
Carrington Retail ApS

Larsbjørnsstræde 3, DK-1454 København K

Annual Report for 1 January - 31 December 2022

CVR No 33 49 93 53

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
12/7 2023

Kyrk Tassai Macmillian
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Carrington Retail ApS for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

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

Copenhagen, 12 July 2023

Executive Board

Kyrk Tassai Macmillian
CEO

Independent Auditor's Report

To the Shareholder of Carrington Retail ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Carrington Retail ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the 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 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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the

Independent Auditor's Report

disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 12 July 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jakob Thisted Binder

statsautoriseret revisor

mne42816

Company Information

The Company

Carrington Retail ApS
Larsbjørnsstræde 3
DK-1454 København K

CVR No: 33 49 93 53
Financial period: 1 January - 31 December
Incorporated: 16 February 2011
Financial year: 12nd financial year
Municipality of reg. office: København

Executive Board

Kyrk Tassai Macmillian

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The Company's main activity is to operate physical stores, e-commerce and related activities.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 10,086,440, and at 31 December 2022 the balance sheet of the Company shows negative equity of DKK 13,648,746.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit/loss		3.952.302	4.340.052
Staff expenses	2	-10.908.061	-6.962.714
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1.335.608	-1.178.809
Profit/loss before financial income and expenses		-8.291.367	-3.801.471
Financial income	3	440.044	400.445
Financial expenses	4	-1.071.100	-689.600
Profit/loss before tax		-8.922.423	-4.090.626
Tax on profit/loss for the year	5	-1.164.017	899.852
Net profit/loss for the year		-10.086.440	-3.190.774

Distribution of profit

Proposed distribution of profit

Retained earnings		-10.086.440	-3.190.774
		-10.086.440	-3.190.774

Balance Sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Goodwill		591.250	851.250
Intangible assets		591.250	851.250
Other fixtures and fittings, tools and equipment		326.699	508.621
Leasehold improvements		126.130	598.012
Property, plant and equipment	6	452.829	1.106.633
Fixed assets		1.044.079	1.957.883
Inventories		20.523.858	13.590.736
Trade receivables		4.450.684	3.000.266
Receivables from group enterprises		2.113.643	873.527
Other receivables		2.380.601	1.483.455
Deferred tax asset		2.088.882	1.737.137
Corporation tax receivable from group enterprises		0	2.088.882
Prepayments		319.949	82.760
Receivables		11.353.759	9.266.027
Cash at bank and in hand		1.037.319	182.912
Currents assets		32.914.936	23.039.675
Assets		33.959.015	24.997.558

Balance Sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		80.000	80.000
Retained earnings		-13.728.746	-3.642.306
Equity		-13.648.746	-3.562.306
Payables to group enterprises		6.327.761	5.366.759
Long-term debt	7	6.327.761	5.366.759
Credit institutions		4.606.478	2.303.116
Prepayments received from customers		311.400	311.400
Trade payables		8.401.553	3.726.250
Payables to group enterprises	7	23.141.874	10.925.418
Other payables		4.370.685	5.574.116
Deferred income		448.010	352.805
Short-term debt		41.280.000	23.193.105
Debt		47.607.761	28.559.864
Liabilities and equity		33.959.015	24.997.558
Going concern	1		
Contingent assets, liabilities and other financial obligations	8		
Related parties	9		
Accounting Policies	10		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	80.000	-3.642.306	-3.562.306
Net profit/loss for the year	0	-10.086.440	-10.086.440
Equity at 31 December	80.000	-13.728.746	-13.648.746

Notes to the Financial Statements

1 Going concern

The Company has in 2022 realized a loss of DKK 10.1 million and equity at 31 December 2022 was negative with DKK 13.6 million.

The Company has received a strong unlimited letter of support from the Parent Company Carrington ApS.

Based on the strong unlimited letter of support the Financial Statements have been prepared under the assumption of going concern.

	<u>2022</u>	<u>2021</u>
	DKK	DKK
2 Staff expenses		
Wages and salaries	9.803.044	6.367.734
Pensions	298.765	115.255
Other social security expenses	203.184	137.610
Other staff expenses	603.068	342.115
	<u>10.908.061</u>	<u>6.962.714</u>
Average number of employees	<u>32</u>	<u>18</u>
3 Financial income		
Interest received from group enterprises	0	49.273
Exchange adjustments	440.044	351.172
	<u>440.044</u>	<u>400.445</u>
4 Financial expenses		
Interest paid to group enterprises	161.002	118.218
Other financial expenses	249.942	122.219
Exchange loss	660.156	449.163
	<u>1.071.100</u>	<u>689.600</u>

Notes to the Financial Statements

	2022	2021
	DKK	DKK
5 Tax on profit/loss for the year		
Current tax for the year	0	0
Deferred tax for the year	1.164.017	-266.410
Adjustment of deferred tax concerning previous years	0	-633.442
	1.164.017	-899.852
6 Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	1.375.696	4.953.608
Additions for the year	185.955	235.849
Cost at 31 December	1.561.651	5.189.457
Impairment losses and depreciation at 1 January	867.075	4.355.596
Depreciation for the year	367.877	707.731
Impairment losses and depreciation at 31 December	1.234.952	5.063.327
Carrying amount at 31 December	326.699	126.130
Depreciated over	2-3 years	3-5 years

Notes to the Financial Statements

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2022</u> DKK	<u>2021</u> DKK
Payables to group enterprises		
Between 1 and 5 years	<u>6.327.761</u>	<u>5.366.759</u>
Long-term part	6.327.761	5.366.759
Other short-term debt to group enterprises	<u>23.141.874</u>	<u>10.925.418</u>
	<u>29.469.635</u>	<u>16.292.177</u>

8 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Intangible and tangible assets, stocks and trade receivables with a net book value amounting to	22.131.012	18.548.885
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Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Tenancy commitments	<u>781.510</u>	<u>689.738</u>
	<u>781.510</u>	<u>689.738</u>

Guarantee obligations

Bank guarantee for rent	343.750	343.750
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Other contingent liabilities

Notes to the Financial Statements

2022

DKK

2021

DKK

8 Contingent assets, liabilities and other financial obligations (continued)

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 A/S af 24. juli 1995, 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.

9 Related parties

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Carrington ApS, Copenhagen

Consolidated Financial Statements

Carrington Retail ApS is included in the Group Annual Report of

<u>Name</u>	<u>Place of registered office</u>
Carrington ApS	Copenhagen

The Group Annual Report of Carrington ApS may be obtained at the following address:

Carrington ApS
Larsbjørnsstræde 3
1454 Copenhagen K
Denmark

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Carrington Retail ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

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

Notes to the Financial Statements

10 Accounting Policies (continued)

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 Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

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

Notes to the Financial Statements

10 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with A/S af 24. juli 1995 and its Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 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.

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	2-3	years
Leasehold improvements	3-5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

10 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes

Notes to the Financial Statements

10 Accounting Policies (continued)

in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Deferred income

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