

Carrington Retail ApS Annual Report 01/01–31/12 2021



CVR NO 33 49 93 53

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 17/6 2022

NØRREBROGADE 106 2
2200 COPENHAGEN N DENMARK

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 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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, 17/6 2022

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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 misstatement, 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 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, 17/6 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Hans Jørgen Andersen
Statsautoriseret revisor
mne30211

Jesper Bo Winther
Statsautoriseret revisor
mne26864

Company Information

The Company

Carrington Retail ApS
Nørrebrogade 106, 2. bgh.
DK-2200 København N

CVR No: 33 49 93 53

Financial period: 1 January - 31 December

Incorporated: 16 February 2011

Financial year: 11st 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 2021 shows a loss of DKK 3,190,774, and at 31 December 2021 the balance sheet of the Company shows negative equity of DKK 3,562,306.

2021 earnings were significantly impacted by COVID-19 due to full closure in Q1.

Global market factors driving discounted sales, meant that there was an impact on GM, which had a negative impact on results.

The ultimate owner of the Company has given commitment to support the Company economically until 31 March 2023. In addition, it should be noted that the ultimate owner deliberately has decided to fund the Company through intercompany loans, rather than equity.

For 2022 we expect retail growth of 50% due to full year opening, acceleration in e-commerce growth as a result of investments and the impact of a number of new retail locations.

Subsequent events

There have been no significant or noteworthy events subsequent to the balance sheet date, although the development of market conditions with the Russians invasion of Ukraine and high inflation creates uncertainty for the future.

Income Statement

1 January – 31 December

	Note	2021 DKK	2020 DKK
Gross profit/loss		4,340,052	5,512,983
Staff expenses	2	<u>-6,962,714</u>	<u>-8,110,513</u>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1,178,809</u>	<u>-1,112,166</u>
Profit/loss before financial income and expenses		-3,801,471	-3,709,696
Financial income	3	351,172	211,352
Financial expenses	4	<u>-640,327</u>	<u>-625,472</u>
Profit/loss before tax		-4,090,626	-4,123,816
Tax on profit/loss for the year		<u>899,852</u>	<u>2,277,354</u>
Net profit/loss for the year		<u>-3,190,774</u>	<u>-1,846,462</u>
Distribution of profit			
Proposed distribution of profit		<u>-3,190,774</u>	<u>-1,846,462</u>
Retained earnings		-3,190,774	-1,846,462

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Goodwill		851,250	1,171,250
Intangible assets		851,250	1,171,250
Other fixtures and fittings, tools and equipment		508,621	832,944
Leasehold improvements		598,012	917,248
Property, plant and equipment	5	1,106,633	1,750,192
Fixed assets		1,957,883	2,921,442
Inventories		13,590,736	10,083,336
Trade receivables		3,873,793	3,613,814
Other receivables		1,483,455	748,359
Deferred tax asset		1,737,137	1,470,727
Corporation tax receivable from group enterprises		2,088,882	1,852,590
Prepayments		82,760	0
Receivables		9,266,027	7,685,490
Cash at bank and in hand		182,912	2,057,608
Currents assets		23,039,675	19,826,434
Assets		24,997,558	22,747,877

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2021 DKK
Share capital		80,000	80,000
Retained earnings		<u>-3,642,306</u>	<u>-451,532</u>
Equity		-3,562,306	-371,532
Payables to group enterprises		<u>5,366,759</u>	<u>0</u>
Long-term debt	6	<u>5,366,759</u>	<u>0</u>
Credit institutions		2,303,116	0
Prepayments received from customers		311,400	365,539
Trade payables		3,726,250	2,416,241
Payables to group enterprises	6	10,925,418	15,161,681
Other payables		5,574,116	5,175,947
Deferred income		<u>352,805</u>	<u>0</u>
Short term debt		<u>23,193,105</u>	<u>23,119,409</u>
Debt		<u>28,559,864</u>	<u>23,119,409</u>
Liabilities and equity		<u>24,997,558</u>	<u>22,747,877</u>
Going concern	1		
Contingent assets, liabilities and other financial obligations	7		
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Statement of Changes in Equity

Equity	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 1 January	80,000	-451,532	-371,532
Net profit/loss for the year		-3,190,774	-3,190,774
Equity at 31 December	80,000	-3,642,306	-3,562,306

Notes to the Financial Statements

1 Going concern

Maintenance of the funding of the Company and group enterprises is assessed and discussed regularly with the Company's banker. It is essential to the Company as a going concern that funding is maintained, and that the Company develops a profitable position. Furthermore, the ultimate owner of the Company has given commitment to support (though limited with a CAP) economically until 31. May 2023, if found necessary. In Management's opinion, it will be possible to maintain funding in the coming financial year, and Carrington Retail ApS will be profitable; therefore, Management presents the Annual Report under a going concern assumption.

	2021	2020
	DKK	DKK
2 Staff expenses		
Wages and salaries	6,367,734	7,200,549
Pensions	115,255	457,595
Other social security expenses	137,610	156,957
Other staff expenses	342,115	295,411
	6,962,714	8,110,513
Average number of employees	18	22
3 Financial income		
Exchange adjustments	351,172	0
Exchange gains	0	211,352
	351,172	211,352
4 Financial expenses		
Interest paid to group enterprises	68,945	154,305
Other financial expenses	122,219	121,743
Exchange adjustments, expenses	348,023	349,424
Exchange loss	101,140	0
	640,327	625,472

5 Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	DKK	DKK	DKK
Cost at 1 January	1,375,696	4,738,358	6,114,054
Additions for the year	<u>0</u>	<u>215,250</u>	<u>215,250</u>
Cost at 31 December	<u>1,375,696</u>	<u>4,953,608</u>	<u>6,329,304</u>
Impairment losses and depreciation at 1 January	542,751	3,821,110	4,363,861
Depreciation for the year	<u>324,324</u>	<u>534,486</u>	<u>858,810</u>
Impairment losses and depreciation at 31 December	<u>867,075</u>	<u>4,355,596</u>	<u>5,222,671</u>
Carrying amount at 31 December	508,621	598,012	1,106,633
Depreciated over	2–3 years	3–5 years	
		<u>2021</u>	<u>2020</u>
		DKK	DKK

6 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:

Payables to group enterprises

Between 1 and 5 years	<u>5,366,759</u>	<u>0</u>
Long-term part	5,366,759	0
Other short-term debt to group enterprises	<u>10,925,418</u>	<u>15,161,681</u>
	<u>16,292,177</u>	<u>15,161,681</u>

7 Contingent assets, liabilities and other financial obligations

	2021	2020
	DKK	DKK

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 DKK	18,548,885	16,618,593
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Rental and lease obligations

Lease obligations under operating leases.

Total future lease payments:

Tenancy commitments	689,738	935,525
	689,738	935,525

Guarantee obligations

Bank guarantee for rent	343,750	343,750
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Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of 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.

8 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

Name	Place of registered office
Carrington ApS	Copenhagen

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

Carrington ApS
Nørrebrogade 106, 2. bgh.
2200 Copenhagen N
Denmark

9 Accounting Policies

The Annual Report of Carrington Retail ApS for 2021 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 2021 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.

9 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.

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.

9 Accounting Policies (continued)

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.

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.

Fixed asset investments

Fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. 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.

9 Accounting Policies (continued)

Equity**Dividend**

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

Deferred tax assets and liabilities

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

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

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.

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