# *EAST.DK ApS*

Siriusvej 17, DK-7430 Ikast

# Annual Report for 2023

CVR No. 30 90 30 21

The Annual Report was presented and adopted at the Annual General Meeting of the company on 19/4 2024

Poul Jacob Skovgaard
Chairman of the general meeting

# Contents

# 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 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Ikast, 19 April 2024

**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 2023 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 2023 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 2023, 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 Financial 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.

**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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

**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 Group´s and the Parent 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 Group´s and the Parent 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 Group and the Parent 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.

# Independent Auditor's report

Herning, 19 April 2024

**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

Mads Hornbæk
State Authorised Public Accountant
mne33762

# Company information

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

# Group Chart

| Company | Residence | Ownership |
|---|---|---|
| **EAST.DK ApS** | **Ikast-Brande, Denmark** | |
| EAST.EU GmbH | Düsseldorf, Germany | 100 |
| Guangzhou Trendseuro Garment Co Ltd, | Guangzhou, China | 100 |
| EAST.ESP SL | Barcelona, Spain | 100 |

# Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

| | Group | | | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Gross profit | 57,533 | 0 | 57,518 | 67,796 | 54,858 |
| Profit/loss of primary operations | 16,603 | 41,004 | 26,808 | 52,998 | 40,122 |
| Profit/loss of financial income and expenses | -1,587 | -1,041 | -1,001 | -80 | -300 |
| Net profit/loss for the year | 10,817 | 30,340 | 20,071 | 41,266 | 31,045 |
| **Balance sheet** | | | | | |
| Balance sheet total | 93,003 | 92,103 | 143,987 | 78,827 | 64,292 |
| Investment in property, plant and equipment | 647 | 650 | 0 | 0 | 0 |
| Equity | 25,277 | 42,816 | 40,377 | 59,958 | 50,456 |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| - operating activities | 21,312 | 60,236 | -5,511 | 17,384 | 30,418 |
| - investing activities | -639 | -906 | -174 | -14 | 60 |
| - financing activities | -13,494 | -59,056 | 11,364 | -24,937 | -24,377 |
| Change in cash and cash equivalents for the year | 7,179 | 274 | 5,679 | -7,567 | 6,101 |
| Number of employees | 217 | 221 | 116 | 17 | 16 |
| **Ratios** | | | | | |
| Solvency ratio | 27.2% | 46.5% | 28.0% | 76.1% | 78.5% |
| Return on equity | 31.8% | 72.9% | 40.0% | 74.7% | 70.3% |

In connection with changes to accounting policies, the comparative figures for 2019 and 2020 have not been restated. See the description under accounting policies.

# 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 2023 shows a profit of TDKK 10,817, and at 31 December 2023 the balance sheet of the Group shows a positive equity of TDKK 25,277.

The expected profit for the year was TDKK 30.000 - 40.000, and the profit is therefore not considered satisfactory. The result for the year has been challenging and is negatively impacted from less activity in our Danish market. Growth markets continue strong performance in 2023 and is also expected during the year ahead.

**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 EAST's policy to hedge commercial currency risks. Hedging is primarily via forward exchange contracts to hedge expected purchases within the next 12 months. There are 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 20 - 30 million.

**External environment**

EAST is environmentally conscious and works continuously to reduce the environmental impact of the company's operations. The Management is aware of measures that can protect the environment and are therefore having ESG high on the agenda, as EAST wants to work with responsible and more sustainable business operations.

# Income statement 1 January - 31 December

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | TDKK | TDKK | TDKK | TDKK |
| **Gross profit** | | **57,533** | **84,248** | **23,448** | **53,108** |
| Staff expenses | 1 | -40,055 | -42,112 | -8,922 | -10,513 |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | 2 | -875 | -670 | -185 | -187 |
| Other operating expenses | | 0 | -462 | 0 | 0 |
| **Profit/loss before financial income and expenses** | | **16,603** | **41,004** | **14,341** | **42,408** |
| Income from investments in subsidiaries | | 0 | 0 | 986 | -2,214 |
| Financial income | 3 | 0 | 606 | 6 | 606 |
| Financial expenses | 4 | -1,587 | -1,647 | -1,726 | -1,207 |
| **Profit/loss before tax** | | **15,016** | **39,963** | **13,607** | **39,593** |
| Tax on profit/loss for the year | 5 | -4,199 | -9,623 | -2,790 | -9,253 |
| **Net profit/loss for the year** | 6 | **10,817** | **30,340** | **10,817** | **30,340** |

# Balance sheet 31 December

## Assets

| | Note | Group | | Parent company | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | | TDKK | TDKK | TDKK | TDKK |
| Acquired other similar rights | | 734 | 972 | 555 | 741 |
| **Intangible assets** | 7 | **734** | **972** | **555** | **741** |
| Other fixtures and fittings, tools and equipment | | 412 | 611 | 0 | 0 |
| Leasehold improvements | | 569 | 432 | 0 | 0 |
| **Property, plant and equipment** | 8 | **981** | **1,043** | **0** | **0** |
| Investments in subsidiaries | 9 | 0 | 0 | 4,422 | 0 |
| Deposits | 10 | 232 | 168 | 181 | 168 |
| **Fixed asset investments** | | **232** | **168** | **4,603** | **168** |
| **Fixed assets** | | **1,947** | **2,183** | **5,158** | **909** |
| Raw materials and consumables | | 2,824 | 1,696 | 0 | 0 |
| Finished goods and goods for resale | | 9,409 | 19,090 | 8,878 | 23,355 |
| Prepayments for goods | | 3,658 | 6,407 | 0 | 0 |
| **Inventories** | | **15,891** | **27,193** | **8,878** | **23,355** |
| Trade receivables | | 50,268 | 42,313 | 27,848 | 32,398 |
| Receivables from group enterprises | | 0 | 0 | 33,817 | 20,628 |
| Other receivables | | 8,513 | 9,935 | 235 | 0 |
| Deferred tax asset | 11 | 504 | 1,242 | 0 | 185 |
| Corporation tax receivable from group enterprises | | 0 | 542 | 0 | 542 |
| Prepayments | 12 | 182 | 176 | 182 | 105 |
| **Receivables** | | **59,467** | **54,208** | **62,082** | **53,858** |
| **Cash at bank and in hand** | | **15,698** | **8,519** | **3,868** | **1,547** |
| **Current assets** | | **91,056** | **89,920** | **74,828** | **78,760** |
| **Assets** | | **93,003** | **92,103** | **79,986** | **79,669** |

# Balance sheet 31 December

## Liabilities and equity

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | TDKK | TDKK | TDKK | TDKK |
| Share capital | | 179 | 179 | 179 | 179 |
| Reserve for hedging transactions | | 126 | 0 | 126 | 0 |
| Reserve for exchange rate conversion | | 807 | 573 | 0 | 0 |
| Retained earnings | | 24,165 | 42,064 | 24,972 | 42,637 |
| **Equity** | | **25,277** | **42,816** | **25,277** | **42,816** |
| | | | | | |
| Provision for deferred tax | 11 | 0 | 0 | 95 | 0 |
| Provisions relating to investments in group enterprises | | 0 | 0 | 5,290 | 2,109 |
| Other provisions | 13 | 289 | 950 | 202 | 950 |
| **Provisions** | | **289** | **950** | **5,587** | **3,059** |
| | | | | | |
| Credit institutions | | 36,962 | 23,955 | 36,962 | 24,540 |
| Prepayments received from customers | | 110 | 68 | 0 | 0 |
| Trade payables | | 17,978 | 10,836 | 2,551 | 934 |
| Payables to group enterprises | | 5,065 | 1,566 | 5,066 | 2,177 |
| Corporation tax | | 0 | 390 | 0 | 0 |
| Payables to group enterprises relating to corporation tax | | 2,528 | 0 | 2,107 | 0 |
| Other payables | 14 | 4,794 | 11,522 | 2,436 | 6,143 |
| **Short-term debt** | | **67,437** | **48,337** | **49,122** | **33,794** |
| | | | | | |
| **Debt** | | **67,437** | **48,337** | **49,122** | **33,794** |
| | | | | | |
| **Liabilities and equity** | | **93,003** | **92,103** | **79,986** | **79,669** |

| | |
|---|---|
| Contingent assets, liabilities and other financial obligations | 17 |
| Related parties | 18 |
| Subsequent events | 19 |
| Accounting Policies | 20 |

# Statement of changes in equity

## Group

| | Share capital | Reserve for hedging transactions | Reserve for exchange rate conversion | Retained earnings | Total |
|---|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January | 179 | 0 | 573 | 42,064 | 42,816 |
| Exchange adjustments | 0 | 0 | 234 | 0 | 234 |
| Extraordinary dividend paid | 0 | 0 | 0 | -30,000 | -30,000 |
| Fair value adjustment of hedging instruments, beginning of year | 0 | 0 | 0 | 1,646 | 1,646 |
| Fair value adjustment of hedging instruments, end of year | 0 | 162 | 0 | 0 | 162 |
| Tax on adjustment of hedging instruments for the year | 0 | -36 | 0 | -362 | -398 |
| Net profit/loss for the year | 0 | 0 | 0 | 10,817 | 10,817 |
| **Equity at 31 December** | **179** | **126** | **807** | **24,165** | **25,277** |

## Parent company

| | Share capital | Reserve for net revaluation under the equity method | Reserve for hedging transactions | Retained earnings | Total |
|---|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January | 179 | 0 | 0 | 42,637 | 42,816 |
| Exchange adjustments | 0 | 234 | 0 | 0 | 234 |
| Extraordinary dividend paid | 0 | 0 | 0 | -30,000 | -30,000 |
| Fair value adjustment of hedging instruments, beginning of year | 0 | 0 | 0 | 1,646 | 1,646 |
| Fair value adjustment of hedging instruments, end of year | 0 | 0 | 162 | 0 | 162 |
| Tax on adjustment of hedging instruments for the year | 0 | 0 | -36 | -362 | -398 |
| Net profit/loss for the year | 0 | -234 | 0 | 11,051 | 10,817 |
| **Equity at 31 December** | **179** | **0** | **126** | **24,972** | **25,277** |

# Cash flow statement 1 January - 31 December

| | Note | Group 2023 | Group 2022 |
|---|---|---|---|
| | | TDKK | TDKK |
| Result of the year | | 10,817 | 30,340 |
| Adjustments | 15 | 6,661 | 11,334 |
| Change in working capital | 16 | 6,366 | 31,965 |
| **Cash flow from operations before financial items** | | **23,844** | **73,639** |
| Financial income | | 0 | 606 |
| Financial expenses | | -1,353 | -1,647 |
| **Cash flows from ordinary activities** | | **22,491** | **72,598** |
| Corporation tax paid | | -1,179 | -12,362 |
| **Cash flows from operating activities** | | **21,312** | **60,236** |
| Purchase of intangible assets | | -185 | -241 |
| Purchase of property, plant and equipment | | -390 | -650 |
| Fixed asset investments made etc | | -64 | -33 |
| Sale of fixed asset investments made etc | | 0 | 18 |
| **Cash flows from investing activities** | | **-639** | **-906** |
| Repayment of loans from credit institutions | | 13,007 | -34,309 |
| Repayment of payables to group enterprises | | 3,499 | 1,253 |
| Dividend paid | | -30,000 | -26,000 |
| **Cash flows from financing activities** | | **-13,494** | **-59,056** |
| **Change in cash and cash equivalents** | | **7,179** | **274** |
| Cash and cash equivalents at 1 January | | 8,519 | 8,245 |
| **Cash and cash equivalents at 31 December** | | **15,698** | **8,519** |
| Cash and cash equivalents are specified as follows: | | | |
| Cash at bank and in hand | | 15,698 | 8,519 |
| **Cash and cash equivalents at 31 December** | | **15,698** | **8,519** |

# Notes to the Financial Statements

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **1. Staff Expenses** | | | | |
| Wages and salaries | 33,894 | 36,179 | 7,863 | 9,494 |
| Pensions | 1,104 | 1,049 | 948 | 916 |
| Other social security expenses | 5,057 | 4,884 | 111 | 103 |
| | **40,055** | **42,112** | **8,922** | **10,513** |
| **Average number of employees** | **217** | **221** | **12** | **12** |

Remuneration of the Executive Board in 2023 was paid by EAST Group ApS, which invoices EAST.DK ApS for management services received. Remuneration for the Executive board is included in the disclosures for the group in East Holding ApS.

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment** | | | | |
| Amortisation of intangible assets | 225 | 214 | 0 | 185 |
| Depreciation of property, plant and equipment | 650 | 456 | 185 | 2 |
| | **875** | **670** | **185** | **187** |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **3. Financial income** | | | | |
| Interest received from group enterprises | 0 | 606 | 6 | 606 |
| | **0** | **606** | **6** | **606** |

# Notes to the Financial Statements

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **4. Financial expenses** | | | | |
| Interest paid to group enterprises | 135 | 0 | 135 | 0 |
| Other financial expenses | 1,452 | 1,647 | 1,591 | 1,207 |
| | **1,587** | **1,647** | **1,726** | **1,207** |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **5. Income tax expense** | | | | |
| Current tax for the year | 3,859 | 9,819 | 2,907 | 9,160 |
| Deferred tax for the year | 340 | -196 | -117 | 93 |
| | **4,199** | **9,623** | **2,790** | **9,253** |

| | Parent company | |
|---|---|---|
| | 2023 | 2022 |
| | TDKK | TDKK |
| **6. Profit allocation** | | |
| Extraordinary dividend paid | 30,000 | 26,000 |
| Reserve for net revaluation under the equity method | -234 | -1,710 |
| Retained earnings | -18,949 | 6,050 |
| | **10,817** | **30,340** |

# Notes to the Financial Statements

## 7. Intangible fixed assets

| | Group | Parent company |
|---|---|---|
| | Acquired other similar rights | Acquired other similar rights |
| | TDKK | TDKK |
| Cost at 1 January | 1,257 | 925 |
| Exchange adjustment | -20 | 0 |
| Cost at 31 December | 1,237 | 925 |
| | | |
| Impairment losses and depreciation at 1 January | 286 | 185 |
| Exchange adjustment | -8 | 0 |
| Depreciation for the year | 225 | 185 |
| Impairment losses and depreciation at 31 December | 503 | 370 |
| | | |
| **Carrying amount at 31 December** | **734** | **555** |

## 8. Property, plant and equipment

| | Group | | Parent company |
|---|---|---|---|
| | Other fixtures and fittings, tools and equipment | Leasehold improvement s | Other fixtures and fittings, tools and equipment |
| | TDKK | TDKK | TDKK |
| Cost at 1 January | 2,482 | 940 | 1,202 |
| Exchange adjustment | -62 | -71 | 0 |
| Additions for the year | 75 | 572 | 0 |
| Cost at 31 December | 2,495 | 1,441 | 1,202 |
| | | | |
| Impairment losses and depreciation at 1 January | 1,871 | 508 | 1,202 |
| Exchange adjustment | -33 | -41 | 0 |
| Depreciation for the year | 245 | 405 | 0 |
| Impairment losses and depreciation at 31 December | 2,083 | 872 | 1,202 |
| | | | |
| **Carrying amount at 31 December** | **412** | **569** | **0** |

| | Parent company | |
|---|---|---|
| | 2023 | 2022 |
| | TDKK | TDKK |

## 9. Investments in subsidiaries

| | 2023 TDKK | 2022 TDKK |
|---|---|---|
| Cost at 1 January | 1,437 | 19,928 |
| Net effect from merger and acquisition | 0 | -18,491 |
| Additions for the year | 22 | 0 |
| Cost at 31 December | 1,459 | 1,437 |
| | | |
| Value adjustments at 1 January | -3,546 | -5,614 |
| Net effect from merger and acquisition | 0 | 3,572 |
| Exchange adjustment | 234 | 467 |
| Net profit/loss for the year | -634 | -1,628 |
| Change in intercompany profit on inventories | 1,619 | -585 |
| Other adjustments | 0 | 242 |
| Value adjustments at 31 December | -2,327 | -3,546 |
| | | |
| Equity investments with negative net asset value transferred to provisions | 5,290 | 2,109 |
| | | |
| **Carrying amount at 31 December** | **4,422** | **0** |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Ownership |
|---|---|---|---|
| Guangzhou Trendseuro Garment Co Ltd | Guangzhou, China | CNY 1.813k | 100% |
| East.EU GmbH | Düsseldorf, Germany | EUR 25k | 100% |
| East.ESP SL | Barcelona, Spain | EUR 3k | 100% |

# Notes to the Financial Statements

## 10. Other fixed asset investments

| | Group | Parent company |
|---|---|---|
| | Deposits | Deposits |
| | TDKK | TDKK |
| Cost at 1 January | 168 | 168 |
| Additions for the year | 64 | 13 |
| Cost at 31 December | 232 | 181 |
| | | |
| **Carrying amount at 31 December** | **232** | **181** |

## 11. Deferred tax asset

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| Deferred tax asset at 1 January | 1,242 | 309 | 185 | -404 |
| Net effect from merger and acquisition | 0 | 0 | 0 | -53 |
| Amounts recognised in the income statement for the year | -340 | 196 | 118 | -93 |
| Amounts recognised in equity for the year | -398 | 737 | -398 | 735 |
| **Deferred tax asset at 31 December** | **504** | **1,242** | **-95** | **185** |

## 12. Prepayments

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

## 13. Other provisions

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |

The Company provides warranties of on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of TDKK 289 (2022: TDKK 950) have been recognised for expected warranty claims.

| | | | | |
|---|---|---|---|---|
| Other provisions | 289 | 950 | 202 | 950 |
| | **289** | **950** | **202** | **950** |

| | | | | |
|---|---|---|---|---|
| The provisions are expected to mature as follows: | | | | |
| Provisions falling due after 5 years | 0 | 0 | 0 | 0 |
| | **0** | **0** | **0** | **0** |

## 14. Derivative financial instruments

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |

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:

| | | | | |
|---|---|---|---|---|
| Liabilities | 163 | 1,646 | 163 | 1,646 |

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 163 (2022: TDKK -1,646). The forward exchange contracts have a term of 1-12 months.

## 15. Cash flow statement - Adjustments

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | TDKK | TDKK |
| Financial income | 0 | -606 |
| Financial expenses | 1,587 | 1,647 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 875 | 670 |
| Tax on profit/loss for the year | 4,199 | 9,623 |
| | **6,661** | **11,334** |

## 16. Cash flow statement - Change in working capital

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | TDKK | TDKK |
| Change in inventories | 11,302 | 21,327 |
| Change in receivables | -6,539 | 33,526 |
| Change in other provisions | -661 | -596 |
| Change in trade payables, etc | 456 | -18,947 |
| Fair value adjustments of hedging instruments | 1,808 | -3,345 |
| | **6,366** | **31,965** |

## 17. Contingent assets, liabilities and other financial obligations

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **Charges and security** | | | | |
| The following assets have been placed as security with bankers: | | | | |
| Corporate mortgage totaling TDKK 20,000. which provides a mortgage on inventories, receivables from sales and services, as well as tangible fixed assets to a total carrying amount of | 37,466 | 55,979 | 37,466 | 55,979 |

## 17. Contingent assets, liabilities and other financial obligations

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **Rental and lease obligations** | | | | |
| Lease obligations under operating leases. Total future lease payments: | | | | |
| Within 1 year | 674 | 386 | 424 | 289 |
| Between 1 and 5 years | 590 | 130 | 145 | 127 |
| | **1,264** | **516** | **569** | **416** |
| Rent obligations, non-cancellation period 1-27 months. (2022: 4-24 months.) | 3,841 | 5,334 | 566 | 1,062 |

**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 is disclosed in the Annual Report of AE 2017 Admin ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 18. Related parties and disclosure of consolidated financial statements

**Transactions**

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration. All transactions were carried out on normal market terms pursuant to the Annual Accounts Act § 98C subsection 7.

**Consolidated Financial Statements**

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

| Name | Place of registered office |
|---|---|
| EAST Holding ApS | Ikast-Brande, Denmark |

## 19. Subsequent events

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

## 20. Accounting policies

The Annual Report of EAST.DK ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in TDKK.

**Changes in accounting policies**

Income from contribution to wages and expenses to management fee was in the Financial Statements for 2023 included in staff expenses. In 2023 the presentation has been changed, so that contribution to wages is included in "Other operating income" and expenses to management is included in "Other external expenses". The changes in presentation has been adopted in annual report 2023 and has resulted in the comparative figures for 2022 for "Other operating income" has been increased with TDKK 276, "Other external expenses" has been increased with TDKK 5,941 and "Staff expenses" has been decreased with TDKK 5,665. The changes in presentation has not affected the net profit, equity, assets and liabilities for 2022. In other regards the accounting policies applied remain unchanged from last year.

**Recognition and measurement**

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.

**Business combinations**

***Business acquisitions carried through on or after 1 July 2018***

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

# Notes to the Financial Statements

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

***Pooling of interests***

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

**Leases**

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

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

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

**Translation policies**

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

**Derivative financial instruments**

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

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

**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 the fair value reserve 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 the consolidated revenue for the year.

**Other external expenses**

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

**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.

# Notes to the Financial Statements

**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 deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries.. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance sheet

**Intangible fixed assets**

Rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Rights are amortised over the period of the agreements, which is 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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

| | |
|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 years |
| 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 and investments 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 acquisition 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**

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 and costs of completion. 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.

**Equity**

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

# Notes to the Financial Statements

**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 years. 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, including the tax base of tax loss carry-forwards, 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 liabilities**

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

**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.

# Notes to the Financial Statements

*Cash and cash equivalents*

Cash and cash equivalents comprise .

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

**Explanation of financial ratios**

| | |
|---|---|
| Solvency ratio | Equity at year end x 100 / Total assets at year end |
| Return on equity | Net profit for the year x 100 / Average equity |