 we have managed to attract substantial talent and our resignation rate has reduced substantially over the period.

# Management's Review

## Market overview and expected development

While 2023 continues to be affected by macroeconomic uncertainty and global inflation, we expect growth in the range of 28-35% for our wholesale business. Retail is expected to reach a growth of 35% in 2023 but due to the reduction in our retail footprint we expect our retail turnover to be reduced by 40-50% in 2024 but with a higher profit margin. The restructuring of the business means that we expect to return to profitability in 2023.

## External environment

We remain committed to our sustainability goals and have recently appointed a new, dedicated, CSR Manager. Whilst wider market context continues to deliver an uncertain trading environment, CSR and sustainability remain a high priority for the Group and are built into the pricing of our products and wider business model.

## Subsequent events

In 2023 the capital resources of the Group has been substantially strengthened by capital contributions from investors. The capital contributions together with a re-negotiation of the credit facilities with the Group's primary bank has secured the capital requirements and liquidity going forward in order for the Group to expand in accordance with the updated business plan.

The substantial negative consumer sentiment in Q1 of 2023 implied a lower topline than expected, however, consumer spending has from April returned to a more normal level and the decision to reduce the Group's retail footprint has substantially reduced the Group's vulnerability to new negative consumer spending behavior. No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet was prepared.

## Income Statement 1 January - 31 December

	Note	Group		Parent company	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
<b>Gross profit/loss</b>		<b>22,266,655</b>	<b>29,793,314</b>	<b>13,672,180</b>	<b>24,934,566</b>
Staff expenses	3	-37,550,499	-29,454,045	-22,498,753	-20,369,312
<b>Profit/loss before financial income and expenses, tax, depreciation and amortisation (EBITDA)</b>		<b>-15,283,844</b>	<b>339,269</b>	<b>-8,826,573</b>	<b>4,565,254</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-10,947,897	-2,879,379	-950,122	-528,374
<b>Profit/loss before financial income and expenses</b>		<b>-26,231,741</b>	<b>-2,540,110</b>	<b>-9,776,695</b>	<b>4,036,880</b>
Income from investments in subsidiaries	5	0	0	-17,693,324	-5,969,615
Financial income	6	1,053,695	2,824,298	590,733	2,377,718
Financial expenses	7	-5,774,010	-3,085,517	-4,663,667	-2,346,460
<b>Profit/loss before tax</b>		<b>-30,952,056</b>	<b>-2,801,329</b>	<b>-31,542,953</b>	<b>-1,901,477</b>
Tax on profit/loss for the year	8	-1,070,925	107,912	-480,028	-791,940
<b>Net profit/loss for the year</b>		<b>-32,022,981</b>	<b>-2,693,417</b>	<b>-32,022,981</b>	<b>-2,693,417</b>

# Balance Sheet 31 December

## Assets

	Note	Group		Parent company	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Goodwill		749,485	1,065,333	158,235	214,083
<b>Intangible assets</b>	9	<b>749,485</b>	<b>1,065,333</b>	<b>158,235</b>	<b>214,083</b>
Other fixtures and fittings, tools and equipment		3,209,038	3,394,433	3,006,308	2,885,906
Cars		123,970	0	0	0
Leasehold improvements		2,413,231	8,903,635	2,287,101	368,625
<b>Property, plant and equipment</b>	10	<b>5,746,239</b>	<b>12,298,068</b>	<b>5,293,409</b>	<b>3,254,531</b>
Investments in subsidiaries	11	0	0	0	0
<b>Fixed assets</b>		<b>6,495,724</b>	<b>13,363,401</b>	<b>5,451,644</b>	<b>3,468,614</b>
<b>Inventories</b>	12	<b>37,808,305</b>	<b>30,273,928</b>	<b>11,213,789</b>	<b>15,057,624</b>
Trade receivables		19,914,229	19,815,299	15,342,651	15,935,071
Receivables from group enterprises		0	0	12,565,697	19,235,313
Other receivables		4,239,458	1,603,838	141,273	0
Deferred tax asset	16	2,088,882	1,576,408	0	0
Corporation tax receivable from group enterprises		0	2,088,882	0	0
Prepayments	13	4,487,583	2,299,030	3,102,194	1,486,213
<b>Receivables</b>		<b>30,730,152</b>	<b>27,383,457</b>	<b>31,151,815</b>	<b>36,656,597</b>
<b>Cash at bank and in hand</b>		<b>2,781,288</b>	<b>4,659,027</b>	<b>947,415</b>	<b>2,129,993</b>
<b>Currents assets</b>		<b>71,319,745</b>	<b>62,316,412</b>	<b>43,313,019</b>	<b>53,844,214</b>
<b>Assets</b>		<b>77,815,469</b>	<b>75,679,813</b>	<b>48,764,663</b>	<b>57,312,828</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent company	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Share capital	14	156,250	156,250	156,250	156,250
Retained earnings		-4,911,661	-17,888,680	-4,911,661	-17,888,680
<b>Equity</b>		<b>-4,755,411</b>	<b>-17,732,430</b>	<b>-4,755,411</b>	<b>-17,732,430</b>
Provision for deferred tax	16	0	0	0	160,729
<b>Provisions</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>160,729</b>
Payables to group enterprises		6,327,761	0	0	0
<b>Long-term debt</b>	17	<b>6,327,761</b>	<b>0</b>	<b>0</b>	<b>0</b>
Credit institutions		28,180,638	23,530,105	22,981,892	21,226,989
Prepayments received from customers		336,312	668,622	0	0
Trade payables		20,425,024	10,759,348	10,313,697	6,359,912
Payables to group enterprises	17	13,043,359	40,991,069	13,468,731	35,624,310
Payables to associates		0	162,816	0	162,816
Payables to group enterprises relating to corporation tax		0	1,638,514	0	1,638,514
Other payables		13,809,776	15,661,769	6,755,754	9,871,988
Deferred income	18	448,010	0	0	0
<b>Short-term debt</b>		<b>76,243,119</b>	<b>93,412,243</b>	<b>53,520,074</b>	<b>74,884,529</b>
<b>Debt</b>		<b>82,570,880</b>	<b>93,412,243</b>	<b>53,520,074</b>	<b>74,884,529</b>
<b>Liabilities and equity</b>		<b>77,815,469</b>	<b>75,679,813</b>	<b>48,764,663</b>	<b>57,312,828</b>
Going concern	1				
Subsequent events	2				
Distribution of profit	15				
Contingent assets, liabilities and other financial obligations	21				
Related parties	22				
Accounting Policies	23				

## Statement of Changes in Equity

### Group

	Share capital DKK	Retained earnings DKK	Total DKK
<b>2022</b>			
Equity at 1 January	156,250	-17,888,680	-17,732,430
Debt conversion	0	45,000,000	45,000,000
Net profit/loss for the year	0	-32,022,981	-32,022,981
<b>Equity at 31 December</b>	<b>156,250</b>	<b>-4,911,661</b>	<b>-4,755,411</b>

### Group

<b>2021</b>			
Equity 1. januar	156,250	-14,676,269	-14,520,019
Exchange adjustments relating to foreign entities	0	-518,994	-518,994
Net profit/loss for the year	0	-2,693,417	-2,693,417
<b>Equity at 31 December</b>	<b>156,250</b>	<b>-17,888,680</b>	<b>-17,732,430</b>

### Parent company

<b>2022</b>			
Equity at 1 January	156,250	-17,888,680	-17,732,430
Debt conversion	0	45,000,000	45,000,000
Net profit/loss for the year	0	-32,022,981	-32,022,981
<b>Equity at 31 December</b>	<b>156,250</b>	<b>-4,911,661</b>	<b>-4,755,411</b>

### Parent company

<b>2021</b>			
Equity 1. januar	156,250	-14,676,269	-14,520,019
Exchange adjustments relating to foreign entities	0	-518,994	-518,994
Net profit/loss for the year	0	-2,693,417	-2,693,417
<b>Equity at 31 December</b>	<b>156,250</b>	<b>-17,888,680</b>	<b>-17,732,430</b>

## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2022 DKK	2021 DKK
Net profit/loss for the year		-32,022,981	-2,693,417
Adjustments	19	16,538,355	2,906,892
Change in working capital	20	-4,528,082	-13,024,437
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-20,012,708</b>	<b>-12,810,962</b>
Financial income		1,053,695	0
Financial expenses		-5,774,010	-1,754,461
<b>Cash flows from operating activities</b>		<b>-24,733,023</b>	<b>-14,565,423</b>
Purchase of property, plant and equipment		-3,988,491	-1,546,492
<b>Cash flows from investing activities</b>		<b>-3,988,491</b>	<b>-1,546,492</b>
Change in debt to credit institutions		4,650,533	0
Change in debt to associates		-162,815	162,815
Change of debt concerning corporation tax		109,037	-2,252,749
Raising of loans from credit institutions		0	543,478
Change in group enterprise balances		-22,752,980	12,878,115
Exchange adjustments		0	-518,994
Cash capital increase		45,000,000	0
<b>Cash flows from financing activities</b>		<b>26,843,775</b>	<b>10,812,665</b>
<b>Change in cash and cash equivalents</b>		<b>-1,877,739</b>	<b>-5,299,250</b>
Cash and cash equivalents at 1 January		4,659,027	9,958,277
<b>Cash and cash equivalents at 31 December</b>		<b>2,781,288</b>	<b>4,659,027</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,781,288	4,659,027
<b>Cash and cash equivalents at 31 December</b>		<b>2,781,288</b>	<b>4,659,027</b>

# Notes to the Financial Statements

## 1 Going concern

The Group has in 2022 realized a loss of DKK 32.0 million and equity at 31 December 2022 was negative with DKK 4.8 million.

The Group realized in Q1 2023 a negative result as a result of negative consumer sentiment however, consumer spending has from April 2023 returned to a normalized level and the decision to reduce the Group's retail footprint has substantially reduced the Group's vulnerability to new negative consumer spending behavior.

In 2023 additional capital contributions have been made to reestablish the equity and to strengthen the capital resources of the Group. The capital contributions, together with a re-negotiation of the credit facilities with the Group's primary bank as well as other initiatives have secured the needed capital resources for the coming year.

The Group has prepared a forecast for the remaining part of FY23 showing a significant headroom in the liquidity.

Based on the above the Consolidated Financial Statements has been prepared under the assumption of going concern.

## 2 Subsequent events

In 2023 the capital resources of the Group has been substantially strengthened by capital contributions from investors. The capital contributions together with a re-negotiation of the credit facilities with the Group's primary bank has secured the capital requirements and liquidity going forward in order for the Group to expand in accordance with the updated business plan.

The substantial negative consumer sentiment in Q1 of 2023 implied a lower topline than expected, however, consumer spending has from April returned to a more normal level and the decision to reduce the Group's retail footprint has substantially reduced the Group's vulnerability to new negative consumer spending behavior. No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet was prepared.



## Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>3 Staff expenses</b>				
Wages and salaries	33,031,539	26,277,177	19,930,196	17,975,276
Pensions	1,213,662	1,656,362	883,337	1,507,007
Other social security expenses	1,130,941	334,594	228,792	126,715
Other staff expenses	2,174,357	1,185,912	1,456,428	760,314
	<b>37,550,499</b>	<b>29,454,045</b>	<b>22,498,753</b>	<b>20,369,312</b>
<b>Average number of employees</b>	<b>77</b>	<b>55</b>	<b>33</b>	<b>25</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

### 4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	315,848	375,848	55,848	55,848
Depreciation of property, plant and equipment	2,170,420	2,503,531	901,024	472,526
Impairment of property, plant and equipment	8,461,629	0	0	0
Gain and loss on disposal	0	0	-6,750	0
	<b>10,947,897</b>	<b>2,879,379</b>	<b>950,122</b>	<b>528,374</b>

### 5 Income from investments in subsidiaries

	Parent company	
	2022	2021
	DKK	DKK
Share of losses of subsidiaries	-17,095,502	-5,454,789
Change in intercompany profit on inventories purchased within the Group	-597,822	-514,826
	<b>-17,693,324</b>	<b>-5,969,615</b>

## Notes to the Financial Statements

	Group		Parent company	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
<b>6 Financial income</b>				
Other financial income	5,290	0	5,268	0
Exchange adjustments	1,048,405	2,824,298	585,465	2,377,718
	<b>1,053,695</b>	<b>2,824,298</b>	<b>590,733</b>	<b>2,377,718</b>
<b>7 Financial expenses</b>				
Interest paid to group enterprises	1,653,422	939,556	1,492,420	870,611
Other financial expenses	1,384,818	814,896	1,134,628	684,207
Exchange adjustments, expenses	122,409	740,331	83,285	302,747
Exchange loss	2,613,361	590,734	1,953,334	488,895
	<b>5,774,010</b>	<b>3,085,517</b>	<b>4,663,667</b>	<b>2,346,460</b>
<b>8 Tax on profit/loss for the year</b>				
Current tax for the year	0	640,750	0	640,750
Deferred tax for the year	1,070,925	-115,220	640,757	151,190
Adjustment of deferred tax concerning previous years	0	-633,442	-160,729	0
	<b>1,070,925</b>	<b>-107,912</b>	<b>480,028</b>	<b>791,940</b>

# Notes to the Financial Statements

## 9 Intangible assets

### Group

	Goodwill DKK
Cost at 1 January	4,433,476
Cost at 31 December	4,433,476
Impairment losses and amortisation at 1 January	3,368,143
Amortisation for the year	374,598
Reversal for the year of previous years' impairment losses	-58,750
Impairment losses and amortisation at 31 December	3,683,991
<b>Carrying amount at 31 December</b>	<b>749,485</b>
Amortised over	7-10 years

### Parent company

	Goodwill DKK
Cost at 1 January	558,476
Cost at 31 December	558,476
Impairment losses and amortisation at 1 January	344,393
Impairment and amortisation of sold assets for the year	55,848
Impairment losses and amortisation at 31 December	400,241
<b>Carrying amount at 31 December</b>	<b>158,235</b>
Amortised over	10 years

## Notes to the Financial Statements

### 10 Property, plant and equipment

#### Group

	Other fixtures and fittings, tools and equipment	Cars	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	5,864,231	0	18,813,585	24,677,816
Exchange adjustment	-510	0	-227,678	-228,188
Additions for the year	567,765	185,955	3,222,085	3,975,805
Cost at 31 December	6,431,486	185,955	21,807,992	28,425,433
Impairment losses and depreciation at 1 January	2,469,798	0	9,909,950	12,379,748
Exchange adjustment	-605	0	-323,361	-323,966
Impairment losses for the year	0	0	8,452,902	8,452,902
Depreciation for the year	753,255	61,985	1,355,270	2,170,510
Impairment losses and depreciation at 31 December	3,222,448	61,985	19,394,761	22,679,194
<b>Carrying amount at 31 December</b>	<b>3,209,038</b>	<b>123,970</b>	<b>2,413,231</b>	<b>5,746,239</b>
Depreciated over	3-5 years		3-5 years	

## Notes to the Financial Statements

### 10 Property, plant and equipment (continued)

#### Parent company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	4,221,366	2,877,283	7,098,649
Additions for the year	552,268	2,387,634	2,939,902
Kostpris at 31 December	<u>4,773,634</u>	<u>5,264,917</u>	<u>10,038,551</u>
Impairment losses and depreciation at 1 January	1,335,460	2,508,658	3,844,118
Depreciation for the year	431,866	469,158	901,024
Impairment losses and depreciation at 31 December	<u>1,767,326</u>	<u>2,977,816</u>	<u>4,745,142</u>
<b>Carrying amount at 31 December</b>	<b><u>3,006,308</u></b>	<b><u>2,287,101</u></b>	<b><u>5,293,409</u></b>
Depreciated over	<u>3-5 years</u>	<u>3-5 years</u>	

# Notes to the Financial Statements

	<b>Parent company</b>	
	2022	2021
	DKK	DKK
<b>11 Investments in subsidiaries</b>		
Cost at 1 January	5,835,900	5,835,900
Cost at 31 December	5,835,900	5,835,900
Value adjustments at 1 January	-27,002,004	-21,883,510
Exchange adjustment	-314,576	-518,994
Net profit/loss for the year	-17,095,502	-5,454,789
Change in intercompany profit on inventories	-597,822	-514,826
Other adjustments	0	1,370,115
Value adjustments at 31 December	-45,009,904	-27,002,004
Equity investments with negative net asset value amortised over receivables	39,174,004	21,166,104
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>0</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Wood Wood Rockstrasse 4 GmbH	Berlin, Germany	186,400	100%
Carrington Retail ApS	Copenhagen, Denmark	80,000	100%
Carrington Enterprises Ltd.	London, UK	47,575	100%

	<b>Group</b>		<b>Parent company</b>	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>12 Inventories</b>				
Finished goods and goods for resale	37,808,305	30,273,928	11,213,789	15,057,624
	<b>37,808,305</b>	<b>30,273,928</b>	<b>11,213,789</b>	<b>15,057,624</b>

## Notes to the Financial Statements

### 13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions as well.

### 14 Share capital

The share capital consists of 156,250 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

### 15 Distribution of profit

Retained earnings

<b>Parent company</b>	
2022	2021
DKK	DKK
-32,022,981	-2,693,417
<b>-32,022,981</b>	<b>-2,693,417</b>

### 16 Deferred tax asset

	<b>Group</b>		<b>Parent company</b>	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
Deferred tax asset at 1 January	1,576,408	1,461,188	-160,729	-9,539
Amounts recognised in the income statement for the year	-1,070,925	115,220	-640,757	-151,190
Impairment of provision for deferred tax	1,583,399	0	801,486	0
<b>Deferred tax asset at 31 December</b>	<b>2,088,882</b>	<b>1,576,408</b>	<b>0</b>	<b>-160,729</b>

# Notes to the Financial Statements

## 17 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
<b>Payables to group enterprises</b>				
Between 1 and 5 years	6,327,761	0	0	0
Long-term part	6,327,761	0	0	0
Other short-term debt to group enterprises	13,043,359	40,991,069	13,468,731	35,624,310
	<b>19,371,120</b>	<b>40,991,069</b>	<b>13,468,731</b>	<b>35,624,310</b>

## 18 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	Group	
	2022 DKK	2021 DKK
<b>19 Cash flow statement - adjustments</b>		
Financial income	-1,053,695	-2,824,298
Financial expenses	5,774,010	3,085,517
Depreciation, amortisation and impairment losses, including losses and gains on sales	10,947,897	2,879,380
Tax on profit/loss for the year	1,070,925	-107,912
Other adjustments	-200,782	-125,795
	<b>16,538,355</b>	<b>2,906,892</b>



## Notes to the Financial Statements

	<b>Group</b>	
	2022	2021
	DKK	DKK
<b>20 Cash flow statement - change in working capital</b>		
Change in inventories	-7,534,378	-10,233,842
Change in receivables	-4,923,105	-10,193,979
Change in trade payables, etc	7,929,401	7,403,384
	<b>-4,528,082</b>	<b>-13,024,437</b>

	<b>Group</b>		<b>Parent company</b>	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>21 Contingent assets, liabilities and other financial obligations</b>				

### Charges and security

The following assets have been placed as security with bankers:

Intangible and tangible assets, stocks and trade receivables with a net book value amounting to DKK	71,044,756	65,825,693	32,008,084	34,461,309
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The following assets have been placed as security with letters:

Bank guarantee for rent	891,361	891,361	547,611	547,611
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### Rental and lease obligations

Tenancy commitments	10,604,122	2,623,002	9,822,613	1,933,264
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### Other contingent liabilities

The danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of A/S af 24. juli 1995, which is the management company of the joint taxation purposes. Moreover, the danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The parent company has issued a letter of support for Carrington Retail ApS for the financial year 2022. The parent company has given suretyship for Carrington Retail ApS's credit institutions.

# Notes to the Financial Statements

	<b>Group</b>		<b>Parent company</b>	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
<b>21 Contingent assets, liabilities and other financial obligations</b> (continued)				

## 22 Related parties

### Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

A/S Codanova  
VICH 4918 A/S  
Rolf Aage Konow

# Notes to the Financial Statements

## 23 Accounting Policies

The Annual Report of Carrington ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022 are presented in DKK.

### Recognition and measurement

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

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

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

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

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Carrington ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale, other operating income, expenses for raw materials and consumables and other external expenses.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

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

The Company is jointly taxed with A/S af 24. juli 1995 and its Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Other acquired rights relate to the right to assign according to the tenancy agreement and are measured at cost less accumulated amortisation. Other acquired rights are amortised on a straight line basis over its useful life, which is assessed at 7-10 years.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Cash Flow Statement

The cash flow statement shows the Group'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 Group's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.



## Notes to the Financial Statements

### 23 Accounting Policies (continued)

#### Cash and cash equivalents

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

The cash flow statement cannot be immediately derived from the published financial records.

#### Financial Highlights

##### Explanation of financial ratios

Return on assets

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$