

Ganni A/S
Bremerholm 4, 1069 Copenhagen

Company reg. no. 21 66 47 31

Annual report
1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 30 June 2023.

Eduardo, Salvador Velasco
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Ganni A/S for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 30 June 2023

Managing Director

Andrea Baldo
CEO

Board of directors

Eduardo, Salvador Velasco
Chairman

Ditte Reffstrup

Christian Mariager

Independent auditor's report

To the Shareholders of Ganni A/S

Opinion

We have audited the financial statements of Ganni A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

Independent auditor's report

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

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 30 June 2023

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen

State Authorised Public Accountant
mne30153

Simon Mørner Nielsen

State Authorised Public Accountant
mne46622

Company information

The company

Ganni A/S
Bremerholm 4
1069 Copenhagen

Company reg. no. 21 66 47 31
Financial year: 1 January - 31 December

Board of directors

Eduardo, Salvador Velasco, Chairman
Ditte Reffstrup
Christian Mariager

Managing Director

Andrea Baldo, CEO

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Danish Fashion Co A/S

Subsidiaries

Ganni Inc., Delaware
Ganni Limited, London
Ganni AB, Stockholm
Ganni SAS, Paris
Ganni Norway AS, Oslo
Ganni GmbH, Hamburg
Ganni B.V., Amsterdam
Ganni Shanghai Clothing Ltd, Shanghai
Ganni Canada Clothing Inc., Toronto

Financial highlights

DKK in thousands. 2022 2021 2020 2019 2018

Income statement:

Revenue	807.888	648.451	448.222	448.521	366.363
Gross profit	220.163	209.118	136.667	149.451	131.727
Results from operating activities (EBIT)	102.193	123.645	64.242	91.080	76.892
Net financials	2.879	7.384	-2.337	382	-3.003
Net profit or loss for the year	94.778	122.348	43.773	85.750	66.140

Statement of financial position:

Balance sheet total	535.589	413.600	307.439	228.167	156.992
Investments in property, plant and equipment	4.164	5.122	12.763	1.360	9.806
Equity	390.921	314.203	222.452	182.813	97.150

Employees:

Average number of full-time employees	171	135	112	101	79
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Key figures in %:

Profit margin (EBIT-margin)	12,6	19,1	14,3	20,3	21,0
Acid test ratio	286,1	319,9	284,0	364,4	232,9
Solvency ratio	73,0	76,0	72,4	80,1	61,9
Return on equity	26,9	45,6	21,6	61,3	96,1

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management's review

The principal activities of the company

The company's main activity consists of production of and trading with clothing and related activities.

Development in activities and financial matters

The revenue for the year totals DKK 807,9m against DKK 648,5m last year. Income or loss from ordinary activities after tax totals DKK 94,8m against DKK 122,3m last year. The development must be seen in light of the fact that, according to the annual report 2021, the company expected the result and activity to be on a higher level than in 2021. The development in 2022 are in line with the expectations.

Expected developments

The result and activity for the coming financial year is expected to be on a higher level than in 2022.

Environmental issues

The group has a goal of a more green, circular economy and a protection of the environment. As part of this, a 44 Goal CSR strategy has been developed focussing on People, Planet, Product and Prosperity. The group is a signatory of the UNFCCC Fashion Charter for Climate Action, with a focus on decarbonising the fashion industry, the Ellen MacArthur New Plastics Economy, looking to eliminate single-use plastic and the Global Fashion Agenda's Circular Economy commitment. In the area of social responsibility the group has committed to the UN Women Empowerment Principles to advance gender equity both with direct employees and further down the supply chain. The group's intention is that a more Responsible mindset will become an integrated part of the group's daily operation.

Branches abroad

The company has a branch in South Korea.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have impact on the financial position of the company.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

Please see our responsibility report for 2022 on: <https://responsibilityreport2022.ganni.com/>

Management's review

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act

GANNI focuses on value creation through several policies targeting gender equality and diversity in our recruiting efforts and leadership development. There is a vast majority of female employees throughout the organization and 55 % of our management is female which is considered gender equal. GANNI has aligned with the UN Women Empowerment Principles. The Board of Directors (1 female & 2 male) consists of representatives from the owners. The Board of Directors are considered gender equal. In relation to organizational changes and nomination of new board and management members, GANNI is focusing on the best person for the job based on knowledge, competence, and experience.

The long-term goal of gender diversity in the Board of Directors is set to be 50% women.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

In Ganni we have established policies for data security and data ethics. We are very aware of the responsibility that we have in relation to proper handling of information provided to us in confidence by our customers and employees. No matter whether for external or internal use, all procedures and policies are approved by the group's top management.

On an ongoing basis, the staff receives information related training and a number of technical controls have been implemented comprising both cloud- and physical solutions. We always observe the highest level of security for all our processes.

Accounting policies

The annual report for Ganni A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of Ganni A/S and its group enterprises are included in the consolidated financial statements for Danish Fashion Co A/S, Copenhagen, CVR nr. 38747932.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Danish Fashion Co A/S.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Business combinations

Acquisitions completed by the 1 July 2018 or later (method of consolidation)

Acquisition of group enterprises are dealt with in accordance with the acquisition method, and afterwards the assets and liabilities of the acquired entity are measured at fair value at the date of acquisition. If it is possible to measure the value reliably, acquired contingent liabilities are measured at fair value under the item Equity investments in group enterprises.

Accounting policies

The date of acquisition is the date when control of the acquired entity is obtained.

The cost of the acquired entity represents the fair value of the consideration agreed upon, including the considerations that are conditional on future events. Transaction costs directly attributable to the acquisition of group enterprises are recognised in the income statement as incurred.

Positive differences between the cost of the acquired entity and the identified assets and liabilities are recognised in the equity investment as goodwill, which is amortised on a straight-line basis in the income statement over the expected useful life. Amortisation of goodwill is allocated to the functions to which the goodwill relates. If the difference is negative, this is recognised immediately in the income statement.

If the allocation of the purchase price is not final, positive and negative differences from acquired group enterprises may, as a result of changes in recognition and measurement of the identified net assets, be adjusted up to 12 months from the date of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.

If the cost includes contingent considerations, these are measured at fair value at the date of acquisition. Subsequently, contingent considerations at fair value are measured again. Value adjustments are recognised in the income statement.

In case of step-by-step acquisitions, the value of the hitherto equity holding in the acquired entity is measured again at the fair value at the date of acquisition. The difference between the carrying amount of the hitherto equity investment and the fair value is recognised in the income statement.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Work performed for own account and capitalised

Work performed for own account and capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Accounting policies

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 3-5 years.

Patents, licenses, software and distributions rights are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period. Licenses, software and distributions rights are amortised the estimated useful economic life. The amortisation period is 3-5 years.

Profit and loss from the sale of development projects, patents, licenses software and distributions rights are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Accounting policies

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Leasehold improvements	5 years	0 %
Other fixtures and fittings, tools and equipment	5 years	0 %

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

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Accounting policies

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 10 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Accounting policies

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, impairment takes place at the net realisable value.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

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

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

Accounting policies

The reserve is distributable.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Ganni A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, subsidiaries, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accounting policies

Deferred income

Payments received concerning future income are recognised under deferred income.

Segmental statement

Information on geographical markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the company.

Income statement 1 January - 31 December

All amounts in DKK.

Note	2022	2021
2 Revenue	807.888.260	648.450.987
Own work capitalised	5.117.210	0
Other operating income	1.612.626	2.060.063
Costs of raw materials and consumables	-425.743.154	-303.690.254
Other external expenses	-168.711.899	-137.702.475
Gross profit	220.163.043	209.118.321
4 Staff costs	-93.299.991	-68.702.142
Depreciation, amortisation, and impairment	-24.669.939	-16.771.095
Operating profit	102.193.113	123.645.084
Income from investments in group enterprises	13.185.555	20.298.705
Other financial income from subsidiaries	3.270.881	2.631.860
Other financial income	238.890	5.641.295
5 Other financial expenses	-630.577	-889.256
Pre-tax net profit or loss	118.257.862	151.327.688
6 Tax on net profit or loss for the year	-23.479.423	-28.980.048
7 Net profit or loss for the year	94.778.439	122.347.640

Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Non-current assets			
8	Completed development projects, including patents and similar rights arising from development projects	7.519.434	1.126.539
9	Acquired concessions, patents, licenses, trademarks, and similar rights	38.840.032	25.933.887
	Total intangible assets	<u>46.359.466</u>	<u>27.060.426</u>
10	Other fixtures, fittings, tools and equipment	2.028.019	2.091.032
11	Leasehold improvements	11.400.525	12.535.327
	Total property, plant, and equipment	<u>13.428.544</u>	<u>14.626.359</u>
12	Investments in group enterprises	87.601.164	70.388.939
13	Deposits	4.180.807	4.096.346
	Total investments	<u>91.781.971</u>	<u>74.485.285</u>
	Total non-current assets	<u>151.569.981</u>	<u>116.172.070</u>
Current assets			
	Manufactured goods and goods for resale	99.779.715	76.343.436
	Prepayments for goods	2.815.261	2.741.443
	Total inventories	<u>102.594.976</u>	<u>79.084.879</u>
	Trade receivables	105.942.456	68.524.985
	Receivables from subsidiaries	102.918.344	94.005.641
	Other receivables	4.031.743	8.979.118
14	Prepayments	12.559.980	5.464.915
	Total receivables	<u>225.452.523</u>	<u>176.974.659</u>
	Cash and cash equivalents	<u>55.971.204</u>	<u>41.368.017</u>
	Total current assets	<u>384.018.703</u>	<u>297.427.555</u>
	Total assets	<u>535.588.684</u>	<u>413.599.625</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Equity			
15	Contributed capital	1.572.000	1.572.000
	Reserve for net revaluation according to the equity method	54.569.705	39.444.564
	Reserve for development costs	5.865.158	878.700
	Reserve for foreign currency translation	2.399.147	459.558
	Retained earnings	306.514.627	251.847.787
	Proposed dividend for the financial year	20.000.000	20.000.000
	Total equity	390.920.637	314.202.609
Provisions			
16	Provisions for deferred tax	10.439.253	6.411.632
	Total provisions	10.439.253	6.411.632
Liabilities other than provisions			
	Bank loans	7.821.531	575.409
	Trade payables	75.963.341	33.217.239
	Payables to group enterprises	9.805.828	15.125.175
	Income tax payable	13.874.738	10.081.310
	Other payables	26.763.356	28.073.367
17	Deferred income	0	5.912.884
	Total short term liabilities other than provisions	134.228.794	92.985.384
	Total liabilities other than provisions	134.228.794	92.985.384
	Total equity and liabilities	535.588.684	413.599.625

1 Subsequent events**3 Fees, auditor****18 Charges and security****19 Contingencies****20 Related parties**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Reserve for foreign currency translation	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January							
2021	1.572.000	14.743.098	0	-3.943.213	175.080.313	35.000.000	222.452.198
Distributed							
dividend	0	0	0	0	0	-35.000.000	-35.000.000
Share of results	0	24.701.466	0	0	76.767.474	20.000.000	121.468.940
Transferred from results brought forward	0	0	878.700	0	0	0	878.700
Exchange rate adjustments	0	0	0	4.402.771	0	0	4.402.771
Equity 1 January							
2022	1.572.000	39.444.564	878.700	459.558	251.847.787	20.000.000	314.202.609
Distributed							
dividend	0	0	0	0	0	-20.000.000	-20.000.000
Share of results	0	15.125.141	4.986.458	0	54.666.840	20.000.000	94.778.439
Exchange rate adjustments	0	0	0	1.939.589	0	0	1.939.589
	1.572.000	54.569.705	5.865.158	2.399.147	306.514.627	20.000.000	390.920.637

Notes

All amounts in DKK.

1. Subsequent events

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

2. Revenue

"Segmental statement"

DKK in thousands

	<u>Denmark</u>	<u>Italy</u>	<u>United Kingdom</u>	<u>Norway</u>	<u>Other</u>	<u>Total</u>
Geographically	100.468	95.173	106.931	48.112	457.204	807.888

3. Fees, auditor

According to the Danish Financial Statement Act, Section 96(3), the information is left out as the information is included in the group accounts for Danish Fashion Co. A/S.

4. Staff costs

Salaries and wages	83.889.357	62.543.006
Pension costs	7.164.082	4.548.046
Other costs for social security	2.246.552	1.611.090
	<u>93.299.991</u>	<u>68.702.142</u>
Executive board and board of directors	3.295.643	4.040.527
Average number of employees	171	135

5. Other financial expenses

Financial costs, group enterprises	172.191	364.727
Other financial costs	458.386	524.529
	<u>630.577</u>	<u>889.256</u>

6. Tax on net profit or loss for the year

Tax of the results for the year, parent company	19.138.737	27.698.915
Adjustment for the year of deferred tax	4.027.621	1.185.475
Adjustment of tax for previous years	313.065	95.658
	<u>23.479.423</u>	<u>28.980.048</u>

Notes

All amounts in DKK.

	2022	2021
7. Proposed distribution of net profit		
Reserves for net revaluation according to the equity method	15.125.141	24.701.466
Dividend for the financial year	20.000.000	20.000.000
Transferred to retained earnings	54.666.840	76.767.474
Transferred to reserve for entrepreneurial companies	4.986.458	878.700
Total allocations and transfers	94.778.439	122.347.640
8. Completed development projects, including patents and similar rights arising from development projects		
Cost 1 January 2022	3.553.726	2.197.421
Additions during the year	7.548.954	1.356.305
Cost 31 December 2022	11.102.680	3.553.726
Amortisation and write-down 1 January 2022	-2.427.187	-2.197.421
Amortisation for the year	-1.156.059	-229.766
Amortisation and write-down 31 December 2022	-3.583.246	-2.427.187
Carrying amount, 31 December 2022	7.519.434	1.126.539

The company's development projects concern the development of a new denim-project as well as new internal IT systems. Ganni Denim 3.0 aims to create a platform for the Group to manifest itself as an authority within the design of Denim. In effect the periodically updated Denim washes and Denim RTW products will continuously both compliment and elevate a permanent jeans offering, with a full focus on sustainable development and production. The new developed IT-systems helps improve effectivity and improves costumer experience.

Notes

All amounts in DKK.

	31/12 2022	31/12 2021
9. Acquired concessions, patents, licenses, trademarks, and similar rights		
Cost 1 January 2022	44.477.289	34.699.115
Additions during the year	31.058.261	16.156.963
Disposals during the year	0	-6.378.789
Cost 31 December 2022	75.535.550	44.477.289
Amortisation and write-down 1 January 2022	-18.543.402	-13.180.467
Amortisation for the year	-18.152.116	-11.741.723
Reversal of depreciation, amortisation and writedown, assets disposed of	0	6.378.788
Amortisation and write-down 31 December 2022	-36.695.518	-18.543.402
Carrying amount, 31 December 2022	38.840.032	25.933.887
10. Other fixtures, fittings, tools and equipment		
Cost 1 January 2022	3.935.447	4.465.904
Additions during the year	1.024.214	1.383.995
Disposals during the year	0	-1.914.452
Cost 31 December 2022	4.959.661	3.935.447
Amortisation and write-down 1 January 2022	-1.844.415	-3.025.982
Depreciation for the year	-1.087.227	-715.199
Reversal of depreciation, amortisation and writedown, assets disposed of	0	1.896.766
Amortisation and write-down 31 December 2022	-2.931.642	-1.844.415
Carrying amount, 31 December 2022	2.028.019	2.091.032

Notes

All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
11. Leasehold improvements		
Cost 1 January 2022	24.145.171	20.454.760
Additions during the year	3.139.734	3.737.991
Disposals during the year	<u>0</u>	<u>-47.580</u>
Cost 31 December 2022	<u>27.284.905</u>	<u>24.145.171</u>
Depreciation and write-down 1 January 2022	-11.609.844	-7.573.016
Depreciation for the year	-4.274.536	-4.084.408
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>0</u>	<u>47.580</u>
Depreciation and write-down 31 December 2022	<u>-15.884.380</u>	<u>-11.609.844</u>
Carrying amount, 31 December 2022	<u>11.400.525</u>	<u>12.535.327</u>

Notes

All amounts in DKK.

	31/12 2022	31/12 2021
12. Investments in group enterprises		
Acquisition sum, opening balance 1 January 2022	30.944.364	26.833.664
Additions during the year	2.087.085	4.110.700
Cost 31 December 2022	33.031.449	30.944.364
Revaluations, opening balance 1 January 2022	43.903.412	17.418.397
Adjustment of previous revaluations	324.596	0
Results for the year before goodwill amortisation	14.644.495	22.082.242
Translation adjustment at year-end rate	1.939.585	4.402.773
Revaluation 31 December 2022	60.812.088	43.903.412
Amortisation of goodwill, opening balance 1 January 2022	-4.458.837	-2.675.299
Amortisation of goodwill for the year	-1.783.536	-1.783.538
Depreciation on goodwill 31 December 2022	-6.242.373	-4.458.837
Carrying amount, 31 December 2022	87.601.164	70.388.939
Group enterprises:		
	Domicile	Equity interest
Ganni Inc.	Delaware	100 %
Ganni Limited	London	100 %
Ganni AB	Stockholm	100 %
Ganni SAS	Paris	100 %
Ganni Norway AS	Oslo	100 %
Ganni GmbH	Hamburg	100 %
Ganni B.V.	Amsterdam	100 %
Ganni Shanghai Clothing Ltd	Shanghai	100 %
Ganni Canada Clothing Inc.	Toronto	100 %

Notes

All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
13. Deposits		
Cost 1 January 2022	4.096.346	4.089.397
Additions during the year	84.461	27.782
Disposals during the year	<u>0</u>	<u>-20.833</u>
Cost 31 December 2022	<u>4.180.807</u>	<u>4.096.346</u>
 Carrying amount, 31 December 2022	 <u>4.180.807</u>	 <u>4.096.346</u>
 14. Prepayments		
Prepayments comprises of prepaid rent, insurance and subscriptions etc.		
 15. Contributed capital		
The share capital consists of 15,720 shares, each with a nominal value of DKK 100. No shares hold particular rights.		
Within the latest five years, no changes in the share capital have taken place.		
 16. Provisions for deferred tax		
Provisions for deferred tax 1 January 2022	6.411.632	5.444.656
Deferred tax of the results for the year	<u>4.027.621</u>	<u>966.976</u>
	<u>10.439.253</u>	<u>6.411.632</u>
 17. Deferred income		
Deferred income relates to received prepayments from costumers.		

Notes

All amounts in DKK.

18. Charges and security

For bank loans, TDKK 7.822, the company has provided security in company assets representing a nominal value of TDKK 24.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	99.780
Trade receivables	99.991
Tangible fixed assets	13.429
Intangible assets	46.359

19. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into 3 operational leases with an average annual lease payment of TDKK 385. The leases have between 21 and 36 months to maturity and total outstanding lease payments total TDKK 921.

Other contingent liabilities:

The company entered into leasing contracts with a total liability of tDKK 23.182. The average monthly leasing is tDKK 970. The leasing contracts' notice periods are between 3-57 months.

The company is liable for 6 of the subsidiaries' leases with a total liability of tDKK 17.963.

A third party has initiated legal proceedings against the company based on trademark infringement. The Management disagrees to this and finds that the alleged trademarks are invalid. The Management assesses that any outcome of the case will not lead to material financial impact on the company which are not already accounted for as of 31 December 2022.

Joint taxation

With Danish Fashion Co A/S, company reg. no 38747932 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Notes

All amounts in DKK.

19. Contingencies (continued)

Joint taxation (continued)

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

20. Related parties

Controlling interest

L Catterton Europe, 1, rue Euler, 75008 Paris	Majority shareholder
S.L.03 S.a.r.l, Rue Antoine Jans 10, 1810 Luxembourg	Majority shareholder
Danish Fashion Co A/S, Bremerholm 4, 1069 Copenhagen	Majority shareholder

Transactions

All transactions are made on market terms.

Consolidated financial statements

The company is included in the consolidated annual accounts of Danish Fashion Co A/S, Bremerholm 4, 1069 Copenhagen C, Denmark.