CHRISTENSEN
KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Hårklinikken ApS

Amaliegade 42, 1256 København K

Company reg. no. 25 63 59 14

Annual report

1 January - 31 December 2021

The annual report has been submitted and approved by the general meeting on the 30 June 2022.

Lars Skjøth
Chairman of the meeting

Contents

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 Hårklinikken ApS for the financial year 1 January - 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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 2022

Managing Director

Malte Holm
Director

Board of directors

Lars Skjøth Chairman	Mette Marie Louise Skjøth

Independent auditor's report

To the Shareholder of Hårklinikken ApS

Opinion

We have audited the financial statements of Hårklinikken ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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.

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 2022

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Elan Schapiro
State Authorised Public Accountant
mne33765

Company information

The company	Hårklinikken ApS Amaliegade 42 1256 København K	
	Company reg. no.	25 63 59 14
	Established:	22 September 2000
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Lars Skjøth, Chairman Mette Marie Louise Skjøth	
Managing Director	Malte Holm, Director	
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K	
Parent company	Hairclinic Group ApS	
Subsidiary	Hårklinikken GmbH, Germany	

The principal activities of the company

Like previous years, the principal activities are treatment of hair loss and scalp diseases, including sales and marketing of hair and scalp products in Denmark.

Development in activities and financial matters

The gross profit for the year totals DKK 8.020.000 against DKK 9.322.000 last year. Income or loss from ordinary activities after tax totals DKK 1.156.000 against DKK 153.000 last year. Management considers the net profit or loss for the year satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2021	2020
	Gross profit	**8.019.868**	**9.322.470**
1	Staff costs	-6.587.144	-8.921.545
	Depreciation and impairment of property, land, and equipment	0	-4.416
	Operating profit	**1.432.724**	**396.509**
	Income from investment in subsidiaries	0	-149.051
	Other financial income from subsidiaries	54.577	0
	Other financial income	12.592	0
	Other financial expenses	-15.791	-9.427
	Pre-tax net profit or loss	**1.484.102**	**238.031**
2	Tax on net profit or loss for the year	-327.968	-85.463
	Net profit or loss for the year	**1.156.134**	**152.568**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	1.156.134	152.568
	Total allocations and transfers	**1.156.134**	**152.568**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2021	2020
	Non-current assets		
3	Other fixtures and fittings, tools and equipment	0	0
	Total property, plant, and equipment	0	0
4	Investment in subsidiary	1	1
5	Deposits	323.112	316.967
	Total investments	323.113	316.968
	Total non-current assets	**323.113**	**316.968**
	Current assets		
	Manufactured goods and goods for resale	1.428.420	1.542.597
	Total inventories	1.428.420	1.542.597
	Trade receivables	0	8.983
6	Receivables from subsidiaries	1.799.558	1.450.091
	Receivables from participating interest	41.306	39.401
	Deferred tax assets	0	3.028
	Other receivables	176	160.000
	Total receivables	1.841.040	1.661.503
	Other financial investments	19.546	13.520
	Total investments	19.546	13.520
	Cash and cash equivalents	1.444.875	1.268.655
	Total current assets	**4.733.881**	**4.486.275**
	Total assets	**5.056.994**	**4.803.243**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		2021	2020
	Equity		
	Contributed capital	125.000	125.000
	Retained earnings	2.183.192	1.027.058
	Total equity	**2.308.192**	**1.152.058**
	Long term labilities other than provisions		
	Other payables	0	654.604
	Total long term liabilities other than provisions	0	654.604
	Bank loans	16	9
	Trade payables	318.065	297.477
	Payables to subsidiaries	85.426	57.150
	Income tax payable	324.940	85.426
	Other payables	2.020.355	2.556.519
	Total short term liabilities other than provisions	2.748.802	2.996.581
	Total liabilities other than provisions	**2.748.802**	**3.651.185**
	Total equity and liabilities	**5.056.994**	**4.803.243**

7	**Disclosures on fair value**
8	**Charges and security**
9	**Contingencies**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2020	125.000	874.490	999.490
Profit or loss for the year brought forward	0	152.568	152.568
Equity 1 January 2021	125.000	1.027.058	1.152.058
Profit or loss for the year brought forward	0	1.156.134	1.156.134
	125.000	**2.183.192**	**2.308.192**

Notes

All amounts in DKK.

		2021	2020
1.	**Staff costs**		
	Salaries and wages	5.902.824	8.194.948
	Pension costs	534.614	629.111
	Other costs for social security	52.825	58.032
	Other staff costs	96.881	39.454
		6.587.144	**8.921.545**
	Average number of employees	16	17
2.	**Tax on net profit or loss for the year**		
	Tax of the results for the year, parent company	324.940	85.426
	Adjustment for the year of deferred tax	3.028	37
		327.968	**85.463**
3.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2021	324.941	324.941
	Cost 31 December 2021	**324.941**	**324.941**
	Amortisation and writedown 1 January 2021	-324.941	-320.525
	Depreciation for the year	0	-4.416
	Amortisation and writedown 31 December 2021	**-324.941**	**-324.941**

Notes

All amounts in DKK.

		31/12 2021	31/12 2020
4.	**Investment in subsidiary**		
	Acquisition sum, opening balance 1 January 2021	7	7
	Cost 31 December 2021	**7**	**7**
	Revaluations, opening balance 1 January 2021	-3.965.746	-3.816.695
	Adjustment of previous revaluations	0	-92.385
	Results for the year before goodwill amortisation	0	-56.666
	Revaluation 31 December 2021	**-3.965.746**	**-3.965.746**
	Offsetting against debtors	3.965.740	3.965.740
	Set off against debtors and provisions for liabilities	**3.965.740**	**3.965.740**
	Carrying amount, 31 December 2021	**1**	**1**

Financial highlights for the enterprise according to the latest approved annual report

	Equity interest	Equity	Results for the year	Carrying amount, Hårklinikken ApS
Hårklinikken GmbH, Germany	100 %	-4.448.385	-340.893	1
		-4.448.385	**-340.893**	**1**

		31/12 2021	31/12 2020
5.	**Deposits**		
	Cost 1 January 2021	316.967	309.498
	Additions during the year	6.145	7.469
	Cost 31 December 2021	**323.112**	**316.967**
	Carrying amount, 31 December 2021	**323.112**	**316.967**

6. Receivables from subsidiaries

The company issues a letter of subordination concerning its receivable t.DKK 1.726 from related party, HK Koncept & Produkt ApS, vis-á-vis other creditors of HK Koncept & Produkt ApS.

All amounts in DKK.

7. Disclosures on fair value

	Listed shares
Fair value at 31 December 2021	19.546
Change in fair value of the year recognised in the statement of financial activity	6.026

8. Charges and security

For bank debts for the group, the company has provided security in Hårklinikken ApS' goodwill and leasehold rights at a total amount of DKK 7.000 thousand.

9. Contingencies

Contingent liabilities

The contingent liability covers rent for leases in Copenhagen, Aarhus and Skanderborg, and amounts to DKK 594 thousand.

Joint taxation

With EMKL Holding ApS, company reg. no 35395768 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.

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.

The annual report for Hårklinikken ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

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

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, other operating income, and external costs.

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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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

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.

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

Staff costs

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

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 realised and unrealised capital gains and losses relating to transactions in foreign currency.

Results from investment in subsidiarie

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the subsidiary is recognised in the income statement as a proportional share of the subsidiary' 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).

Statement of financial position

Equipment

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.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

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

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
Other fixtures and fittings, tools and equipment	3-5 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.

Investments

Investments in subsidiarie

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

Investments in subsidiarie is 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.

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 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

Investments in subsidiarie with a negative equity value is 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 investment in subsidiarie transferred to the reserve under equity for net revaluation according to the equity method. Dividend from subsidiarie 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 subsidiarie.

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 investment in subsidiarie 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.

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.

The net realisable value for inventories is recognised as the market 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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Financial instruments and equity investments

Financial instruments and equity investments recognised under current assets consist of listed shares and bonds which are measured at fair value on the reporting date. Unlisted equity investments are measured at cost. Writedown takes place to the recoverable amount if this value is lower than the carrying amount.

Cash and cash equivalents

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

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 ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Hårklinikken ApS 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.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

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

Malte Holm

Som Direktør
NEM ID
PID: 9208-2002-2-568268049196
Tidspunkt for underskrift: 04-07-2022 kl.: 13:25:17
Underskrevet med NemID

Lars Skjøth

Som Bestyrelsesformand
NEM ID
PID: 9208-2002-2-904039478012
Tidspunkt for underskrift: 04-07-2022 kl.: 13:27:07
Underskrevet med NemID

Mette Marie Louise Skjøth

Som Bestyrelsesmedlem
NEM ID
PID: 9208-2002-2-782524384562
Tidspunkt for underskrift: 05-07-2022 kl.: 12:21:47
Underskrevet med NemID

Elan Schapiro

Som Revisor
NEM ID
RID: 1174558287756
Tidspunkt for underskrift: 05-07-2022 kl.: 12:28:01
Underskrevet med NemID

Lars Skjøth

Som Dirigent

NEM ID

PID: 9208-2002-2-904039478012
Tidspunkt for underskrift: 06-07-2022 kl.: 09:57:09
Underskrevet med NemID