



Mos Mosh A/S

Ejlersvej 24
6000 Kolding
CVR No. 32933491

Annual report 2022

The Annual General Meeting adopted the
annual report on 30.01.2023

Kim Hyldahl

Chairman of the General Meeting

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Entity details

Entity

Mos Mosh A/S

Ejlersvej 24

6000 Kolding

Business Registration No.: 32933491

Registered office: Kolding

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Hans-Christian Ohrt, Chairman of the board

Kim Hyldahl, Vice chairman of the board

David Skjødt

Executive Board

David Skjødt, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Mos Mosh A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 30.01.2023

Executive Board

David Skjødt
CEO

Board of Directors

Hans-Christian Ohrt
Chairman of the board

Kim Hyldahl
Vice chairman of the board

David Skjødt

Independent auditor's report

To the shareholders of Mos Mosh A/S

Opinion

We have audited the financial statements of Mos Mosh A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 30.01.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz

State Authorised Public Accountant
Identification No (MNE) mne34145

Morten Almtoft Lund

State Authorised Public Accountant
Identification No (MNE) mne41365

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	598,104	466,414	412,521	450,572	391,854
Gross profit/loss	145,949	123,604	107,952	130,242	114,791
Operating profit/loss	115,247	99,123	85,824	112,196	98,322
Net financials	(189)	143	(1,528)	(55)	250
Profit/loss for the year	89,702	77,363	65,720	87,400	76,812
Total assets	369,759	277,028	172,072	167,698	163,916
Investments in property, plant and equipment	2,546	1,912	1,398	1,699	1,597
Equity	264,228	204,526	127,163	105,443	108,043
Ratios					
Gross margin (%)	24.40	26.50	26.17	28.91	29.29
EBIT margin (%)	19.27	21.25	20.80	24.90	25.09
Net margin (%)	15.00	16.59	15.93	19.40	19.60
Return on equity (%)	38.27	46.65	56.51	81.88	93.52
Equity ratio (%)	71.46	73.83	73.90	62.88	65.91

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

EBIT margin (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The company's activity consists in development, manufacturing, sale, and distribution of fashion clothing.

Development in activities and finances

The net revenue is DKK 598,104k, which is a growth of 28 % from 2021. The revenue exceeds the managements initial expectations and is a result of growth in all markets of both brands MOS MOSH and MOS MOSH GALLERY.

The profit after tax for the year amounted to DKK 89,702k.

Profit/loss for the year in relation to expected developments

The management is overall satisfied with the results of 2022. The level of demand among consumers and retailers in particular second half of 2022 has been unpredictable. In this uncertain market situation, we are pleased to see that our brands continue to strengthen their positions and attractiveness at both retailers and consumers.

The management is also conscious that the results in 2022 has only been possible due to a dedicated and highly skilled performance by all members of the staff, and the company will continue its efforts to remain an attractive workplace.

Outlook

Uncertainty and variability seem to be the new normal and 2023 is no different.

The management expects 2023 to show a similar revenue level as 2022. It is difficult to predict the extent of the macro-economic and political situation but our internal data and the indication from our key accounts leads us to believe that the revenue will be at 2022 level or slightly higher.

The company will in 2023 continue the substantial investment program in digitalization. The fundamental core value of the company regarding responsible behavior towards whoever we meet in our daily activity, will also in 2023 be backed by considerable investments in ESG initiatives. The main initiatives will be about the products itself, the packaging, and CO2 emission.

Statutory report on corporate social responsibility

Introduction

At Mos Mosh we take our social responsibility seriously. It is an integrated part of how we are doing business from our headquarters in Kolding, and towards suppliers and business partners, who reside mainly in Europe. Our main business activities consist of development, manufacturing, sale and distribution of fashion clothing. The company had 54 dedicated employees in 2022.

We have established four principles guiding our work.

Fairness

The love for what we do and the respect for the people who are involved in our organization, is what makes Mos Mosh truly unique - all the way from production to final product. Our factories adhere to an ethical Code of Conduct, that ensures fair wages and working conditions for anyone involved in the production of our collections.

Responsibility

We source and use high quality fabrics and fibers including those which are considered to be less impactful on our environment. We do our best to stay in the loop regarding new, responsible initiatives and opportunities and

we understand the importance of being innovative and acting regarding a less impactful fashion future.

Lasting quality

We believe in good craftsmanship, lasting quality, and innovative designs that our customers can love for years to come. Perfect fits, luxurious fabrics and a love for the small details are what define our collections.

How we care, our road to responsibility

About 68 % of our garments are produced within Europe. This means we are able to meet high quality standards and legislation within the field of responsibility and ethics in the production compared to conventional means. Keeping our production close to us also means less resources spent in transportation context.

Principal risks and their management

Our company is committed to avoiding and addressing adverse impacts on the basic principles for social, environmental, and economic development that we cause, contribute to, or are linked to via our business relationships. As the principal risk areas, we have identified:

- the risk of human and labor rights not being fully protected in our supply chain,
- the risk of physical and/ mental disabilities or failure to thrive among the employees.
- the risk of a negative impact on the environment and climate especially in relation to our sourcing of cotton, which is our main resource material for our production,
- the risk of our business partners not acting with sufficient integrity and avoiding contributing to bribery,
- the risk of our contribution to negative impact on animal welfare in the materials which we source.

In the sections below, we have outlined how we work to avoid and mitigate these risks.

Policies and Code of Conduct

Code of Conduct (hereafter COC) and policies which was written in February 2019. The policies are embedded in the way we work at Mos Mosh and apply to our suppliers through the COC.

Our COC and policies are based on the ten principles of the UN Global Compact and is aligned with the UN Guiding Principles of Business and Human Rights. The Code encompasses

- human rights/labor rights
- Employee welfare and rights
- environment
- anti-corruption
- animal welfare

The main requirements to our suppliers in our COC is to

- 1) Establish a policy covering the policy topics, integrate it in business processes and towards sub-suppliers,
- 2) Perform due diligence processes to prevent and mitigate possible adverse impacts, and
- 3) Provide access to remedy.

We see the COC as a tool for cooperation and dialogue about improving systems to manage adverse impacts on the topics covered. We know that establishing the required processes outlined in our COC requires both time and resources; both in our own operations and with our suppliers. However, we expect our suppliers to follow the code, and we have reserved the right to monitor and audit compliance.

COC and policies implemented in the supplier relation

Our collaboration with suppliers of fabric, garments etc. to our clothing is characterized by long term relationships in which we rely on carefully selected suppliers. This means that the suppliers know our values well. By 2021 69% of our suppliers have signed our Mos Mosh COC and our policies. Our Chemical Policy was introduced by 2021 and of today 59% of our suppliers have signed.

Responsible fibers, our Fibre Tool

First, we believe that good quality and timeless garments are the baseline for responsible fashion. At Mos Mosh we create products that lives up to our customers' requirements regarding quality and responsibility, while still meeting their need for fashionable items.

We have for a long time been using responsible materials, and we are constantly searching for new more responsible fabric solutions when setting up our next collections. By 2022 we developed a new Mos Mosh fibre tool. The tool support our 2030 Roadmap enclosed in our 2021 ESG report. The ESG report frames our vision and strategy for becoming more responsible. This means that we are using an increasingly number of certified fibers such as organic virgin cotton certified by the GOTS (Global Organic Textile Standard) or OCS (Organic Content Standard). Secondly, we are using recycled fibers such as recycled polyester, recycled polyamide, recycled cotton certified by GRS (Global Recycled Standard). Thirdly we have signed certificates including animal fibers such as down/feathers certified by RDS (Responsible Down Standard) or woolen fibers certified by RAF (Responsible Animal Fiber) including RWS, RAS and RMS covering sheep wool, alpaca, and mohair fibers. Alongside we have signed agreements with EcoVero (responsible viscose) and GCS (Good Cashmere Standard) all those fibers are represented in our 2021 collections. Finally, we have increased the share of 'more sustainable cotton' including BCI (Better Cotton Initiative).

Hence we are increasing the number of styles containing better and more responsible fibers. This year up to 51% of all styles are designed to include more responsible yarn fibers.

Today our responsible fibers are categorized into 3 categories. 1. Fibers we prefer, 2. Fibers we like, 3. Fibers we try to minimize. The categorization of the fibers is based on animal welfare and environmental concerns. Our aim in the 2030 Roadmap is that in 2023 60% of all fibers is placed in group 1+2, by 2025 the aim is still 60% hence we are removing BCI from the 2025 goal, BCI today holds a 30% share of the responsible fibers we use. By 2030 80% of all fibers, we use must be fully traceable and certified. We will keep on implementing and develop this goal in the years to come.

We want our customers to make responsible choices. To make that easier for them, therefor we have added hangtags on all certified garments. The hangtags include short information about the responsible initiatives taken for that specific garment. We believe that by contributing with information to buyers and consumers, our initiatives will have a larger impact.

Employees at MOS MOSH

At MOS MOSH, we care about the health of our employees. We have initiatives to maintain a good state of health such as free massage during working hour, supported membership of fitness activities and individual ergonomic design of workstation.

We also have focus on work balance with flexible arrangements of working hours.

During the COVID-19 pandemic, all offices were equipped with hand sanitizer and test equipment and a protocol was made to minimize the risk of spread of disease among employees.

All employees are invited yearly to a development interview where individual request and considerations is discussed.

Results in 2022

We believe that the efforts done in 2022 has contributed to strengthening our work and profile as a responsible company and supported our ongoing work to minimize the risk identified. Examples of what we have accomplished in 2022 are:

- Publishing our first ESG report, a 49 pages report cover environmental, social and governance aspect seen in a 360 degrees angle around Mos Mosh. The ESG report includes our "2030 Roadmap", which capsulizes our responsible journeys goals and strategy. We see the ESG report as a crucial instrument in our work.
- Mos Mosh obtained our yearly re-certification of GOTS (Global Organic Textile Standard), RWS (Responsible Wool Standard) and GRS (Global Recycling Standard). GOTS certification is focusing on reducing risks on many areas. It has a complete chapter regarding employee relations with physical workspace conditions, healthcare, whistleblower set-up etc. It has been a valuable instrument to secure good conditions for our employees in a more formal way.
- As a result of our efforts to work again violation of human rights and potential bribery, a whistleblower arrangement was introduced in 2022. The anonymous arrangement is described in the Employee Handbook, which is handed out to the employees.
- In 2022, a new and flexible working hour system was introduced. The employees have now a possibility to plan their working hours with a weekly day at home and flexibility around start and end of the working day.
- Mos Mosh obtained 5 new certificates, RDS (Responsible Down Standard), RAS (Responsible Alpaca Standard), RMS (Responsible Mohair Standard), OCS (Organic Content Standard) and GCS (Good Cashmere Standard). All certificates are supporting our work with reducing negative environment impact and better animal welfare.
- In 2022, we increased our total consumption of BCI cotton (Better Cotton Initiative) to 270.871 kilos purchased from our suppliers. Compared to last year this is an increase of 93.033 kilos.
- Our "Procedure Manual" is implemented, it maps the journey of certified garments. The "Procedure Manual" helps employees understand what's required from them, to ensure the garments are compliant to our Scope Certificate's.
- Our Chemical Policy have been initiated. The policy applies to both SVHC "substances of very high concern" list and to the European Union REACH Regulation. When suppliers sign it means that they agree to test garments before shipment. Test must be performed by a 3rd. party test lab appointed by Mos Mosh. The Chemical Policy was distributed and signed by our suppliers. The policy commits us to test 4-5% of all styles, styles are selected based on a risk assessment.
- In spring 2022 we implemented waste sorting, yearly fire drill and education towards working with certified goods.
- Sectoral cooperation on textiles, along with approx. 50 other Danish textile companies Mos Mosh have signed up for the Danish Ministry of the Environment and the textile industry's "Sectoral cooperation on textiles" working on responsible goals for the next 7-8 years till 2030.

Expectations for 2023

In general, we will strive to further develop, implement, and professionalize our work in the field around CSR and Responsible fiber strategi, within our own company, towards sales agents and suppliers. More specifically, we have set the following goals for 2023:

- In 2023 we will persistently work on the goals set in our ESG report. In total the report includes 13 goals addressing packing, raw fibers, certification, certification, longevity, design for recyclability, remake & repair,

responsible denim approach, circular partnerships, etc.

- We will continue preparing towards all the new directives and regulations coming from EU regulations. All to be implemented from 2024 ongoing.
- We will start up the process of mapping our CO2 emissions. CO2 emission is a very high priority area in our effort to minimize our environmental impact.
- By 2023 it is our aim that all suppliers have signed all policies as well as our Code of Conduct. We see this as an important step in our effort to secure human rights. As part of both COC and maintain certificates, we will develop the use of audits.
- We will introduce more systematical ways to measure employee satisfactory and wellbeing to take precautionary measures against particular stress.
- We will establish our "How we care – changemakers board" which is a group of colleagues across the company, working on continuously increasing the awareness of green transition initiatives across the organization.
- We will increase focus on internal training to strengthen the knowledge of the sustainable parameters, such as fiber properties and environmental issues.
- We will further increase our responsibility storytelling towards end-consumer
- Mos Mosh has strict policies about gifts and entertainment. We will continue to educate our staff in our policy about neither to receive or give personal gifts related to business partners and to keep company entertainment at a humble and entirely professional level.
- We will continue ask our suppliers to work with us, to increase focus on responsible parameters, ex. will we ask them to obtain their own Scope Certificates of various standards for us the obtain full "chain of custody". Audits are an important part of maintain and obtaining certificates and we see this as a way to work actively with the human rights, environment and anti-corruption.

Statutory report on the underrepresented gender

The company's Board of Directors consisted of 3 members, all male, in 2022. The board has set a target of having at least one female member of the board by end 2022 which has not been accomplished. There have been no changes in the board of Directors. The wish to have both genders represented in the Board of Directors is however still relevant. The board therefor intend to enlarge the numbers of members by at least one female board member in 2023 with relevant strategic competencies.

In Mos Mosh, we wish to advance diversity in the management and in general in all departments, to ensure a diverse company.

To ensure this, we work actively in our recruitment processes to limit bias behavior. When using external recruitment agencies, it is a request from the company to introduce candidates of both genders.

In 2022, C-level management consist of 3 persons, all men. There has not been any replacements or new recruitments on C-level in the last 5 years.

Mos Mosh has currently 7 mid-level managers of which 3 are women and 4 men. It is an ambition to maintain this diversity if/when recruiting to the mid-level manager group.

Statutory report on data ethics policy

At Mos Mosh, we are conscious and aware of the many opportunities and uncertainties that come with the digital transformation. As part of our work to ensure best practice in handling data responsibly and in accordance with the General Data Protection Regulation (GDPR), we have articulated our requirements and expectations to our employees around GDPR in a policy and procedures.

At Mos Mosh, we do not use complex technology such as artificial intelligence (AI) or machine learning in any ways where we consider risk of discriminating bias, as our data landscape is simple at the moment.

Based on the above, we have not found it necessary to develop a specific policy around data ethics. However, at Mos Mosh, we continuously consider ethical matters, in the way we handle and use data to ensure the rights and expectations of our employees and our customers.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Revenue	2	598,103,612	466,414,301
Cost of sales		(417,595,253)	(319,527,072)
Other external expenses	3	(34,559,270)	(23,283,648)
Gross profit/loss		145,949,089	123,603,581
Staff costs	4	(28,850,776)	(22,433,243)
Depreciation, amortisation and impairment losses	5	(1,851,182)	(2,046,899)
Operating profit/loss		115,247,131	99,123,439
Other financial income	6	976,059	2,316,085
Other financial expenses	7	(1,165,323)	(2,173,033)
Profit/loss before tax		115,057,867	99,266,491
Tax on profit/loss for the year	8	(25,356,319)	(21,903,289)
Profit/loss for the year	9	89,701,548	77,363,202

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Acquired intangible assets		304,546	551,785
Intangible assets	10	304,546	551,785
Other fixtures and fittings, tools and equipment		2,007,300	2,028,316
Leasehold improvements		1,716,683	683,326
Property, plant and equipment	11	3,723,983	2,711,642
Investments in group enterprises		10	0
Other investments		1,050	1,050
Deposits		1,229,640	635,580
Financial assets	12	1,230,700	636,630
Fixed assets		5,259,229	3,900,057
Manufactured goods and goods for resale		100,960,959	52,635,536
Prepayments for goods		36,874,453	24,201,572
Inventories	13	137,835,412	76,837,108
Trade receivables		42,753,676	22,288,702
Receivables from group enterprises		0	30,554,996
Deferred tax	14	232,830	270,484
Other receivables		496,680	296,550
Prepayments	15	3,976,607	623,685
Receivables		47,459,793	54,034,417
Cash		179,204,882	142,256,160
Current assets		364,500,087	273,127,685
Assets		369,759,316	277,027,742

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital	16	500,000	500,000
Retained earnings		258,727,999	174,026,451
Proposed dividend		5,000,000	30,000,000
Equity		264,227,999	204,526,451
Prepayments received from customers		4,472,756	100,000
Trade payables		68,548,300	48,149,800
Payables to group enterprises		4,293,082	0
Joint taxation contribution payable		25,318,665	22,048,078
Other payables		2,898,514	2,203,413
Current liabilities other than provisions		105,531,317	72,501,291
Liabilities other than provisions		105,531,317	72,501,291
Equity and liabilities		369,759,316	277,027,742

Events after the balance sheet date	1
Unrecognised rental and lease commitments	17
Contingent liabilities	18
Assets charged and collateral	19
Transactions with related parties	20
Group relations	21

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	174,026,451	30,000,000	204,526,451
Ordinary dividend paid	0	0	(30,000,000)	(30,000,000)
Profit/loss for the year	0	84,701,548	5,000,000	89,701,548
Equity end of year	500,000	258,727,999	5,000,000	264,227,999

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Revenue

	2022	2021
	DKK	DKK
DACH area	253,924,173	193,170,891
Scandinavia area	196,615,119	159,624,686
Benelux area	54,320,260	44,092,974
Other countries	93,244,060	69,525,750
Total revenue by geographical market	598,103,612	466,414,301

The Company only have one activity from sale of clothes.

3 Fees to the auditor appointed by the Annual General Meeting

For an overview of fees to auditor appointed by the Annual General Meeting refer to the annual report for Kate Acquisition ApS, Kolding.

4 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	24,076,898	19,024,543
Pension costs	2,745,915	2,274,391
Other social security costs	638,561	385,302
Other staff costs	1,389,402	749,007
	28,850,776	22,433,243

Average number of full-time employees	46	38
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	Remuneration of Management 2022 DKK	Remuneration of Management 2021 DKK
Total amount for management categories	1,879,122	1,876,580
	1,879,122	1,876,580

5 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Amortisation of intangible assets	460,984	439,467
Depreciation of property, plant and equipment	1,388,194	1,610,451
Profit/loss from sale of intangible assets and property, plant and equipment	2,004	(3,019)
	1,851,182	2,046,899

6 Other financial income

	2022	2021
	DKK	DKK
Other interest income	379,182	83,815
Exchange rate adjustments	596,877	2,232,270
	976,059	2,316,085

7 Other financial expenses

	2022	2021
	DKK	DKK
Other interest expenses	718,542	719,958
Exchange rate adjustments	446,781	1,438,075
Other financial expenses	0	15,000
	1,165,323	2,173,033

8 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	25,318,665	22,048,078
Change in deferred tax	37,654	(144,789)
	25,356,319	21,903,289

9 Proposed distribution of profit and loss

	2022	2021
	DKK	DKK
Ordinary dividend for the financial year	5,000,000	30,000,000
Retained earnings	84,701,548	47,363,202
	89,701,548	77,363,202

10 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	1,329,719
Additions	213,745
Cost end of year	1,543,464
Amortisation and impairment losses beginning of year	(777,934)
Amortisation for the year	(460,984)
Amortisation and impairment losses end of year	(1,238,918)
Carrying amount end of year	304,546

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	7,097,915	3,012,023
Additions	1,190,120	1,355,819
Disposals	(313,211)	0
Cost end of year	7,974,824	4,367,842
Depreciation and impairment losses beginning of year	(5,069,599)	(2,328,697)
Depreciation for the year	(1,065,732)	(322,462)
Reversal regarding disposals	167,807	0
Depreciation and impairment losses end of year	(5,967,524)	(2,651,159)
Carrying amount end of year	2,007,300	1,716,683

12 Financial assets

	Investments in group enterprises DKK	Other investments DKK	Deposits DKK
Cost beginning of year	0	1,050	635,580
Additions	10	0	594,060
Cost end of year	10	1,050	1,229,640
Carrying amount end of year	10	1,050	1,229,640

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Mos Mosh UK Ltd	London	Ltd	100.00

13 Inventories

	2022	2021
	DKK	DKK
Manufactured goods and goods for resale	63.925.407	22.370.497
Manufactured goods along the way	37.035.552	30.265.039
Prepayments for goods	36.874.453	24.201.572
Total	137.835.412	76.837.108

14 Deferred tax

	2022	2021
	DKK	DKK
Intangible assets	(67,000)	(118,827)
Property, plant and equipment	276,365	365,846
Financial assets	23,465	23,465
Deferred tax	232,830	270,484

Changes during the year	2022	2021
	DKK	DKK
Beginning of year	270,484	125,695
Recognised in the income statement	(37,654)	144,789
End of year	232,830	270,484

Deferred tax assets

Deferred tax consists of differences between accounting and tax values.

15 Prepayments

Prepayments relate to various prepaid items.

16 Share capital

	Number	Par value	Nominal
		DKK	value
			DKK
Share capital	500,000	500,000	500,000
	500,000		500,000

17 Unrecognised rental and lease commitments

	2022	2021
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	3,460,741	4,804,297

18 Contingent liabilities

	2022	2021
	DKK	DKK
Other contingent liabilities	2,974,657	3,827,706
Contingent liabilities	2,974,657	3,827,706

Other contingent liabilities consists of letters of credit in Sydbank A/S.

The Entity participates in a Danish joint taxation arrangement where Kate Acquisition ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

19 Assets charged and collateral

The Entity's bank has a company mortgage on DKK 8.000K nominal. The mortgage are secured by inventories and trade receivables. Carrying amount of mortgaged assets are DKK 180,589 k.

20 Transactions with related parties

The annual report discloses only transactions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kate Acquisition ApS, Kolding

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Kate Acquisition ApS, Kolding

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life Years
Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	2-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and nlisted equity investments measured at the lower of cost and net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's

proposal for distribution of profit/loss.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement

A cash flow statement has not been included in the annual report, as it is included in the cash flow statement in consolidated accounts presented by the parent company Kate Acquisition ApS.