



Mos Mosh A/S

Ejlersvej 24
6000 Kolding
CVR No. 32933491

Annual report 2021

The Annual General Meeting adopted the
annual report on 28.01.2022

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: 01.01.2021 - 31.12.2021

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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, 28.01.2022

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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, 28.01.2022

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

| | 2021 DKK'000 | 2020 DKK'000 | 2019 DKK'000 | 2018 DKK'000 | 2017 DKK'000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Key figures | | | | | |
| Revenue | 466,414 | 412,521 | 450,572 | 391,854 | 276,149 |
| Gross profit/loss | 123,604 | 107,952 | 130,242 | 114,791 | 74,725 |
| Operating profit/loss | 99,123 | 85,824 | 112,196 | 98,322 | 61,390 |
| Net financials | 143 | (1,528) | (55) | 250 | (178) |
| Profit/loss for the year | 77,363 | 65,720 | 87,400 | 76,812 | 47,675 |
| Total assets | 277,028 | 172,072 | 167,698 | 163,916 | 94,210 |
| Investments in property, plant and equipment | 1,912 | 1,398 | 1,699 | 1,597 | 761 |
| Equity | 204,526 | 127,163 | 105,443 | 108,043 | 56,231 |
| Ratios | | | | | |
| Gross margin (%) | 26.50 | 26.17 | 28.91 | 29.29 | 27.06 |
| EBIT margin (%) | 21.25 | 20.80 | 24.90 | 25.09 | 22.23 |
| Net margin (%) | 16.59 | 15.93 | 19.40 | 19.60 | 17.26 |
| Return on equity (%) | 46.65 | 56.51 | 81.88 | 93.52 | 327.45 |
| Equity ratio (%) | 73.83 | 73.90 | 62.88 | 65.91 | 59.69 |

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

Gross margin (%):

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

Revenue

EBIT margin (%):

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

Revenue

Net margin (%):

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

Revenue

Return on equity (%):

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

Average equity

Equity ratio (%):

Equity * 100

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 466.414k, which is a growth of 13 % from 2020. The restrictions and lockdowns around Europe caused by the COVID 19 pandemic has however continued to affect negatively in 2021 and curbed the growth compared to our initial expectations.

The profit after tax for the year amounted to DKK 77.363k.

Profit/loss for the year in relation to expected developments

The management is overall satisfied with the results of 2021. The market situation has been difficult and unpredictable on both the customers and the suppliers side but we have managed to maintain and develop our position as a brand and as a highly valued business partner.

Outlook

The management expects 2022 to show a similar or even higher growth rate as in 2021. The orderbook going into 2022 is more than 30 % higher than last year and our men's brand MOS MOSH Gallery will contribute significant to the overall growth.

The company will in 2022 continue the substantial investment program in developing the organization and digitalization. The fundamental core value of the company regarding responsible behavior towards whoever we meet in our daily activity, will also in 2022 be backed by considerable investments in below mentioned csr initiatives.

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 38 dedicated employees in 2021.

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.

Responsibility

About 70 % 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 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

Our policies are written down in our Code of Conduct which was established in February 2019. The policies are embedded in the way we work at Mos Mosh and apply to our suppliers through the Code of Conduct.

The Code of Conduct is 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
- environment
- anti-corruption
- animal welfare

The main requirements to our suppliers in the Code of Conduct 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 Code of Conduct 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 this Code of Conduct 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.

Actions

Code of conduct implementation 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 a selected number of suppliers. This means that the suppliers know our values well. Since the publication of our Code of Conduct, we have distributed it to our suppliers and all of them have signed it. Should we onboard new suppliers, they will be asked to sign the Code of Conduct as well. Our following up on compliance will be an integrated part of future supplier visits and dialogue.

Responsible fibers

First of all, 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 in regard to 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 responsible fabric options when setting up our next collections. This means that we are using EcoVero, Lyocel and recycled polyester and polyamide, recycled postconsumer cotton, responsible down amongst other in our collections. We are furthermore working on increasing the share of 'more sustainable cotton' including BCI (Better Cotton Initiative), Organic Cotton and Recycled Cotton.

Hence we are increasing the number of styles containing better and more responsible fibers. This year up to 54% of all styles are designed to include more responsible yarn fibers.

To us sustainable fibers are categorized into five categories. 1. Fibers we love, 2. Fibers we like, 3. Fibers that are ok, but not great, 4. Fibers we don't see as responsible, 5. Fibers we don't use. The categorization of the fibers is based on animal welfare and environmental concerns. Our aim is that in 2026 40% of all fibers is placed in group 1. By early 2022 will start defining our "responsible fiber" strategi roadmap to accomplish this goal. 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, we have added hangtags on all responsible 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.

Data ethics

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 as our data landscape is fairly 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 in order to ensure the rights and expectations of our employees and our customers.

Results in 2021.

We believe that the efforts done in 2021 has contributed to strengthening our work and profile as a sustainable company. Examples of what we have accomplished in 2021 are:

- Mos Mosh obtained Certification for GOTS (Global Organic Textile Standard), RWS (Responsible Wool Standard) and GRS (Global Recycling Standard). First audit was performed by Control Union in May 2021. The first orders of GOTS and RWS have been placed.

- In 2021, to date, 127.000 kg of BCI cotton (Better Cotton Initiative) have been purchased from our suppliers, this cotton has been used for Mos Mosh garment production. Compared to last year this is an increase of 52.000 kilos.
- Mos Mosh have obtained the first EcoVero Lenzing Product License approvals.
- Our fiber strategy has been completed, setting targets for 2023 and 2026 fiber consumption in relation to responsibility.
- Code of Conduct, Ethical Sourcing Requirements and Mos Mosh Sustainability & CSR policy have been distributed internally and to our suppliers. In total 21 out of 25 suppliers have signed both Code of Conduct and Ethical Sourcing Requirements. Also due to Covid-19 related travel restriction, we did not visit any suppliers and therefore not been able to follow up on these initiatives

Expectations for 2022

In general, we will strive to further develop, implement, and professionalize our work in the field around CSR and Responsible fiber strategy, within our own company, towards sales agents and suppliers. More specifically, we have set the following goals for 2022:

- We will add the certifications RDS (Responsible Down Standard), RMS (Responsible Mohair Standard) and RAS (Responsible Alpaca Standard) to our portfolio. All three standards focus on animal welfare. We expect to deliver the first garments by end of 2022.
- We will be mapping our packing-material consumption, which will be the backbone of development of a new responsible packaging strategy.
- We will start up the process of mapping our CO2 emissions.
- We will increase our responsibility storytelling towards end-consumer
- We will increase focus on internal training to strengthen the knowledge of the sustainable parameters, such as fiber properties and environmental issues.
- A "Procedure Manual" will be implemented, which will map the journey of the garments. The "Procedure Manual" helps employees understand what's required from them, to ensure the garments are compliant to our Scope Certificate's.
- We will 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".

Statutory report on the underrepresented gender

The company's Board of Directors consisted of 3 members, all male, in 2021. The board has set a target of having at least one female member of the board by end 2021 which has not been accomplished. The wish to have both genders represented in the Board of Directors is however still relevant. The board therefore intends to enlarge the numbers of members by at least one female board member in 2022 with relevant strategic competencies.

Since the company has less than 50 employees, we have chosen not to establish a policy for the

underrepresented gender in the other management levels.

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 2021

| | Notes | 2021 DKK | 2020 DKK |
|--|-------|--------------------|--------------------|
| Revenue | 1 | 466,414,301 | 412,520,526 |
| Other operating income | 2 | 0 | 661,766 |
| Cost of sales | | (319,527,072) | (286,229,628) |
| Other external expenses | | (23,283,648) | (19,001,159) |
| Gross profit/loss | | 123,603,581 | 107,951,505 |
| Staff costs | 3 | (22,433,243) | (20,385,792) |
| Depreciation, amortisation and impairment losses | 4 | (2,046,899) | (1,741,247) |
| Operating profit/loss | | 99,123,439 | 85,824,466 |
| Other financial income | 5 | 2,316,085 | 743,781 |
| Other financial expenses | 6 | (2,173,033) | (2,272,221) |
| Profit/loss before tax | | 99,266,491 | 84,296,026 |
| Tax on profit/loss for the year | 7 | (21,903,289) | (18,576,137) |
| Profit/loss for the year | 8 | 77,363,202 | 65,719,889 |

Balance sheet at 31.12.2021

Assets

| | Notes | 2021 DKK | 2020 DKK |
|--|-------|--------------------|--------------------|
| Acquired intangible assets | | 551,785 | 991,252 |
| Acquired trademarks | | 0 | 0 |
| Goodwill | | 0 | 0 |
| Intangible assets | 9 | 551,785 | 991,252 |
| Other fixtures and fittings, tools and equipment | | 2,028,316 | 1,187,893 |
| Leasehold improvements | | 683,326 | 1,240,358 |
| Property, plant and equipment | 10 | 2,711,642 | 2,428,251 |
| Other investments | | 1,050 | 1,050 |
| Deposits | | 635,581 | 524,708 |
| Financial assets | 11 | 636,631 | 525,758 |
| Fixed assets | | 3,900,058 | 3,945,261 |
| Manufactured goods and goods for resale | | 52,635,536 | 49,509,388 |
| Prepayments for goods | | 24,201,572 | 5,866,465 |
| Inventories | 12 | 76,837,108 | 55,375,853 |
| Trade receivables | | 22,288,702 | 22,076,627 |
| Receivables from group enterprises | | 30,554,996 | 0 |
| Deferred tax | 13 | 270,484 | 125,695 |
| Other receivables | | 3,875 | 71,235 |
| Joint taxation contribution receivable | | 0 | 2,037,615 |
| Prepayments | 14 | 623,685 | 378,962 |
| Receivables | | 53,741,742 | 24,690,134 |
| Cash | | 142,548,835 | 88,060,389 |
| Current assets | | 273,127,685 | 168,126,376 |
| Assets | | 277,027,743 | 172,071,637 |

Equity and liabilities

| | Notes | 2021 DKK | 2020 DKK |
|--|--------------|---------------------|---------------------|
| Contributed capital | 15 | 500,000 | 500,000 |
| Retained earnings | | 174,026,451 | 126,663,249 |
| Proposed dividend | | 30,000,000 | 0 |
| Equity | | 204,526,451 | 127,163,249 |
| Other payables | | 0 | 1,780,571 |
| Non-current liabilities other than provisions | | 0 | 1,780,571 |
| Prepayments received from customers | | 100,000 | 100,000 |
| Trade payables | | 48,149,801 | 38,781,502 |
| Payables to group enterprises | | 0 | 1,986,619 |
| Joint taxation contribution payable | | 22,048,078 | 0 |
| Other payables | | 2,203,413 | 2,259,696 |
| Current liabilities other than provisions | | 72,501,292 | 43,127,817 |
| Liabilities other than provisions | | 72,501,292 | 44,908,388 |
| Equity and liabilities | | 277,027,743 | 172,071,637 |
| Unrecognised rental and lease commitments | 16 | | |
| Contingent liabilities | 17 | | |
| Assets charged and collateral | 18 | | |
| Transactions with related parties | 19 | | |
| Group relations | 20 | | |

Statement of changes in equity for 2021

| | Contributed capital DKK | Retained earnings DKK | Proposed dividend DKK | Total DKK |
|---------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------|
| Equity beginning of year | 500,000 | 126,663,249 | 0 | 127,163,249 |
| Profit/loss for the year | 0 | 47,363,202 | 30,000,000 | 77,363,202 |
| Equity end of year | 500,000 | 174,026,451 | 30,000,000 | 204,526,451 |

Notes

1 Revenue

| | 2021 DKK |
|---|--------------------|
| DACH area | 193,170,891 |
| Scandinavia area | 159,624,686 |
| Benelux area | 44,092,974 |
| Other countries | 69,525,750 |
| Total revenue by geographical market | 466,414,301 |

The Company only have one activity from sale of clothes.

2 Other operating income

Other operating income relates to salary compensation received as a result of the COVID19.

3 Staff costs

| | 2021 DKK | 2020 DKK |
|-----------------------------|-------------------|-------------------|
| Wages and salaries | 19,024,543 | 17,473,504 |
| Pension costs | 2,274,391 | 1,982,064 |
| Other social security costs | 385,302 | 304,246 |
| Other staff costs | 749,007 | 625,978 |
| | 22,433,243 | 20,385,792 |

| | | |
|---------------------------------------|----|----|
| Average number of full-time employees | 38 | 34 |
|---------------------------------------|----|----|

| | Remuneration of Management 2021 DKK | Remuneration of Management 2020 DKK |
|--|---|---|
| Total amount for management categories | 1,876,580 | 1,879,518 |
| | 1,876,580 | 1,879,518 |

Last year, part of the remuneration of management was a management fee paid to parent company Kate Acquisition for management services. This amount was recognized as other external expenses.

4 Depreciation, amortisation and impairment losses

| | 2021 DKK | 2020 DKK |
|--|------------------|------------------|
| Amortisation of intangible assets | 439,467 | 361,783 |
| Depreciation of property, plant and equipment | 1,610,451 | 1,379,464 |
| Profit/loss from sale of intangible assets and property, plant and equipment | (3,019) | 0 |
| | 2,046,899 | 1,741,247 |

5 Other financial income

| | 2021 DKK | 2020 DKK |
|---------------------------|------------------|----------------|
| Other interest income | 83,815 | 285,906 |
| Exchange rate adjustments | 2,232,270 | 457,875 |
| | 2,316,085 | 743,781 |

6 Other financial expenses

| | 2021 DKK | 2020 DKK |
|---------------------------|------------------|------------------|
| Other interest expenses | 719,958 | 389,574 |
| Exchange rate adjustments | 1,438,075 | 1,882,647 |
| Other financial expenses | 15,000 | 0 |
| | 2,173,033 | 2,272,221 |

7 Tax on profit/loss for the year

| | 2021 DKK | 2020 DKK |
|------------------------|-------------------|-------------------|
| Current tax | 22,048,078 | 18,516,385 |
| Change in deferred tax | (144,789) | 59,752 |
| | 21,903,289 | 18,576,137 |

8 Proposed distribution of profit and loss

| | 2021 DKK | 2020 DKK |
|--|-------------------|-------------------|
| Ordinary dividend for the financial year | 30,000,000 | 0 |
| Extraordinary dividend distributed in the financial year | 0 | 44,000,000 |
| Retained earnings | 47,363,202 | 21,719,889 |
| | 77,363,202 | 65,719,889 |

9 Intangible assets

| | Acquired intangible assets DKK | Acquired trademarks DKK | Goodwill DKK |
|---|---|-------------------------------|-----------------|
| Cost beginning of year | 1,329,719 | 114,600 | 40,000 |
| Cost end of year | 1,329,719 | 114,600 | 40,000 |
| Amortisation and impairment losses beginning of year | (338,467) | (114,600) | (40,000) |
| Amortisation for the year | (439,467) | 0 | 0 |
| Amortisation and impairment losses end of year | (777,934) | (114,600) | (40,000) |
| Carrying amount end of year | 551,785 | 0 | 0 |

10 Property, plant and equipment

| | Other fixtures and fittings, tools and equipment DKK | Leasehold improvements DKK |
|---|--|----------------------------------|
| Cost beginning of year | 5,429,060 | 2,904,036 |
| Additions | 1,803,855 | 107,987 |
| Disposals | (135,000) | 0 |
| Cost end of year | 7,097,915 | 3,012,023 |
| Depreciation and impairment losses beginning of year | (4,241,167) | (1,663,678) |
| Depreciation for the year | (945,432) | (665,019) |
| Reversal regarding disposals | 117,000 | 0 |
| Depreciation and impairment losses end of year | (5,069,599) | (2,328,697) |
| Carrying amount end of year | 2,028,316 | 683,326 |

11 Financial assets

| | Other investments DKK | Deposits DKK |
|------------------------------------|-----------------------------|-----------------|
| Cost beginning of year | 1,050 | 524,708 |
| Additions | 0 | 110,873 |
| Cost end of year | 1,050 | 635,581 |
| Carrying amount end of year | 1,050 | 635,581 |

12 Inventories

| | 2021 DKK | 2020 DKK |
|---|-------------------|-------------------|
| Manufactured goods and goods for resale | 22.370.497 | 25.801.720 |
| Manufactured goods along the way | 30.265.039 | 23.707.669 |
| Prepayments for goods | 24.201.572 | 5.866.465 |
| Total | 76.837.108 | 55.375.854 |

13 Deferred tax

| | 2021 DKK | 2020 DKK |
|-------------------------------|----------------|----------------|
| Intangible assets | (118,827) | (211,907) |
| Property, plant and equipment | 365,846 | 314,137 |
| Financial assets | 23,465 | 23,465 |
| Deferred tax | 270,484 | 125,695 |

| | 2021 DKK | 2020 DKK |
|------------------------------------|----------------|----------------|
| Changes during the year | | |
| Beginning of year | 125,695 | 185,447 |
| Recognised in the income statement | 144,789 | (59,752) |
| End of year | 270,484 | 125,695 |

Deferred tax consists of differences between accounting and tax values.

14 Prepayments

Prepayments relate to various prepaid items.

15 Share capital

| | Number | Par value DKK | Nominal value DKK |
|---------------|----------------|------------------|-------------------------|
| Share capital | 500,000 | 500000 | 500,000 |
| | 500,000 | | 500,000 |

16 Unrecognised rental and lease commitments

| | 2021 DKK | 2020 DKK |
|--|-------------|-------------|
| Liabilities under rental or lease agreements until maturity in total | 4,804,297 | 6,088,829 |

17 Contingent liabilities

| | 2021 DKK | 2020 DKK |
|-------------------------------|------------------|------------------|
| Other contingent liabilities | 3,827,706 | 4,822,473 |
| Contingent liabilities | 3,827,706 | 4,822,473 |

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.

18 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 100.665 k.

19 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.

20 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.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 4 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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:

| | |
|--|-----------|
| 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.

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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for 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.

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.

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.