EAST.DK ApS

Siriusvej 17, DK-7430 Ikast

Annual Report for 1 January - 31 December 2021

CVR No 30 90 30 21

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 16/5 2022

Poul Jacob Skovgaard
Chairman of the General Meeting

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Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of EAST.DK ApS 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ikast, 16 May 2022

Executive Board

Poul Jacob Skovgaard
Executive Officer

Board of Directors

Poul Jacob Skovgaard	Jesper Lund Timmermann

Independent Auditor's Report

To the Shareholders of EAST.DK ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of EAST.DK ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 16 May 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen
State Authorised Public Accountant
mne18628

Mads Hornbæk
State Authorised Public Accountant
mne33762

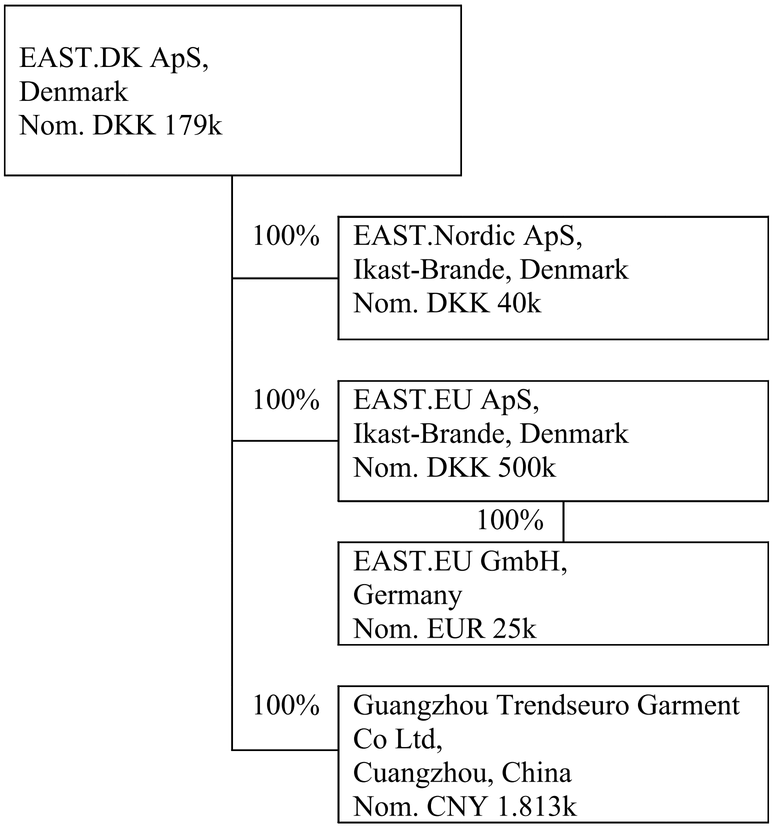
Company Information

The Company	EAST.DK ApS Siriusvej 17 DK-7430 Ikast CVR No: 30 90 30 21 Financial period: 1 January - 31 December Municipality of reg. office: Ikast-Brande
Board of Directors	Poul Jacob Skovgaard Jesper Lund Timmermann
Executive Board	Poul Jacob Skovgaard
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning

Group Chart

Parent Company

Consolidated subsidiaries



Financial Highlights

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

	Group				
	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	57,940	67,105	54,858	46,764	31,179
Operating profit/loss	28,855	52,764	40,122	32,148	16,463
Net financials	-1,001	-80	-300	-250	-200
Net profit/loss for the year	20,071	41,266	31,045	24,853	12,476
Balance sheet					
Balance sheet total	143,987	78,827	64,292	58,973	55,692
Equity	40,377	59,958	50,456	37,855	21,753
Cash flows					
Cash flows from:					
- operating activities	-5,502	17,384	30,418	28,787	-83
- investing activities	-174	-14	60	25	618
including investment in property, plant and equipment	-345	-14	0	-20	-71
- financing activities	11,355	-24,937	-24,377	-27,691	-8,400
Change in cash and cash equivalents for the year	5,679	-7,567	6,101	1,121	-7,865
Number of employees	116	17	16	18	15
Ratios					
Solvency ratio	28.0%	76.1%	78.5%	64.2%	39.1%
Return on equity	40.0%	74.7%	70.3%	83.4%	61.7%

Management's Review

Key activities

As in previous years, the main activity has consisted of importing and trading in textile goods.

Development in the year

The income statement of the Group for 2021 shows a profit of TDKK 20,071, and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 40,377.

The result for the year is considered satisfactory, but is negatively affected by an unfavorable exchange rate for the Group in currencies that are essential for the group. Furthermore, the result for the year is negatively affected by rising freight cost in the global markets.

In 2021, the Group acquired the full ownership of its Chinese partner, TrendsEuro, which has led to a significant increase in the Group's balance sheet total.

Operating risks and financial risks

Foreign exchange risks

Due to activities abroad the result, cash flows and equity are affected by exchange rate and interest rate developments for a number of currencies. It is the Group's policy to hedge commercial currency risks. Hedging is primarily via forward exchange contracts to hedge expected purchases within the next 12 months. There is not speculative currency dispositions.

Interest rate risks

As the interest-bearing net debt does not constitute a significant amount, moderate changes in the interest rate level will not have any significant, direct effect on earnings. Therefore, no interest dispositions are entered into to hedge interest rate risks.

Targets and expectations for the year ahead

For the coming year, a profit before tax, based on current market conditions, is expected to be DKK 35 - 45 million.

Environment

The group is environmentally conscious and works continuously to reduce the environmental impact of the company's operations.

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	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
		TDKK	TDKK	TDKK	TDKK
Gross profit/loss		**57,940**	**67,105**	**34,760**	**56,083**
Staff expenses	1	-28,664	-14,024	-10,546	-10,041
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-241	-26	-9	-9
Other operating expenses		-2,227	-57	-2,189	-57
Profit/loss before financial income and expenses		**26,808**	**52,998**	**22,016**	**45,976**
Income from investments in subsidiaries		229	0	1,931	3,885
Financial income		6	0	0	0
Financial expenses	3	-1,236	-80	-1,015	-153
Profit/loss before tax		**25,807**	**52,918**	**22,932**	**49,708**
Tax on profit/loss for the year	4	-5,736	-11,652	-4,619	-10,107
Net profit/loss for the year		**20,071**	**41,266**	**18,313**	**39,601**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Software		953	0	918	0
Intangible assets	5	**953**	**0**	**918**	**0**
Other fixtures and fittings, tools and equipment		323	26	2	11
Leasehold improvements		549	0	0	0
Property, plant and equipment	6	**872**	**26**	**2**	**11**
Investments in subsidiaries	7	0	0	14,314	10,179
Deposits	8	151	139	151	139
Fixed asset investments		**151**	**139**	**14,465**	**10,318**
Fixed assets		**1,976**	**165**	**15,385**	**10,329**
Raw materials and consumables		1,947	0	0	0
Finished goods and goods for resale		36,574	30,866	19,862	25,054
Prepayments for goods		9,550	0	0	0
Inventories		**48,071**	**30,866**	**19,862**	**25,054**
Trade receivables		70,537	44,347	47,546	37,492
Receivables from group enterprises		0	0	26,374	7
Other receivables	13	14,646	730	1,456	595
Deferred tax asset	11	309	0	0	0
Corporation tax receivable from group enterprises		0	0	1,811	0
Prepayments	9	203	153	202	111
Receivables		**85,695**	**45,230**	**77,389**	**38,205**
Cash at bank and in hand		**8,245**	**2,566**	**3,077**	**15**
Currents assets		**142,011**	**78,662**	**100,328**	**63,274**
Assets		**143,987**	**78,827**	**115,713**	**73,603**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2021 TDKK	Group 2020 TDKK	Parent Company 2021 TDKK	Parent Company 2020 TDKK
Share capital		179	179	179	179
Reserve for net revaluation under the equity method		0	0	0	9,828
Reserve for hedging transactions		1,282	-198	1,092	-198
Other reserves		106	0	0	0
Retained earnings		38,810	16,015	39,106	6,187
Proposed dividend for the year		0	39,600	0	39,600
Equity attributable to shareholders of the Parent Company		**40,377**	**55,596**	**40,377**	**55,596**
Minority interests		0	4,362	0	0
Equity		**40,377**	**59,958**	**40,377**	**55,596**
Provision for deferred tax	11	0	2	404	2
Other provisions	12	558	0	0	0
Provisions		**558**	**2**	**404**	**2**
Credit institutions		58,264	5,963	54,561	5,963
Prepayments received from customers		1,956	68	0	68
Trade payables		27,250	2,943	3,088	2,633
Payables to group enterprises		304	0	7,607	2,915
Corporation tax		2,391	2,843	2,391	1,320
Other payables	13	12,887	6,906	7,285	5,106
Deferred income	14	0	144	0	0
Short-term debt		**103,052**	**18,867**	**74,932**	**18,005**
Debt		**103,052**	**18,867**	**74,932**	**18,005**
Liabilities and equity		**143,987**	**78,827**	**115,713**	**73,603**
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	17				
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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Other reserves	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	179	0	-198	0	16,015	39,600	55,596	4,362	59,958
Exchange adjustments	0	0	0	106	0	0	106	0	106
Taxfree contribution	0	0	0	0	18,300	0	18,300	0	18,300
Cash capital reduction	0	0	0	0	0	0	0	-4,470	-4,470
Ordinary dividend paid	0	0	0	0	0	-39,600	-39,600	-1,650	-41,250
Fair value adjustment of hedging instruments, beginning of year	0	0	198	0	0	0	198	0	198
Fair value adjustment of hedging instruments, end of year	0	0	1,699	0	0	0	1,699	0	1,699
Tax on adjustment of hedging instruments for the year	0	0	-417	0	0	0	-417	0	-417
Other equity movements	0	0	0	0	-13,818	0	-13,818	0	-13,818
Net profit/loss for the year	0	0	0	0	18,313	0	18,313	1,758	20,071
Equity at 31 December	**179**	**0**	**1,282**	**106**	**38,810**	**0**	**40,377**	**0**	**40,377**

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Statement of Changes in Equity

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Other reserves	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	179	9,829	-198	0	6,186	39,600	55,596	0	55,596
Exchange adjustments	0	106	0	0	0	0	106	0	106
Taxfree contribution	0	0	0	0	18,300	0	18,300	0	18,300
Ordinary dividend paid	0	0	0	0	0	-39,600	-39,600	0	-39,600
Fair value adjustment of hedging instruments, beginning of year	0	0	198	0	0	0	198	0	198
Fair value adjustment of hedging instruments, end of year	0	0	1,456	0	0	0	1,456	0	1,456
Tax on adjustment of hedging instruments for the year	0	0	-364	0	0	0	-364	0	-364
Other equity movements	0	190	0	0	-13,818	0	-13,628	0	-13,628
Net profit/loss for the year	0	-10,125	0	0	28,438	0	18,313	0	18,313
Equity at 31 December	**179**	**0**	**1,092**	**0**	**39,106**	**0**	**40,377**	**0**	**40,377**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021	Group 2020
		TDKK	TDKK
Net profit/loss for the year		20,071	41,266
Adjustments	15	6,987	11,815
Change in working capital	16	-24,530	-27,066
Cash flows from operating activities before financial income and expenses		**2,528**	**26,015**
Financial income		6	0
Financial expenses		-1,121	-76
Cash flows from ordinary activities		**1,413**	**25,939**
Corporation tax paid		-6,915	-8,555
Cash flows from operating activities		**-5,502**	**17,384**
Purchase of intangible assets		-964	0
Purchase of property, plant and equipment		-345	-14
Business acquisition		1,135	0
Cash flows from investing activities		**-174**	**-14**
Net effect of loans from credit institutions		52,301	5,963
Net effect of payables to group enterprises		304	0
Minority interests		-18,300	0
Cash capital increase		18,300	0
Dividend paid		-41,250	-30,900
Cash flows from financing activities		**11,355**	**-24,937**
Change in cash and cash equivalents		**5,679**	**-7,567**
Cash and cash equivalents at 1 January		2,566	10,133
Cash and cash equivalents at 31 December		**8,245**	**2,566**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8,245	2,566
Cash and cash equivalents at 31 December		**8,245**	**2,566**

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
1 Staff expenses				
Wages and salaries	25,826	12,720	10,460	9,961
Pensions	136	902	0	0
Other social security expenses	2,702	402	86	80
	28,664	**14,024**	**10,546**	**10,041**
Including remuneration to the Executive Board and Board of Directors	**1,521**	**1,495**	**1,521**	**1,495**
Average number of employees	**116**	**17**	**11**	**12**

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Amortisation of intangible assets	11	0	0	0
Depreciation of property, plant and equipment	230	26	9	9
	241	**26**	**9**	**9**

3 Financial expenses

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Interest paid to group enterprises	0	0	73	0
Other financial expenses	1,236	80	942	153
	1,236	**80**	**1,015**	**153**

Notes to the Financial Statements

4 Tax on profit/loss for the year

	Group 2021 TDKK	Group 2020 TDKK	Parent Company 2021 TDKK	Parent Company 2020 TDKK
Current tax for the year	6,465	11,423	4,580	9,900
Deferred tax for the year	-729	229	39	207
	5,736	**11,652**	**4,619**	**10,107**

5 Intangible assets

Group

	Software TDKK
Cost at 1 January	0
Net effect from merger and acquisition	109
Additions for the year	918
Cost at 31 December	1,027
Impairment losses and amortisation at 1 January	0
Net effect from merger and acquisition	55
Amortisation for the year	19
Impairment losses and amortisation at 31 December	74
Carrying amount at 31 December	**953**

Parent Company

	Software TDKK
Cost at 1 January	0
Additions for the year	918
Cost at 31 December	918
Carrying amount at 31 December	**918**

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	1,330	0
Net effect from merger and acquisition	353	754
Additions for the year	380	5
Cost at 31 December	2,063	759
Impairment losses and depreciation at 1 January	1,303	0
Net effect from merger and acquisition	238	0
Depreciation for the year	199	210
Impairment losses and depreciation at 31 December	1,740	210
Carrying amount at 31 December	**323**	**549**

Parent Company

	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK
Cost at 1 January	1,219	1,219
Kostpris at 31 December	1,219	1,219
Impairment losses and depreciation at 1 January	1,208	1,208
Depreciation for the year	9	9
Impairment losses and depreciation at 31 December	1,217	1,217
Carrying amount at 31 December	**2**	**2**

Notes to the Financial Statements

	Parent Company	
	2021	2020
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 January	350	350
Additions for the year	19,578	0
Cost at 31 December	19,928	350
Value adjustments at 1 January	9,828	11,614
Exchange adjustment	106	0
Net profit/loss for the year	4,858	3,885
Dividend to the Parent Company	-3,850	-5,600
Other equity movements, net	190	-70
Change in intercompany profit on inventories	-3,157	0
Other adjustments	-13,589	0
Value adjustments at 31 December	-5,614	9,829
Carrying amount at 31 December	**14,314**	**10,179**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
East.EU ApS	Ikast-Brande	DKK 500k	100%
EAST.Nordic ApS	Ikast-Brande	DKK 40k	100%
Guangzhou Trendseuro Garment Co Ltd	Guangzhou, Kina	CNY 1.813k	100%

8 Other fixed asset investments

	Group	Parent Company
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 January	139	139
Additions for the year	12	12
Cost at 31 December	151	151
Carrying amount at 31 December	**151**	**151**

Notes to the Financial Statements

9 Prepayments

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

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
10 Distribution of profit				
Proposed dividend for the year	0	39,600	0	39,600
Reserve for net revaluation under the equity method	0	0	-10,125	-1,715
Minority interests' share of net profit/loss of subsidiaries	1,758	1,665	0	0
Retained earnings	18,313	1	28,438	1,716
	20,071	**41,266**	**18,313**	**39,601**

11 Deferred tax asset

Deferred tax asset at 1 January	-2	0	-2	0
Amounts recognised in the income statement for the year	729	-229	-39	-207
Amounts recognised in equity for the year	-418	227	-363	205
Deferred tax asset at 31 December	**309**	**-2**	**-404**	**-2**

The recognised tax asset comprises tax regarding intercompany profit on inventories om inventory expected to be utilised within the next year.

12 Other provisions

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory.

Other provisions	558	0	0	0
	558	**0**	**0**	**0**

Notes to the Financial Statements

13 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Assets	1,699	0	1,465	0
Liabilities	0	198	0	198

Forward exchange contracts have been concluded to hedge future buy of goods in CNY. At the balance sheet date, the fair value of the forward exchange contracts amounts to TDKK 1,699. The forward exchange contracts have a term of 1-12 months.

14 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

	Group 2021	Group 2020
	TDKK	TDKK

15 Cash flow statement - adjustments

	2021 TDKK	2020 TDKK
Financial income	-6	0
Financial expenses	1,236	80
Depreciation, amortisation and impairment losses, including losses and gains on sales	250	83
Income from investments in subsidiaries	-229	0
Tax on profit/loss for the year	5,736	11,652
	6,987	**11,815**

16 Cash flow statement - change in working capital

	2021 TDKK	2020 TDKK
Change in inventories	-9,919	-14,216
Change in receivables	-38,156	-8,260
Change in other provisions	558	0
Change in trade payables, etc	21,090	-3,757
Fair value adjustments of hedging instruments	1,897	-833
	-24,530	**-27,066**

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK

17 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Corporate mortgage totaling TDKK 15,000. which provides a mortgage on inventories, receivables from sales and services, as well as tangible fixed assets to a total carrying amount of	68,327	62,557	68,327	52,557

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	466	300	294	300
Between 1 and 5 years	428	701	343	456
	894	**1,001**	**637**	**756**
Rent obligations, non-cancellation period 3-36 months. (2020: 3-48 months.)	7,860	2,316	1,542	2,268

Other contingent liabilities

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 by the Group amounts to TDKK 2,389. 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.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of EAST.DK ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

In connection with this year's financial statements, minor reclassifications have been made in the comparative figures. This has not affected the profit for the year, balance sheet total and equity.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, EAST.DK ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

18 Accounting Policies (continued)

Business combinations

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 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.

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 Group.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

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.

Other operating income and expenses

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

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Intangible assets

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over the licence period; however not exceeding 3-5 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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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:

Leasehold improvements	3-5 years

The fixed assets' residual values are determined at nil.

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.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisi-

Notes to the Financial Statements

18 Accounting Policies (continued)

tion of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-2. Provisions are measured and recognised based on experience with guarantee work.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´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 Group´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.

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

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