Wolly & Co. ApS

Tinvej 6 Benløse, 4100 Ringsted

CVR no. 28 69 19 63

Annual report 2023

Approved at the Company's annual general meeting on 28 June 2024

Chairman of the meeting:

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Morten Bank-Mikkelsen

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Wolly & Co. ApS for the financial year 1 January - 31 December 2023.

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 of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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

We recommend that the annual report be approved at the annual general meeting.

Esbjerg, 28 June 2024
Executive Board:

Michael Oxlund

Board of Directors:

Morten Bank-Mikkelsen Chairman	Torben Skov Villadsen	Carsten Bank-Mikkelsen

Independent auditor's report

To the shareholder of Wolly & Co. ApS

Opinion

We have audited the financial statements of Wolly & Co. ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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 the 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.

Independent auditor's report

- 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion 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 audit 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 audit, 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 28 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter U. Faurschou State Authorised Public Accountant mne34502	Niels Krogh Gjøl State Authorised Public Accountant mne49103

Management's review

Company details

Name	Wolly & Co. ApS
Address, Postal code, City	Tinvej 6 Benløse, 4100 Ringsted
CVR no.	28 69 19 63
Established	27 April 2005
Registered office	Ringsted
Financial year	1 January - 31 December
Board of Directors	Morten Bank-Mikkelsen, Chairman Torben Skov Villadsen Carsten Bank-Mikkelsen
Executive Board	Michael Oxlund
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKK	2023	2022	2021	2020	2019
Key figures					
Gross profit	26,294,153	38,653,632	27,876,340	17,216,290	21,184,842
Operating profit/loss	8,749,544	5,817,467	18,223,009	7,993,853	9,523,750
Profit before interest and tax (EBIT)	9,435,785	6,379,057	16,470,332	7,993,853	9,523,750
Net financials	-1,080,876	2,401,872	835,027	-1,375,102	-1,076,218
Profit for the year	6,850,789	6,999,192	13,829,128	5,437,113	6,766,017
Total assets	47,051,284	63,359,174	50,975,310	29,869,940	39,717,304
Investments in property, plant and equipment	0	0	115,321	0	0
Equity	12,721,080	36,279,002	27,312,526	11,854,834	14,779,643
Financial ratios					
Return on assets	15.8%	10.2%	45.1%	23.0%	28.0%
Current ratio	133.0%	223.8%	210.4%	161.8%	155.7%
Equity ratio	27.0%	57.3%	53.6%	39.7%	37.2%
Average number of full-time employees	**28**	**53**	**16**	**15**	**16**

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss: Profit/loss before net financials +/- Other operating income and other operating expenses

Return on assets: $\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$

Current ratio: $\frac{\text{Current assets x 100}}{\text{Current liabilities}}$

Equity ratio: $\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

Management's review

Business review

The company's purpose is trade and import of goods and services as well as related activities.

Financial review

The income statement for 2023 shows a profit of DKK 6,851 thousand against a profit of DKK 6,999 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 12,721 thousand. The management considers the result for the year to be unsatisfactory.

Expectation was a profit after tax in the region of DKK 15 - 20 mio. and the the profit after tax is below expectations.

The development in profit for the year is primarily attributable to lower sales activities due to market conditions and costs have been reduced to reflect the market development which has resulted in non-recurring costs that are not expected to be realized in the future.

Capital ratio

Due to considerable growth in 2024, the Company and the Group have been in need of extending the current credit facilities and a preliminary seasonal credit. The Company and the bank have concluded a new bank agreement. The bank agreement includes the Company, the Group entity Wolly & Co. GmbH and the Parent Company WXM Invest ApS. The establishment of the new bank agreement is conditional upon the Company's ultimate owners providing security for part of the bank facilities. The Company's Management expects that the owners will provide the security required. Furthermore, the bank agreement covers several covenants, which, according to operating budget and cash flow projections, are expected to be fulfilled for the rest of 2024.

The new bank agreement will ensure the necessary liquidity to fulfil the activities in 2024, including the significant growth.

Reference is made to note 2 for more details.

Financial risks and use of financial instruments

As a result of its operations, the company is exposed to changes in exchange rates, including primarily the development in USD. The company hedges a significant part of the risk associated with the conclusion of forward transactions. The company is also exposed to changes in interest rates, as the majority of the company's debt to banks and group entities is financed through floating-rate loans. It is the company's policy not to actively speculate on financial risks.

Impact on the external environment

As a trading Company that imports goods and services, Wolly & Co. ApS is aware of the natural footprint on the climate through its business activities. The Company is committed to minimizing its climate impact by optimizing its energy efficiency, reducing CO2 emmisions from own operations and prioritizing these factors when selecting suppliers.

Events after the balance sheet date

The Company has concluded a new bank agreement in 2024. Reference is made to note 2 for more details.

Beside the above no events materially affecting the Company's financial position have occurred subsequent to the financial year end.

Outlook

The management expects the activity level and profit for the year to be realised at a higher level in 2024 due to macroeconomic developments and new customers. Profit after tax is thus expected to be in the region of DKK 10-15 million.

The uncertainties are mainly linked to the macroeconomic situation and exchange rate developments.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2023	2022
	Gross profit	26,294,153	38,653,632
4	Staff costs	-16,039,694	-31,563,980
	Amortisation and depreciation of intangible assets and property, plant and equipment	-818,674	-710,595
	Profit before net financials	9,435,785	6,379,057
	Income from investments in group entities	1,591,105	776,334
5	Financial income	2,270,650	9,457,662
6	Financial expenses	-4,942,631	-7,832,124
	Profit before tax	8,354,909	8,780,929
7	Tax for the year	-1,504,120	-1,781,737
	Profit for the year	6,850,789	6,999,192

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	ASSETS		
	Fixed assets		
9	**Intangible assets**		
	Acquired intangible assets	146,569	341,995
		146,569	341,995
10	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	163,042	542,908
	Leasehold improvements	0	243,382
		163,042	786,290
11	**Investments**		
	Investments in group entities	3,324,916	1,781,749
	Deposits	375,268	371,728
		3,700,184	2,153,477
	Total fixed assets	4,009,795	3,281,762
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	262,385	5,794,556
	Prepayments for goods	0	1,222,335
		262,385	7,016,891
	Receivables		
	Trade receivables	31,444,737	33,861,315
	Receivables from group entities	10,105,550	18,409,676
13	Deferred tax assets	550,207	48,072
	Other receivables	100,802	146,461
	Receivables from owners and Management	0	18,196
12	Prepayments	335,630	435,050
		42,536,926	52,918,770
	Cash	242,178	141,751
	Total non-fixed assets	43,041,489	60,077,412
	TOTAL ASSETS	47,051,284	63,359,174

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	501,000	501,000
	Net revaluation reserve according to the equity method	2,159,228	616,061
	Hedging reserve	-1,128,955	-768,182
	Retained earnings	11,189,807	35,930,123
	Total equity	12,721,080	36,279,002
	Provisions		
	Other provisions	1,979,580	230,177
14	**Total provisions**	1,979,580	230,177
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	14,143,695	6,930
15	Derivative financial instruments	2,298,162	984,849
	Trade payables	7,161,693	12,761,606
	Payables to group entities	6,215,355	6,965,086
	Corporation tax payable	702,672	328,580
	Other payables	1,829,047	5,802,944
		32,350,624	26,849,995
	Total liabilities other than provisions	32,350,624	26,849,995
	TOTAL EQUITY AND LIABILITIES	47,051,284	63,359,174

1 Accounting policies
2 Capital ratio
3 Events after the balance sheet date
8 Appropriation of profit
16 Contractual obligations and contingencies, etc.
17 Security and collateral
18 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Net revaluation reserve according to the equity method	Hedging reserve	Retained earnings	Total
	Equity at 1 January 2023	501,000	616,061	-768,182	35,930,123	36,279,002
8	Transfer, see "Appropriation of profit"	0	1,591,105	0	5,259,684	6,850,789
	Value adjustment of hedging transactions	0	0	-462,529	0	-462,529
	Adjustment of investments through forreign exchange adjustments	0	-47,938	0	0	-47,938
	Tax on equity transactions	0	0	101,756	0	101,756
	Extraordinary dividend recognised under equity	0	0	0	-30,000,000	-30,000,000
	Equity at 31 December 2023	501,000	2,159,228	-1,128,955	11,189,807	12,721,080

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of Wolly & Co. ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Pursuant to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Wolly & Co. ApS are included in the consolidated financial statements of SMV Invest ApS, Aarhus, Denmark, (reg. no. 35 14 32 70)

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company SMV Invest ApS.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery (Incoterms).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales, other operating income and other external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

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

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	2-6 years
Leasehold improvements	2-5 years
Acquired intangible assets	3 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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 is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including IT systems.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Deposits

Deposits are measured at amortised cost and relate to leasehold deposits.

Investments in group entities

Equity investments in group entities are measured according to the equity method.

On initial recognition, equity investments in group entities are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in group entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

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

Cash

Cash and cash equivalents comprise cash and cash at bank.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash or bank debt, but are recognised under "Receivables from group entities" or "Payables to group entities".

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in group entities in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

2 Capital ratio

Due to considerable growth in 2024, the Company and the Group have been in need of extending the current credit facilities and a preliminary seasonal credit. The Company and the bank have concluded a new bank agreement. The bank agreement includes the Company, the Group entity Wolly & Co. GmbH and the Parent Company WXM Invest ApS. The establishment of the new bank agreement is conditional upon the Company’s ultimate owners providing security for part of the bank facilities. The Company’s Management expects that the owners will provide the security required. Furthermore, the bank agreement covers several covenants, which, according to operating budget and cash flow projections, are expected to be fulfilled for the rest of 2024.

The new bank agreement will ensure the necessary liquidity to fulfil the activities in 2024, including the significant growth.

3 Events after the balance sheet date

The Company has concluded a new bank agreement in 2024. Reference is made to note 2 for more details.

Beside the above no events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2023	2022
4	**Staff costs**		
	Wages/salaries	12,299,082	26,272,935
	Pensions	3,474,599	4,716,726
	Other social security costs	266,013	574,319
		16,039,694	31,563,980
	Average number of full-time employees	28	53
	Remuneration to members of Management:		
	Executive Board	0	3,336,862
	Board of Directors	0	400,000
		0	3,736,862

In 2023, remuneration of the Company's Management totalled DKK 2,569 thousand, which is disclosed in the aggregate in accordance with section 98b (3)(1) of the Danish Financial Statements Act.

	DKK	2023	2022
5	**Financial income**		
	Interest receivable, group entities	482,957	422,607
	Other financial income	1,787,693	9,035,055
		2,270,650	9,457,662
6	**Financial expenses**		
	Interest expenses, group entities	771,505	944,433
	Other financial expenses	4,171,126	6,887,691
		4,942,631	7,832,124
7	**Tax for the year**		
	Estimated tax charge for the year	2,006,255	1,197,661
	Deferred tax adjustments in the year	-502,135	584,076
		1,504,120	1,781,737

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2023	2022
8 Appropriation of profit		
Recommended appropriation of profit		
Extraordinary dividend distributed in the year	30,000,000	0
Net revaluation reserve according to the equity method	1,591,105	633,270
Retained earnings/accumulated loss	-24,740,316	6,365,922
	6,850,789	6,999,192

9 Intangible assets

DKK	Acquired intangible assets
Cost at 1 January 2023	591,980
Disposals	-8,750
Cost at 31 December 2023	583,230
Impairment losses and amortisation at 1 January 2023	249,985
Amortisation for the year	195,426
Reversal of accumulated amortisation and impairment of assets disposed	-8,750
Impairment losses and amortisation at 31 December 2023	436,661
Carrying amount at 31 December 2023	146,569

10 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2023	1,816,193	571,943	2,388,136
Disposals	-374,919	0	-374,919
Cost at 31 December 2023	1,441,274	571,943	2,013,217
Impairment losses and depreciation at 1 January 2023	1,273,285	328,561	1,601,846
Depreciation	378,385	243,382	621,767
Reversal of accumulated depreciation and impairment of assets disposed	-373,438	0	-373,438
Impairment losses and depreciation at 31 December 2023	1,278,232	571,943	1,850,175
Carrying amount at 31 December 2023	163,042	0	163,042

Note 17 provides more details on security for loans, etc. as regards property, plant and equipment.

Financial statements 1 January - 31 December

Notes to the financial statements

11 Investments

DKK	Investments in group entities	Deposits	Total
Cost at 1 January 2023	1,165,687	371,728	1,537,415
Additions	0	3,540	3,540
Cost at 31 December 2023	1,165,687	375,268	1,540,955
Value adjustments at 1 January 2023	616,062	0	616,062
Foreign exchange adjustments	-47,938	0	-47,938
Profit/loss for the year	1,591,105	0	1,591,105
Value adjustments at 31 December 2023	2,159,229	0	2,159,229
Carrying amount at 31 December 2023	3,324,916	375,268	3,700,184

Group entities

Name	Domicile	Interest
Wolly & Co. GmbH	Germany	100.00%
Hong Kong Home Outfitters Limited	Hong Kong	100.00%
Indian Home Outfitters Private Limited	India	99.99%
Wolly Home Outfitters (Xiamen) Co. Ltd.	China	100.00%

12 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies and licenses.

DKK	2023	2022
13 Deferred tax		
Deferred tax at 1 January	-48,072	5,252
Addition, merger	0	-637,400
Deferred tax adjustments in the year	-502,135	584,076
Deferred tax at 31 December	-550,207	-48,072

Recognised tax assets relate to timinig differences, which according to budgets prepared are expected to be realised in 2024. Historically, the Company and the joint taxation unit have utilised timinig diffrences in subsequent years.

14 Provisions

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

Other provisions comprise provisions for warranties and claims totalling DKK 1,980 thousand in accordance with common obligations in connection with the sale of goods.

DKK 1,980 thousand is expected to be utilised in the coming financial year.

Financial statements 1 January - 31 December

Notes to the financial statements

15 Derivative financial instruments

Currency risks

The Company uses forward exchange contracts to hedge recognised and non-recognised transactions and the Company's bank is the counter-party. The term of the forward exchange contracts is 1-10 months.

At the balance sheet date, purchase contracts have been concluded in the amount of USD 7,762 thousand of which USD 5,062 thousand is settled in DKK, USD 472 thousand is settled in EUR and USD 2,229 thousand is settled in PLN and purchase of PLN 1,100 thousand, which is settled in DKK.

At the balance sheet date, the Company has moreover concluded contracts with a term of up to six months on the sale of EUR 100 thousand and USD 21,300 thousand, which are settled in DKK.

Fair value disclosures

The Company has the following assets and liabilities measured at fair value:

DKK	Derivative financial instruments
Fair value at year end	-2,298,162
Unrealised fair value adjustments for the year, recognised in the income statement	-850,783
Unrealised fair value adjustments for the year, recognised in hedging reserve	-1,447,379
Fair value level	2

16 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its parent company, SMV Invest ApS, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Rent and lease liabilities include a rent obligation totalling DKK 4,165 thousand in interminable rent agreements with remaining contract terms of 0-4 years. Furthermore, the Company has liabilities under operating leases for cars and other equipment, totalling DKK 146 thousand with remaining contract terms of 0-3 years.

17 Security and collateral

A company charge of DKK 32,000 thousand has been provided as collateral for the Company's and the Parent Company's bank debt, exclusive of acquisition debt, secured on inventories, raw materials, semi-manufactured goods and finished goods, operating equipment as well as trade receivables from the sale of goods and services. The carrying amount thereof totalled DKK 18,098 thousand at 31 December 2023.

Together with the subsidiary Wolly & Co. GmbH, the Company is guarantor and co-debtor assuming joint and several liability for fulfilling WXM Invest ApS' present and future obligations, exclusive of acquisition debt, vis-à-vis banks. The total liabilities for which the guarantee has been assumed totalled DKK 0 thousand at 31 December 2023.

Together with the Parent Company, WXM Invest ApS, the Company is moreover guarantor and co-debtor assuming joint and several liability for fulfilling Wolly & CO. GmbH's present and future liabilities vis-à-vis banks. The total liability for which the guarantee has been assumed totalled DKK 0 thousand at 31 December 2023.

Financial statements 1 January - 31 December

Notes to the financial statements

18 Related parties

Wolly & Co. ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
WXM Invest ApS	Copenhagen, Denmark	Participating interest
SMV Invest ApS	Aarhus, Denmark	Participating interest

Significant influence

Related party	Domicile	Basis for significant influence
Wolly & Co. Holding ApS	Ringsted, Denmark	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
SMV Invest ApS	Aarhus, Denmark	www.cvr.dk

Related party transactions

Wolly & Co. ApS was engaged in the below related party transactions:

DKK	2023	2022
Sale of services	686,241	561,590
Purchase of services	6,242,896	6,513,887
Interest receivable, group entities	482,957	422,607
Interest receivable, owners and Management	0	18,196
Interest expenses, group entities	771,505	944,433
Receivables from group entities	10,105,550	18,409,676
Receivables from owners and Management	0	18,196
Payables to group entities	6,215,355	6,965,086

Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

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Michael Oxlund
Direktion
På vegne af: Wolly & Co. ApS
Serienummer: 35fdbd54-1134-4231-8f08-8d55d9fa677c
IP: 5.103.xxx.xxx
2024-06-28 12:55:45 UTC

Morten Bank-Mikkelsen
Chairman
På vegne af: Wholly & Co. ApS
Serienummer: 9057fe28-6001-485a-913d-a20d4e66e5ec
IP: 83.91.xxx.xxx
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Carsten Bank-Mikkelsen
Bestyrelse
På vegne af: Wolly & Co. ApS
Serienummer: cac100e4-a29c-49e2-89f1-4119b9d1aa73
IP: 80.208.xxx.xxx
2024-06-28 13:01:44 UTC

Torben Skov Villadsen
Bestyrelse
På vegne af: Wolly & Co. ApS
Serienummer: d010f9b3-010b-4faf-b162-944141992838
IP: 212.112.xxx.xxx
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Peter Ulrik Faurschou
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsautoriseret revisor
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Niels Krogh Gjøl
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Statsautoriseret revisor
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Morten Bank-Mikkelsen
Dirigent
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