

# STATE OF WOW ApS

Filmbyen 16, DK-2650 Hvidovre

**CVR-number 27 63 13 55**

## **Annual Report 2022**

Financial year: 01.01.2022 – 31.12.2022

Approved at the annual general meeting of shareholders on 26 April 2023

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Allan Muff  
Chairman

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## Company Information

<b>The Company</b>	STATE OF WOW ApS Filmbyen 16 DK-2650 Hvidovre
<b>Executive Board</b>	Jan Werner Møllbach
<b>Board of Supervisors</b>	Allan Muff Henning Nielsen Thomas Einar Söderlund
<b>Auditors</b>	Aaen & Co Statsautoriserede revisorer P/S
<b>Financial year</b>	1 January - 31 December

## Management's Review

### The Company's business review

STATE OF WOW® develops and sell Headwear and Essential Accessories® for Lifestyle customers within the Wholesale and Retail segment on the Nordic and German markets. The company is investing in sales in other European countries to grow its business.

The company sells its products and collections to leading retailers and retail chains within, sports, fashion, leisure, outdoor, supermarkets, hypermarkets & convenience stores.

STATE OF WOW® represents the following brands: UPFRONT®, EX-BAND®, Actiivate™ & STATE WEAR™.

WOW Innovation™ develops, source and produces Headwear and Essential Accessories™ for international brands, sports clubs, and music events.

### Significant changes in the company's activities and financial affairs

During the financial year 2022 the company has split its business activities into business units to reflect the company's growth and expansion plans. The total Company Groups subsidiaries:

#### STATE OF WOW ApS:

- STATE OF WOW Danmark ApS – 100%
- STATE OF WOW AB – 100%
- STATE OF WOW Legacy ApS – 100%
- WOW Innovation ApS – 100%

## Management's Statement on the Annual Report

The Board of Supervisors and the Executive Board have today discussed and approved the Annual Report 1 January 2022 – 31 December 2022 of STATE OF WOW ApS.

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

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December 2022 and the results of operations for the financial year 1 January - 31 December 2022 of the Company.

In our opinion, the Management's review includes a fair review of the matters discussed in the Management review.

We recommend that the Annual Report be approved at the annual general meeting.

Hvidovre, 26 April 2023

### **Executive Board**

Jan Werner Møllbach

### **Board of Supervisors**

Allan Muff  
Chairman

Henning Nielsen

Thomas Einar Söderlund

## Independent auditors' report

To the shareholders of STATE OF WOW ApS:

### Opinion

We have performed an extended review of the financial statements of STATE OF WOW ApS for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position 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 extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 requirement applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

## Independent auditors' report

### Statement on Management's Review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the 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 the Management's review.

Elsinore, 26 April 2023

**Aaen & Co statsautoriserede revisorer p/s**

Kongevejen 3, 3000 Helsingør - CVR nummer 33 24 17 63

Søren Appelrod

State Authorised Public Accountant

mne23301

## Accounting Policies

### Basis of accounting

The Annual Report of STATE OF WOW ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B. Management has chosen to follow certain rules from reporting class C.

The accounting policies applied by the company are consistent with those of last year.

### Reporting currency

The financial statements are presented in Danish kroner.

### Change accounting policies:

The accounting policies used have changed in the following areas:

Previous inventories was recognised as only purchase price. Now the cost of finished goods comprises the cost of purchase price including freight.

Comparative figures have been adapted to the changed accounting policies.

The cumulative effect of the change in accounting policies amount to 31 December 2021:

Profit from ordinary activities before tax increase with DKK 265.549.

Tax expenses for the year 2021 according to the change in accounting policies DKK 58.421.

Profit for the year 2021 increase with DKK 207.128.

Total assets increase DKK 968.019 and equity increase DKK 909.598.

Apart from the areas mentioned above, the accounting policies used is unchanged compared to last year.

### Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are 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 deductions 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.



## Accounting Policies

### 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. If foreign exchange positions 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. The difference between the exchange rate at the balance sheet date and the rate at the time of origin of the receivable or debt is recognised in financial income and expenses in the income statement.

Fixed assets purchased in foreign currencies are measured at the rate of exchange at the date of transaction.

### Gross profit

With reference to section 32 of the Danish financial statements act, the items "Revenue", "Other external expenses" and "Other operating income" are consolidated into one item designated "Gross profit".

### Revenue

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (percentage-of-completion method). Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Employee expenses

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The items is net of refunds made by public authorities.

### Other operating income

Other operating income comprise items of a secondary nature compared to the core activities of the Company, such as profit from the sale of fixed assets and received contribution to expenses for exploration.

### Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

## Accounting Policies

### Corporation tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

### Fixtures, fittings, tools and equipment

Other fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and amortization.

Depreciation is based on cost reduced by any expected residual value after the period of use.

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 is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Fixtures, fittings, tools and equipment	3-8	Years
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Gains or losses on sale of property, plant and equipment are calculated as the difference between the sales price less sales expenses and the carrying amount at the time of the sale.

### Investments in group entities

The proportionate share of the profit/loss of the individual subsidiaries after tax and full elimination of internal profit/loss and less amortisation of goodwill is recognised in the income statement.

Investments in subsidiaries and associates are recognised in the balance sheet at the proportionate share of the net asset value of the enterprises calculated under the accounting policies of the Parent Company with a deduction or addition of unrealised intercompany profits and losses and with addition or deduction of any remaining value of positive or negative goodwill stated under the purchase method.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0, and any receivables from these enterprises are written down by the Parent Company's share of the negative net asset value to the extent that this is considered irrecoverable. If the negative net asset value exceeds receivables, the remaining amount is recognised in provisions to the extent that the Parent Company has a legal or constructive obligation to cover the subsidiary's losses.

Net revaluation of investments in subsidiaries and associates are transferred to reserve for net revaluation under equity under the equity method to the extent that the carrying amount exceeds the cost less amortisation of goodwill.

Newly acquired or newly founded companies are recognised in the financial statements from the time of acquisition. Companies sold or wound up are recognised until the time of sale.

On acquisition of new subsidiaries and associates, the purchase method is applied, according to which the assets and liabilities of the newly acquired companies are measured at fair value at the time of acquisition. Provision is made to cover expenses relating to restructurings decided in the acquired company in connection with the acquisition. The tax effect of the reassessments made is taken into consideration, cf. below description of goodwill.

## Accounting Policies

### **Investments in group entities (continued)**

Positive differences (goodwill) between the cost and the fair value of assets and liabilities taken over, including provisions for restructuring, are recognised in investments in group enterprises and associates and depreciated over the useful life which is determined on the basis of Management's experience within the individual business areas. The period of depreciation is 15 years. The carrying amount of goodwill is currently assessed and written down in the income statement in the cases where the carrying amount exceeds the expected future net income from the company or the activity relating to the goodwill.

### **Inventories**

Inventories are measured at cost according to the FIFO method. In case the net realisable value is lower than cost, write-down is made to this lower value.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods comprises the cost of raw materials, consumables, direct labour and direct production costs.

The net realisable value of inventories is stated as sales price less expenses for finalisation and expenses paid to effect sales and is determined considering saleability, obsolescence and development in expected sales price.

### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts because of objective evidence that a receivable or a group of receivables are impaired.

### **Deferred income assets**

Deferred income recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term marketable securities, which are subject to an insignificant risk of changes in value.

### **Dividends**

Dividends that are expected to be paid for the year are shown as a separate item under equity. Proposed dividends are recognised as a liability at the time of adoption at the Annual General Meeting.

## Accounting Policies

### **Corporation tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, of concerning shares, where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be either realised, by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured based on 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 crystallised as current tax.

### **Debt**

Other liabilities are measured at net realisable value.

### **Deferred income**

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

## Income statement 1 January - 31 December

Note	2022	2021
<b>Gross profit</b>	<b>4.518.549</b>	<b>10.604.211</b>
1 Employee expense	6.613.333	6.313.227
2 Depreciations	743.994	213.721
<b>Profit from ordinary operating activities</b>	<b>-2.838.778</b>	<b>4.077.263</b>
6 Result from investments in group companies	2.853.922	1.734.065
Financial income	4.632	0
3 Financial expenses	339.805	156.829
<b>Profit from ordinary activities before tax</b>	<b>-320.029</b>	<b>5.654.499</b>
4 Tax expense on ordinary activities	-738.674	886.765
<b>Profit</b>	<b>418.645</b>	<b>4.767.734</b>
<b>Proposed distribution of results:</b>		
Proposed dividend	0	0
Retained earnings	418.645	4.767.734
<b>Profit for the year distributed</b>	<b>418.645</b>	<b>4.767.734</b>

## Balance sheet 31 December

### Assets

Note	2022	2021
	2.343.381	1.189.699
5	<b>2.343.381</b>	<b>1.189.699</b>
	5.318.716	5.490.817
6	<b>5.318.716</b>	<b>5.490.817</b>
	<b>7.662.097</b>	<b>6.680.516</b>
	17.884.895	11.451.955
	<b>17.884.895</b>	<b>11.451.955</b>
	3.674.712	300.000
	244.190	8.195.396
4	587.638	0
	385.783	135.000
	18.335	36.667
	<b>4.910.658</b>	<b>8.667.063</b>
	<b>24.620</b>	<b>3.605.034</b>
	<b>22.820.173</b>	<b>23.724.052</b>
	<b>30.482.270</b>	<b>30.404.568</b>

## Balance sheet 31 December

### Liabilities

Note	2022	2021
Share capital	4.000.000	4.000.000
Retained earnings	6.448.256	6.322.728
Proposed dividend	0	0
<b>Equity</b>	<b>10.448.256</b>	<b>10.322.728</b>
Provisions for deferred tax	87.426	180.041
<b>Provisions</b>	<b>87.426</b>	<b>180.041</b>
Other credit institutions	9.444.739	1.551.320
4 Tax payables	0	669.675
Trade payables	3.968.881	4.721.649
Payables to group enterprises	5.790.440	6.673.598
Other payables	742.528	6.285.557
<b>Short-term debt</b>	<b>19.946.588</b>	<b>19.901.799</b>
<b>Total debt</b>	<b>19.946.588</b>	<b>19.901.799</b>
<b>Total equity and liabilities</b>	<b>30.482.270</b>	<b>30.404.568</b>
8 Disclosure of liabilities under off-balance sheet leases		
9 Collaterals		
10 Contingent liabilities		

## Equity Statement

	Share capital	Retained earnings	Proposed dividend	Total equity
Equity 1 January 2021	3.000.000	0	1.702.670	4.702.670
Change in accounting practices		702.470	0	702.470
Correctedd equity 1 January 2021	3.000.000	702.470	1.702.670	5.405.140
Capital increase	1.000.000	852.524	0	1.852.524
Dividends paid	0	0	-1.702.670	-1.702.670
Profit of the year	0	4.767.734	0	4.767.734
<b>Equity 31 December 2021</b>	<b>4.000.000</b>	<b>6.322.728</b>	<b>0</b>	<b>10.322.728</b>
Equity 1 January 2022	4.000.000	6.322.728	0	10.322.728
Exchange rate adjustment on equity in subsidiaries		-293.117		-293.117
Profit of the year	0	418.645	0	418.645
<b>Equity 31 December 2022</b>	<b>4.000.000</b>	<b>6.448.256</b>	<b>0</b>	<b>10.448.256</b>

The Company's capital has at been increaseed by DKK 1.000.000 at 2021.

The Company's capital has at been increaseed by DKK 2.875.000 in 2018/19.



## Noter til årsrapporten

	2022	2021
<b>1 Employee expenses</b>		
Wages/salaries	5.652.356	5.420.527
Pensions	842.562	796.293
Other social security costs	118.415	96.407
	<b>6.613.333</b>	<b>6.313.227</b>
<b>Average number of employees</b>	<b>12</b>	<b>12</b>
<b>2 Depreciation</b>		
Fixtures, fittings, tools and equipment	743.994	213.721
	<b>743.994</b>	<b>213.721</b>
<b>3 Financial expences</b>		
Other financial expenses	332.572	98.977
Interest expences, group entities	7.233	57.852
	<b>339.805</b>	<b>156.829</b>
<b>4 Tax expense on ordinary activities</b>		
Tax on the taxable income of the year	-646.059	669.675
Increase/decrease in provision for deferred tax	-92.615	217.090
	<b>-738.674</b>	<b>886.765</b>

## Noter til årsrapporten

	2022	2021
<b>5 Property, plant and equipment</b>		
Cost at 1 January	2.245.940	951.191
Additions in the year	1.897.676	1.294.749
Desposals in the year	407.878	0
Cost at 31 December	<u>3.735.738</u>	<u>2.245.940</u>
Depreciation 1 January	1.056.241	842.520
Depreciation for the year	743.994	213.721
Desposals depreciation in the year	407.878	0
Depreciation 31 December	<u>1.392.357</u>	<u>1.056.241</u>
<b>Net book value 31 December</b>	<b><u>2.343.381</u></b>	<b><u>1.189.699</u></b>
<b>6 Investments in group entities</b>		
Cost at 1 January	3.721.000	50.000
Additions merger	80.000	3.671.000
Subsidy	400.000	0
Additions in the year		0
Cost at 31 December	<u>4.201.000</u>	<u>3.721.000</u>
Added value 1 January	1.618.220	0
Added value in connection with purchases during the year	0	1.798.022
Depreciation for the year	-179.802	-179.802
Added value 31 December	<u>1.438.418</u>	<u>1.618.220</u>
Value adjustments at 1 January	151.597	35.752
Added value in connection with purchases during the year	0	-1.798.022
Value adjustments in the year	3.033.724	1.913.867
Exchange rate adjustment currency	-293.117	0
Dividend	-3.212.906	0
Value adjustment 31 December	<u>-320.702</u>	<u>151.597</u>
<b>Carrying amount at 31 December</b>	<b><u>5.318.716</u></b>	<b><u>5.490.817</u></b>

## Noter til årsrapporten

	2022	2021
<b>6 Investments in group entities (continued)</b>		
Result from investments in group companies:		
Retained earnings	3.033.724	1.913.867
Depreciation for the year	-179.802	-179.802
	<b>2.853.922</b>	<b>1.734.065</b>
<b>Subsidiaries specified:</b>		
	<b>Equity</b>	<b>Ownership share</b>
State of WOW Danmark ApS	39.061	100%
State of WOW AB	2.359.959	100%
State of WOW Legacy ApS	28.293	100%
WOW Innovation ApS	2.891.403	100%

### 8 Disclosure of liabilities under off-balance sheet leases

The company has assumed operating rent- and leasing contracts which total kDKK 384 at the balance sheet date.

### 9 Collaterals

As security for bank loan the company has presented security DKK 4.000.000 in assets, plant and equipment, goodwill, inventories and trade receivables.

### 10 Contingent liabilities

The company is jointly taxed with its parent company, Allan Muff Holding ApS, which acts as management company. The company is jointly and severally liable with the other jointly taxed Group companies for payment of withholding taxes payable and for corporate taxes.

## Allan Muff

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Navnet returneret af dansk MitID var:

Allan Muff

Dirigent

ID: 72e5d787-2748-4ac6-a18a-ac13e72a709e

Tidspunkt for underskrift: 01-05-2023 kl.: 12:23:42

Underskrevet med MitID



## Allan Muff

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Navnet returneret af dansk MitID var:

Allan Muff

Bestyrelsesmedlem

ID: 72e5d787-2748-4ac6-a18a-ac13e72a709e

Tidspunkt for underskrift: 01-05-2023 kl.: 12:23:42

Underskrevet med MitID



## Jan Werner Møllbach

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Navnet returneret af dansk MitID var:

Jan Werner Møllbach

Direktør

ID: 1bce1862-cf8f-48ee-aebb-908a026fd8a0

Tidspunkt for underskrift: 01-05-2023 kl.: 15:41:14

Underskrevet med MitID



## Thomas Einar Söderlund

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Navnet returneret af svensk BankID (SE) var:

THOMAS SÖDERLUND

Bestyrelsesmedlem

Tidspunkt for underskrift: 02-05-2023 kl.: 10:15:54

Underskrevet med BankID (SE)



## Henning Nielsen

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Navnet returneret af dansk MitID var:

Henning Nielsen

Bestyrelsesmedlem

ID: 139cc2c8-6994-472e-b25a-6f40331941be

Tidspunkt for underskrift: 09-05-2023 kl.: 09:30:15

Underskrevet med MitID



## Søren Appelrod

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Navnet returneret af dansk MitID var:

Søren Appelrod

Revisor

ID: 567330cc-ffe1-4c66-9086-55c3315a7293

Tidspunkt for underskrift: 09-05-2023 kl.: 09:32:44

Underskrevet med MitID

