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# ***Society of Lifestyle A/S***

Industrivej 29, DK-7430 Ikast

## **Annual Report for 1 January - 31 December 2021**

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CVR No 26 65 24 05

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
5 /5 2022

Martin Skov Hansen  
Chairman of the General  
Meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	11
Balance Sheet 31 December	12
Statement of Changes in Equity	14
Cash Flow Statement 1 January - 31 December	15
Notes to the Financial Statements	16

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Society of Lifestyle A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations and cash flows for 2021.

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.

Ikast, 5 May 2022

## Executive Board

Klaus Juhl Pedersen  
Executive Officer

Martin Skov Hansen  
Executive Officer

## Board of Directors

Gitte Juhl Capel

Rikke Juhl Jensen

Klaus Juhl Pedersen

# Independent Auditor's Report

To the Shareholder of Society of Lifestyle A/S

## Opinion

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 and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Society of Lifestyle A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("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 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.

## 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 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.

## 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 misstate-

# Independent Auditor's Report

ment, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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

# Independent Auditor's Report

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.

Herning, 5 May 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Poul Spencer Poulsen  
statsautoriseret revisor  
mne23324

Hans Jørgen Andersen  
statsautoriseret revisor  
mne30211

## Company Information

### **The Company**

Society of Lifestyle A/S  
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DK-7430 Ikast

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Website: [www.societyoflifestyle.com](http://www.societyoflifestyle.com)

CVR No: 26 65 24 05  
Financial period: 1 January - 31 December  
Incorporated: 12 June 2002  
Financial year: 20th financial year  
Municipality of reg. office: Ikast-Brande

### **Board of Directors**

Gitte Juhl Capel  
Rikke Juhl Jensen  
Klaus Juhl Pedersen

### **Executive Board**

Klaus Juhl Pedersen  
Martin Skov Hansen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Platanvej 4  
DK-7400 Herning

### **Bankers**

Jyske Bank  
Sølvgade 24  
7400 Herning

# Financial Highlights

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

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	432,676	368,204	306,123	355,942	321,864
Gross profit/loss	118,403	112,704	73,397	110,550	102,518
Profit/loss before financial income and expenses	44,986	48,507	6,821	49,264	55,624
Net financials	-1,791	88	400	405	-453
Net profit/loss for the year	33,555	38,671	5,586	38,534	42,779
<b>Balance sheet</b>					
Balance sheet total	209,853	150,374	132,083	213,117	180,071
Equity	123,850	87,630	96,029	165,763	138,561
<b>Cash flows</b>					
Cash flows from:					
- operating activities	-22,546	47,583	3,611	37,419	20,465
- investing activities	-21,498	-3,311	-8,151	-7,653	-852
including investment in property, plant and equipment	-21,548	-3,302	-6,382	-6,194	-969
- financing activities	39,841	-46,143	-68,091	-12,000	-9,002
Change in cash and cash equivalents for the year	-4,203	-1,870	-72,631	17,766	10,611
Number of employees	151	141	146	119	93
<b>Ratios</b>					
Return on assets	21.4%	32.3%	5.2%	23.1%	30.9%
Solvency ratio	59.0%	58.3%	72.7%	77.8%	76.9%
Return on equity	31.7%	42.1%	4.3%	25.3%	37.3%



# Management's Review

## Key activities

The most important activities of the Company consist of trading and purchasing within interior and interior design under the brand House Doctor. In addition, the Company has four brands; Meraki (care products), Nicolas Vahé (gourmet food), ByNord (bedding) and Monograph (office supplies and storage).

## Market overview

The Company has branches in Sweden, Spain, England, the Netherlands and Germany.

## Development in the year

The income statement of the Company for 2021 shows a profit of DKK 33,555,390, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 123,850,463.

## The past year and follow-up on development expectations from last year

In 2021, the Company has continued to grow. The growth has occurred in the primary markets in Europe and primarily through increased trade with existing customers.

Sales are made primarily to retailers and the Company's products are sold in most of Europe and the United States.

The Company's result is significantly negatively affected by substantial rate increases on container freight.

In 2021, investments have been made in an Autostore logistics solution to prepare the Company for the future growth journey.

In mid-2021, the Company launched another new brand, ByNord, which focuses on interiors for the bedroom.

The financial year has not met management's expectations, as the majority of the earnings from the generated growth have been used for increased costs for container freight.

## Foreign exchange risks

A significant part of the Company's purchases is carried out in foreign currency, just like the majority of the Company's sale. To cover the risk of negative exchange rate fluctuation the Company engage in hedging transactions lasting up to 12 months.

No special risks besides the common risk within the Company's industry has been identified.

# Management's Review

## Targets and expectations for the year ahead

Management expects a continued increase in activity level as well as a slight increase in earnings for the coming year. The Company has chosen to initiate significant investments in the growth of future markets and has decided to invest in the expansion of the administration building to consolidate the Company's administration at one address. New buildings, which also contain a new showroom, will be inaugurated in 2022.

A profit before tax in the range of DKK 40 - 60 million is expected in 2022.

## External environment

The Company's activities are not considered to have a significant impact on the environment.

## Intellectual capital resources

The Company's future earnings depend on a high level of knowledge resources within the design of new products, branding to new and existing customers, as well as purchasing and inventory management.

## Statement of corporate social responsibility

### *Business model*

The Company's business model is the design, purchase and sale of home furnishing and interior, body care products and gourmet food. The production itself is handled by a large number of subcontractors, most of whom are based outside Denmark.

### *Risk analysis*

The Company's risk of having an impact on the areas specified in the law regarding the environment and climate, social and employee conditions, human rights and anti-corruption is assessed to be limited. Furthermore, the Company's business activities do not add additional risks related to corporate social responsibility. The Company complies with relevant legislation in all the countries in which it operates.

Nevertheless, the Company is particularly aware of the potential risks associated with the Company's work, including attracting and retaining skilled employees, as well as the climate impact that the Company's transport and product handling causes.

The Company's sales activities take place mainly in Europe, where a high degree of regulation and regulatory control exist. The Company does not experience significant risks in relation to human rights, corruption and the environment. The Company has not prepared policies for corruption and the environment. Regarding human rights we have no formal policy, but our employee handbook describes how we want to relate to each other, what can be expected from each other and each employee's responsibility in terms of cooperation and interacting; both internally and externally.

# Management's Review

## ***Work environment***

Society of Lifestyle A/S has focus on providing employees with the opportunity to achieve personal success. We want to provide a work climate and a leadership behavior where we aim to help the individual employee to be a success. For us, success is a matter of being happy so you can deliver your very best in any work situation.

The Company seeks to create a workplace where both the physical and mental work environment are given high priority. This is reflected in an active work environment organization that ensures modern facilities in the office, follow-up on illness, etc.

All employees are informed about safety and personnel policies in general and the health scheme ensures security for optimal options should the need for treatment arise.

Society of Lifestyle A/S is aware of the well-being of its employees, and to ensure the right focus, we have annual employee satisfaction surveys, which we use to set up initiatives that need to be worked on.

## ***Social responsibility***

It is important for Society of Lifestyle A/S to make a positive contribution to society, both local and remote environment. We want to take on social responsibility and give something back. In 2021, for example, we have financially supported an organization that helps vulnerable children in Nigeria, Kenya and Ghana. In addition, we regularly donate to an organization that supports school projects in Kenya.

To limit food waste, agreements have been made with various crisis homes and relief organizations in the surrounding community, where we donate surplus food. Gifts have also been donated to these organizations in connection with the celebration of Holidays.

The Company has no independent human rights policy but seeks to comply human rights of employees through personnel policies and work environment policies, which i.a. meets the right to equal treatment, the right to personal security, the right to rest and leisure, and the right to freedom of association. These policies are implemented in day-to-day operations and through our safety representatives and health and safety coordinators.

The Company has also ensured through the general terms and conditions of Society of Lifestyle A/S that subcontractors and consultants perform all work and services in accordance with the Company's "Code of Conduct" and has thus sought to ensure that there is no violation of human rights or anyone is discriminated against in any way in relation to religion, race or gender at all stages of the production process.

The Company has not registered any human rights violations in 2021.

Going forward the Company will increase its focus on corporate social responsibility (CSR) by adding a dedicated management resource with a primary focus on this. Attention will be on securing sustainability and compliance in all stages of the value chain, from CSR at production facilities with our suppliers to a

## **Management's Review**

more sustainable version of each individual product.

### ***Data ethics***

The Company handles general data in the form of customer, supplier and employee data. Data is processed in accordance with the GDPR and our privacy and information security policies. As the Company primarily sells B2B and has extremely limited processing of personally sensitive data, the Company's assessment is that there is no need for a policy for data ethics. The Company will continuously assess whether a policy is necessary.

### ***Environment***

The Company's activities do not significantly affect the external environment, but management is generally aware of measures that can protect the environment, including optimization of energy consumption on warehouse and choice of transport solutions.

The Company does not engage in research or development activities.

### **Statement on gender composition**

The Company's top management level consists of the Board of Directors, which consists of the owners of the Company represented by one male and two female owners. It is assessed that an equal gender distribution has been achieved in accordance with the Danish Business Authority's guidelines. It is the Company's policy to have an equal gender composition at other management levels. Through 2021, this has been fulfilled.

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Unusual events**

The financial position at 31 December 2021 of the Company and the results of the activities and cash flows of the Company for the financial year for 2021 have not been affected by any unusual events.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
<b>Revenue</b>	1	<b>432,676,122</b>	<b>368,203,977</b>
Other operating income		1,784,381	0
Expenses for raw materials and consumables		-257,937,692	-204,201,787
Other external expenses		-58,119,383	-51,297,753
<b>Gross profit/loss</b>		<b>118,403,428</b>	<b>112,704,437</b>
Staff expenses	2	-66,241,681	-58,781,225
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-7,175,975	-5,415,962
<b>Profit/loss before financial income and expenses</b>		<b>44,985,772</b>	<b>48,507,250</b>
Financial income	4	485,684	245,227
Financial expenses	5	-2,276,768	-157,127
<b>Profit/loss before tax</b>		<b>43,194,688</b>	<b>48,595,350</b>
Tax on profit/loss for the year	6	-9,639,298	-9,923,964
<b>Net profit/loss for the year</b>		<b>33,555,390</b>	<b>38,671,386</b>

# Balance Sheet 31 December

## Assets

	Note	2021 DKK	2020 DKK
Goodwill		925,000	1,075,000
<b>Intangible assets</b>	<b>7</b>	<b>925,000</b>	<b>1,075,000</b>
Other fixtures and fittings, tools and equipment		22,938,681	8,341,559
Leasehold improvements		100,673	175,994
<b>Property, plant and equipment</b>	<b>8</b>	<b>23,039,354</b>	<b>8,517,553</b>
Other investments		30,000	30,000
Deposits		1,836,000	1,885,483
<b>Fixed asset investments</b>	<b>9</b>	<b>1,866,000</b>	<b>1,915,483</b>
<b>Fixed assets</b>		<b>25,830,354</b>	<b>11,508,036</b>
<b>Inventories</b>	<b>10</b>	<b>111,065,073</b>	<b>75,792,330</b>
Trade receivables		29,711,603	29,349,770
Receivables from group enterprises		35,394,248	21,358,725
Other receivables		72,246	513,064
Prepayments	11	2,470,530	2,339,726
<b>Receivables</b>		<b>67,648,627</b>	<b>53,561,285</b>
<b>Cash at bank and in hand</b>		<b>5,309,121</b>	<b>9,512,418</b>
<b>Currents assets</b>		<b>184,022,821</b>	<b>138,866,033</b>
<b>Assets</b>		<b>209,853,175</b>	<b>150,374,069</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		20,000,000	20,000,000
Reserve for hedging transactions		543,716	-2,133,774
Other reserves		50,679	63,574
Retained earnings		80,456,068	69,700,678
Proposed dividend for the year		22,800,000	0
<b>Equity</b>		<b>123,850,463</b>	<b>87,630,478</b>
Provision for deferred tax	13	35,000	350,000
<b>Provisions</b>		<b>35,000</b>	<b>350,000</b>
Lease obligations		13,916,385	0
Other payables		0	3,473,764
<b>Long-term debt</b>	14	<b>13,916,385</b>	<b>3,473,764</b>
Credit institutions		29,473,196	5,779,411
Lease obligations	14	2,230,369	0
Prepayments received from customers		473,412	338,714
Trade payables		23,367,876	14,270,077
Payables to group enterprises		252,094	17,753,760
Corporation tax		266,060	53,608
Payables to group enterprises relating to corporation tax		10,479,454	10,378,774
Other payables	14	5,508,866	10,345,483
<b>Short-term debt</b>		<b>72,051,327</b>	<b>58,919,827</b>
<b>Debt</b>		<b>85,967,712</b>	<b>62,393,591</b>
<b>Liabilities and equity</b>		<b>209,853,175</b>	<b>150,374,069</b>
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Fee to auditors appointed at the general meeting	19		
Accounting Policies	20		

## Statement of Changes in Equity

	Share capital	Reserve for hedging transactions	Other reserves	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
<b>2021</b>						
Equity at 1 January	20,000,000	-2,133,774	63,574	69,700,678	0	87,630,478
Exchange adjustments	0	0	-12,895	0	0	-12,895
Fair value adjustment of hedging instruments, beginning of year	0	2,115,964	0	0	0	2,115,964
Fair value adjustment of hedging instruments, end of year	0	1,316,716	0	0	0	1,316,716
Tax on adjustment of hedging instruments for the year	0	-755,190	0	0	0	-755,190
Net profit/loss for the year	0	0	0	10,755,390	22,800,000	33,555,390
<b>Equity at 31 December</b>	<b>20,000,000</b>	<b>543,716</b>	<b>50,679</b>	<b>80,456,068</b>	<b>22,800,000</b>	<b>123,850,463</b>
<b>2020</b>						
Equity 1. januar	250,000	0	0	95,779,292	0	96,029,292
Exchange adjustments	0	0	63,574	0	0	63,574
Share capital increase	19,750,000	0	0	-19,750,000	0	0
Extraordinary dividend paid	0	0	0	-45,000,000	0	-45,000,000
Fair value adjustment of hedging instruments, beginning of year	0	366,969	0	0	0	366,969
Fair value adjustment of hedging instruments, end of year	0	-2,115,964	0	0	0	-2,115,964
Tax on adjustment of hedging instruments for the year	0	-384,779	0	0	0	-384,779
Net profit/loss for the year	0	0	0	38,671,386	0	38,671,386
<b>Equity at 31 December</b>	<b>20,000,000</b>	<b>-2,133,774</b>	<b>63,574</b>	<b>69,700,678</b>	<b>0</b>	<b>87,630,478</b>



## Cash Flow Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Net profit/loss for the year		33,555,390	38,671,386
Adjustments	15	18,606,357	15,251,826
Change in working capital	16	-62,506,958	-4,905,095
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-10,345,211</b>	<b>49,018,117</b>
Financial income		485,684	245,216
Financial expenses		-2,289,656	-93,538
<b>Cash flows from ordinary activities</b>		<b>-12,149,183</b>	<b>49,169,795</b>
Corporation tax paid		-10,396,358	-1,586,414
<b>Cash flows from operating activities</b>		<b>-22,545,541</b>	<b>47,583,381</b>
Purchase of property, plant and equipment		-21,547,774	-3,301,686
Fixed asset investments made etc		-521	-8,927
Sale of fixed asset investments etc		50,000	0
<b>Cash flows from investing activities</b>		<b>-21,498,295</b>	<b>-3,310,613</b>
Reduction of lease obligations		-968,150	0
Change in loans from credit institutions		23,693,785	-1,142,922
Lease obligations incurred		17,114,904	0
Dividend paid		0	-45,000,000
<b>Cash flows from financing activities</b>		<b>39,840,539</b>	<b>-46,142,922</b>
<b>Change in cash and cash equivalents</b>		<b>-4,203,297</b>	<b>-1,870,154</b>
Cash and cash equivalents at 1 January		9,512,418	11,382,572
<b>Cash and cash equivalents at 31 December</b>		<b>5,309,121</b>	<b>9,512,418</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		5,309,121	9,512,418
<b>Cash and cash equivalents at 31 December</b>		<b>5,309,121</b>	<b>9,512,418</b>

# Notes to the Financial Statements

	2021 DKK	2020 DKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	99,520,030	84,441,741
Export sales, EU	239,423,841	215,361,735
Export sales, other foreign countries	93,732,251	68,400,501
	<b>432,676,122</b>	<b>368,203,977</b>
<b>2 Staff expenses</b>		
Wages and salaries	61,020,503	54,405,444
Pensions	3,198,080	2,875,817
Other social security expenses	2,023,098	1,499,964
	<b>66,241,681</b>	<b>58,781,225</b>
Including remuneration to the Executive Board of: Executive Board	2,492,216	1,745,720
	<b>2,492,216</b>	<b>1,745,720</b>
<b>Average number of employees</b>	<b>151</b>	<b>141</b>
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	150,000	150,000
Depreciation of property, plant and equipment	7,025,975	5,265,962
	<b>7,175,975</b>	<b>5,415,962</b>

# Notes to the Financial Statements

	2021 DKK	2020 DKK
<b>4 Financial income</b>		
Interest received from group enterprises	398,424	170,502
Other financial income	87,260	74,725
	<b>485,684</b>	<b>245,227</b>
<b>5 Financial expenses</b>		
Interest paid to group enterprises	52,891	0
Other financial expenses	339,963	68,694
Exchange loss	1,883,914	88,433
	<b>2,276,768</b>	<b>157,127</b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	10,608,446	10,378,774
Deferred tax for the year	-315,000	-138,000
Adjustment of tax concerning previous years	101,042	67,969
	<b>10,394,488</b>	<b>10,308,743</b>
which breaks down as follows:		
Tax on profit/loss for the year	9,639,298	9,923,964
Tax on changes in equity	755,190	384,779
	<b>10,394,488</b>	<b>10,308,743</b>

# Notes to the Financial Statements

## 7 Intangible assets

	Goodwill DKK
Cost at 1 January	1,500,000
Cost at 31 December	1,500,000
Impairment losses and amortisation at 1 January	425,000
Amortisation for the year	150,000
Impairment losses and amortisation at 31 December	575,000
<b>Carrying amount at 31 December</b>	<b>925,000</b>
Amortised over	10 years

## 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	24,888,362	3,320,103
Additions for the year	21,547,775	0
Cost at 31 December	46,436,137	3,320,103
Impairment losses and depreciation at 1 January	16,546,803	3,144,109
Depreciation for the year	6,950,653	75,321
Impairment losses and depreciation at 31 December	23,497,456	3,219,430
<b>Carrying amount at 31 December</b>	<b>22,938,681</b>	<b>100,673</b>
Depreciated over	3 - 7 years	3 - 5 years
Including assets under finance leases amounting to	16,146,755	0

# Notes to the Financial Statements

## 9 Fixed asset investments

	Other investments DKK	Deposits DKK
Cost at 1 January	30,000	1,885,483
Exchange adjustment	0	-4
Additions for the year	0	521
Disposals for the year	0	-50,000
Cost at 31 December	30,000	1,836,000
<b>Carrying amount at 31 December</b>	<b>30,000</b>	<b>1,836,000</b>

## 10 Inventories

	2021 DKK	2020 DKK
Finished goods and goods for resale	84,711,064	58,248,984
Prepayments for goods	26,354,009	17,543,346
	<b>111,065,073</b>	<b>75,792,330</b>

## 11 Prepayments

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

## 12 Distribution of profit

Extraordinary dividend paid	0	45,000,000
Proposed dividend for the year	22,800,000	0
Retained earnings	10,755,390	-6,328,614
	<b>33,555,390</b>	<b>38,671,386</b>

## 13 Provision for deferred tax

Provision for deferred tax at 1 January	350,000	488,000
Amounts recognised in the income statement for the year	-315,000	-138,000
<b>Provision for deferred tax at 31 December</b>	<b>35,000</b>	<b>350,000</b>

# Notes to the Financial Statements

## 14 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:

	2021 DKK	2020 DKK
<b>Lease obligations</b>		
After 5 years	3,836,485	0
Between 1 and 5 years	10,079,900	0
Long-term part	13,916,385	0
Within 1 year	2,230,369	0
	<b>16,146,754</b>	<b>0</b>
<b>Other payables</b>		
Between 1 and 5 years	0	3,473,764
Long-term part	0	3,473,764
Other short-term payables	5,508,866	10,345,483
	<b>5,508,866</b>	<b>13,819,247</b>

## 15 Cash flow statement - adjustments

Financial income	-485,684	-245,227
Financial expenses	2,276,768	157,127
Depreciation, amortisation and impairment losses, including losses and gains on sales	7,175,975	5,415,962
Tax on profit/loss for the year	9,639,298	9,923,964
	<b>18,606,357</b>	<b>15,251,826</b>

## 16 Cash flow statement - change in working capital

Change in inventories	-35,272,744	-6,645,650
Change in receivables	-14,087,344	-15,635,838
Change in trade payables, etc	-16,579,550	19,125,388
Fair value adjustments of hedging instruments	3,432,680	-1,748,995
	<b>-62,506,958</b>	<b>-4,905,095</b>

# Notes to the Financial Statements

	2021 DKK	2020 DKK
<b>17 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	884,000	1,267,000
Between 1 and 5 years	463,000	678,000
	<b>1,347,000</b>	<b>1,945,000</b>
Leases with a total lease obligation during the notice period of	21,297,000	25,242,000

## Other contingent liabilities

The company has issued an unlimited surety bond to Nordmark Invest ApS' balances with credit institutions.

The 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 Up & Up Capital A/S, which is the management company of the joint taxation purposes. Moreover, the 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.

## 18 Related parties

	<b>Basis</b>
<b>Controlling interest</b>	
Up & Up Capital A/S	Parent company, ultimate
House Doctor Group ApS	Parent Company
<b>Other related parties</b>	
Nordmark Invest ApS	Sister company

# Notes to the Financial Statements

## 18 Related parties (continued)

### Transactions

During the year, apart from intra-group transactions and normal management remuneration, no transactions were carried out with the Board of Directors, the Executive Board, senior executives, significant shareholders, affiliated companies or other related parties that were not carried out on normal market terms pursuant to section 98 c, subsection 7.

### Consolidated Financial Statements

The company is included in the consolidated report for:

Name	Place of registered office
Up & Up Capital A/S	Ikast

## 19 Fee to auditors appointed at the general meeting

Reference is made to the consolidated financial statements of Up & Up Capital A/S.



# Notes to the Financial Statements

## 20 Accounting Policies

The Annual Report of Society of Lifestyle A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### 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.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

### Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

### Revenue

Information on geographical segments based on the Company's risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

## 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 Company.

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.

### 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.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Other operating income and expenses

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

### 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 Up & Up Capital A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

### 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 - 7 years
Leasehold improvements	3 - 5 years

The fixed assets' residual values are determined at nil.

# Notes to the Financial Statements

## **20 Accounting Policies (continued)**

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.

### **Fixed asset investments**

Fixed asset investments, which consist of unlisted shares, are measured at cost price at the balance sheet date.

### **Other fixed asset investments**

Other fixed asset investments consist of deposits.

### **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.

### **Receivables**

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### **Prepayments**

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

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### 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.

### 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

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

## Cash Flow Statement

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

### 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.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### 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.

### 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	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$