# RAINS ApS

**Jens Olsens Vej 13, Skejby, 8200 Aarhus N**

**Company reg. no. 34 47 61 87**

## Annual report

## 1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 30 June 2023.

_______________________________
Daniel Brix Hesselager
Chairman of the meeting

# Contents





Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of RAINS ApS for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Aarhus N, 30 June 2023

**Managing Director**

Steen Borgholm

**Board of directors**

| | | |
|---|---|---|
| Daniel Brix Hesselager | Kenneth Davids | Philip Lotko Wormslev |

# Independent auditor's report

**To the Shareholders of RAINS ApS**

**Opinion**

We have audited the consolidated financial statements and the parent company financial statements of RAINS ApS for the financial year 1 January to 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 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 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 Consolidated Financial Statements and the Parent Company Financial Statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management’s Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements**

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group´s and the Parent Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

## Independent auditor's report

**Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the 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 consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

## Independent auditor's report

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Statement on Management's Review**
Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Aarhus, 30 June 2023

**Redmark**
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Henrik Sondrup
State Authorised Public Accountant
mne31446

## Company information

| | | |
|---|---|---|
| **The company** | RAINS ApS<br>Jens Olsens Vej 13, Skejby<br>8200 Aarhus N<br>Denmark | |
| | Company reg. no. | 34 47 61 87 |
| | Financial year: | 1 January - 31 December |
| **Board of directors** | Daniel Brix Hesselager<br>Kenneth Davids<br>Philip Lotko Wormslev | |
| **Managing Director** | Steen Borgholm | |
| **Auditors** | Redmark<br>Godkendt Revisionspartnerselskab<br>Sommervej 31C<br>8210 Aarhus V | |
| **Parent company** | Hesselager Holding ApS | |
| **Subsidiaries** | Rains USA INC., USA<br>Rains Shanghai Trade Co. Ltd., China<br>Rains Norway AS, Norway<br>Rains International Ltd., Great Britain<br>Rains Germany GmbH, Germany<br>Rains Sweden AB, Sweden<br>Drip Dutch B.V., Netherlands<br>ISOG ApS, Denmark<br>RAINS Canada Sales INC., Canada | |

## Consolidated financial highlights

| DKK in thousands. | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Net turnover | 563.244 | 400.938 | 231.228 | 177.199 | 150.431 |
| Gross profit | 143.575 | 120.617 | 63.727 | 50.678 | 45.308 |
| Profit from operating activities | 67.780 | 54.631 | 26.562 | 26.413 | 30.577 |
| Net financials | -3.310 | 2.398 | -227 | 455 | -1.335 |
| Net profit or loss for the year | 50.712 | 44.736 | 20.315 | 20.955 | 22.457 |
| **Statement of financial position:** | | | | | |
| Balance sheet total | 426.625 | 213.188 | 114.757 | 82.285 | 59.141 |
| Investments in property, plant and equip-ment | 38.486 | 8.316 | 4.204 | 2.311 | 3.385 |
| Equity | 119.231 | 97.157 | 52.506 | 52.224 | 41.311 |
| **Cash flows:** | | | | | |
| Operating activities | 10.826 | 56.127 | 35.091 | 6.404 | 17.421 |
| Investing activities | -42.891 | -13.145 | -5.695 | -3.167 | -5.789 |
| Financing activities | 110.547 | -20.060 | -11.852 | -7.312 | -8.090 |
| Total cash flows | 78.481 | 22.922 | 17.544 | -4.075 | 3.543 |
| **Employees:** | | | | | |
| Average number of full-time employees | 132 | 103 | 61 | 57 | 39 |
| **Key figures in %:** | | | | | |
| Return on equity investment | 21,2 | 33,3 | 27,0 | 37,4 | 62,8 |
| Acid test ratio | 120,5 | 163,3 | 166,3 | 245,7 | 297,6 |
| Solvency ratio | 27,9 | 45,6 | 45,8 | 63,5 | 69,9 |
| Return on equity | 46,9 | 48,3 | 38,8 | 44,8 | 64,0 |

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

As a result of the changed accounting practices, the main and key figures have been changed accordingly.
The key figures appearing from the survey have been calculated as follows:

**Return on equity investment** $\frac{\text{Results from primary activities (EBIT) x 100}}{\text{Average invested capital}}$

**Invested capital** Operational intangible and tangible fixed assets and net working capital

## Consolidated financial highlights

**Acid test ratio**

$$\frac{\text{Current assets x 100}}{\text{Short-term liabilities}}$$

**Equity share**

$$\frac{\text{Equity, closing balance x 100}}{\text{Assets in total, closing balance}}$$

**Return on equity**

$$\frac{\text{Results for the year x 100}}{\text{Average equity}}$$

# Management´s review

**Description of key activities of the company**

Rains is a Danish outerwear and lifestyle company originating from a modern reinterpretation of the classic rubber raincoat. Since its establishment in 2012, the company has thoughtfully widened its concept across product categories and fabric innovations to build a comprehensive offering of distinctly recognizable designs.

With Scandinavian metropolises as the main scene of the brand, focusing on a young streetwear inspired approach to communication, Rains has achieved a high level of recognition and credibility, balancing commercial success and accessibility with strong integrity and brand equity.

Through a multidisciplinary approach throughout its value-chain, Rains builds upon a balanced business model of a fully vertical supply chain and distribution channels. With own and operated specialized factories, internal sales subsidiaries, regional distribution centres, and strong retail and E-commerce performance, Rains maintains a high level of control and efficiency. Combined with a strong network of selected wholesale partners, Rains has steadily increased its value propositions achieving a unique position in the market.

The company headquarters are located in Skejby, Aarhus, with regional headquarters in New York and Shanghai. By the end of 2022, the company was employing 132 fulltime employees.

**Unusual matters**

There have been no unusual circumstances that have affected the company's activity during the financial year.

**Uncertainties connected with recognition or measurement**

There are no significant uncertainties in the recognition and measurement of assets and liabilities other than conditions related to normal operating activity.

## Management´s review

**Development in activities and financial matters**

2022 was characterized by strong growth throughout geographies and sales channels.

In 2022, the group revenue reached DKK 563m representing a growth of 40% compared to 2021. The operating margin was 12% and profit before tax amounted to DKK 64m.

The rapid growth caused several structural challenges throughout the supply chain, especially effecting the logistic distribution capacity and operational cost. To meet the increasing demand, an additional distribution centre was established during the year, leading to a complex situation of balancing operations and expansion simultaneously.

The financial result has been affected by the high volatility in currencies throughout the year, causing significant financial downside compared to previous years.

The profit of the group has been lower than expected. The management expects to regain profit performance in 2023.

**2022 highlights**

The high growth was mainly driven through a strong effort of the recently established internal sales organization combined with a proactive and offensive E-commerce effort. In retail, high performing stores increased revenue while the expansion of new stores was further postponed allowing focus and improving quality of existing stores.

In accordance with the company’s strategy, further market integrations were implemented through the year by taking over distribution in key markets such as Canada, USA, and France. Local organizations, facilities and showrooms were strengthened in the respective markets during the year.

In 2022, the marketing and brand strategy was intensified through two comprehensive runway shows during the Paris Fashion Week. The activity opened new premium positioned retail sectors and exposed the brand across geographies and consumer segments. This had very positive effects on attracting new consumer audiences through digital platforms and sales channels.

During the year, the organization was strengthened significantly with additional employees. This happened across revenue and support streams, primarily ensuring resources for the coming years expansion of branded spaces. Operations and expansion were separated within retail, resulting in a new expansion focused team.

Overall, the year was characterized by strong sales momentum and high pressure on capacities throughout the supply chain and organization. The balance between sales and capacity challenged the company’s core business pillars, but also resulted in a renewed focus on the company’s core structure and success parameters.

## Management´s review

**Other conditions - both parent and group.**
The company has not previously recognized a concluded warrant agreement.

This correction is a significant error in the annual report for 2021 and as a consequence corrected by correcting the error in 2021, as well as correcting the comparative figures for 2021.

The above changes have meant that the equity for 2021 has been corrected from TDKK 108.885 to TDKK 97.156. The company tax due in the balance sheet is TDKK 1.382 has been corrected to a receivable of TDKK 1.925. Other debt has been corrected with a debt item for the warrant agreement of TDKK 15.035.

The initial figures for 2022 for equity, corporation tax receivable and other debts have been corrected in accordance with the incorporated corrections for 2021.

**Financial risks**
Operational risks
It is assessed that the group is not exposed to special operational risks, seen in relation to similar companies in the industry.

**The expected development**
The positive development is expected to continue in 2023, with growth mainly driven by regional focus in Europe and North America. To ensure an ambitious commercial breakthrough in the North American region, significant investment has been made to build organizational and structural strength of the local operation. In accordance with the company's 2027 strategy, North America is expected to double revenue in 2023.

By further developing successful product categories and intensifying the expansion of branded spaces, combined with further market integrations, the company expect solid growth in 2023. Through solid growth and consolidating the organization and operations, the company expects profit to increase significantly, reaching previous year's profit margins.

**Events subsequent to the financial year**
There are no significant events other than conditions related to normal operating activity.

## Management´s review

**Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act**

*Business model*

The company headquarters are located in Skejby, Aarhus, with regional headquarters in New York and Shanghai. The main business activities, including e-commerce, and design are conducted within Europe. The company operates internationally with partners including Retail Partners, distributors, and agents and the production is conducted in China.

Within the Retail channel, the stores in the EU are operated by Rains Retail Partners. The stores in USA are operated by the headquarter in New York and the stores in Asia are operated by the headquarter in Shanghai, China or by distributors.

The company operates with the aim of developing the business while meeting any strategic challenges in an economic and socially responsible manner. Therefore, the company has written policies on social responsibility, and the Management determines the company's business strategies as well as carry out the company's activities in general with regard to generally recognized principles and good business practices.

The company likewise operates in compliance with applicable law on a national and international scale as well as in accordance with the company's Code of Conduct with reference to international regulation, standards, and principles.

***Environmental impact***

The company is environmentally aware, as it is the company's policy to be mindful of the impact on the environment.

The company's Code of Conduct is updated on an ongoing basis and is available online on the company's website in the latest updated version. Among other things, it includes requirements on social responsibility issues, workers conditions, respect of human rights, as well as environmental impact. Any partners of the company are expected to adhere to the company's Code of Conduct.

The company is mindful of the potential environmental impact due to production within the fashion industry. The company therefore continuously work to secure the circularity for products sent back to the company with errors and faults. The company likewise considers environmental conditions for the preparation of the construction of the company's new Headquarter.

In 2022, the results achieved have not been quantitative. However, the company continuously enhances its environmental awareness, which will enable the company to conclude ways to limit the company's environmental impact in the future.

***Social issues and employee issues***

It is the company's policy to work on and improve the employees' well-being by securing a safe and healthy work environment as well as pay taxes and VAT in accordance with applicable legislation.

In order to fulfil this policy, the company has, during the year, worked to improve the logistics as well as the safety within the company's warehouses.

Likewise, the company has updated its internal maternity and paternity policy to welcome new and equality-based maternity/paternity regulations and in general, prioritizes a close dialogue with the employees on an ongoing basis.

During employment, employees are hired without reference to their gender, age, social conditions or the like, but solely based on personal and professional qualifications in relation to the relevant position.

The company expects to continue focusing on the employee's well-being within the work environment and continue to improve when possible.

***Human rights***

It is the company's policy not to enter into agreements with business partners and employees whose views on human rights differ from internationally recognized principles on the observance of human rights.

The company is mindful of potential risks in relation to human rights in the sourcing countries. To target potential risks in relation to human rights, the company have drafted the company's Code of Conduct. The company expects partners and suppliers to adhere to the company's Code of Conduct, which includes requirements in relation to human and labour rights and implementation requirements within the relationship between the partner/supplier and the partner's/supplier's subcontractors.

It is the Management's position that the company shall not enter into agreements with partners/suppliers, whose views on human rights does not adhere to the company's Code of Conduct.

***Fighting corruption and bribery***

It is the company's policy to avoid all forms of corruption, including extortion and thereby ensuring compliance with international standards.

The company is mindful of potential risks in relation to bribery and corruption, as the company's production as well as some of the company's partners are located outside of the EU.

To target potential risks in relation to corruption and bribery, the company's partners and suppliers are expected to adhere to the requirements of the company's Code of Conduct, which also includes implementing the requirements between the partner/supplier and the partner/supplier's subcontractors.

In case potential partners/suppliers have different views on bribery and corruption than expressed in the company's Code of Conduct, it is the Management's position that one will not enter into agreements with such partners/suppliers.

The company likewise aims to build and evolve partnerships solely with trustworthy and professional partners.

**Report on gender composition in management according to section 99 b of the Danish Financial Statements Act**

The company hires employees based on professional competences, experience and personality and every employee within the company can explore their potential in line with their personal goals and ambitions regardless of gender.

It is the company's position and policy that there are no gender restrictions in the hiring process.

To ensure diversity, it is the company's long-term goal to include a minimum of 1 woman within the executive board. It is likewise the group's policy to have at least 1 woman in the management layer (beneath the executive board), which the company currently lives up to.

The company's founders are a part of the executive board, why a certain proportion of the composition is determined by the gender of the founders. The remaining member of the executive board is determined by the gender of the CEO. There are currently no women within the executive board.

The company is in favour of diversity within the executive board as well as the management team but considers professional and personal competences to be more important than gender, as it would otherwise be contradictory to the company's policy on discrimination.

**Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act**

The group's data can be divided into two overarching groups:

•General data on employees, partners, and customers, which are governed by the GDPR regulation and are managed in compliance hereof.
•General data on products, marketing, general logistics, and the like.

**Data security**

Data security is of high priority within the company and the network and servers are continuously monitored for irregularities as well as vulnerabilities and are continuously scanned for viruses and other malware.

Employees are continuously informed about cyber threats and are tested in Cybersecurity. The Cybertesting is managed by the company's IT department.
All units within the company are handled according to the described rules for disposal of used electronics.

**Principles**

The company processes data in accordance with the following principles:

•Legality, fairness, and transparency: Data is processed in accordance with applicable laws and regulations. The processing must be fair to the persons whose data is collected, and there must be openness about the purpose of the data collection and how the data is processed.
•Self-determination: People must maintain as much control as possible over their own data.
•Progressiveness: The societal progress in the use of data can be achieved by using data ethical solutions.
•Data: is a means of achieving a competitive advantage. Through efficient workflows and minimizing errors.
•The human and the machine/robot: The human shall analyse, think freely, and solve tasks of high complexity. Meanwhile, the machine/robot shall solve monotonous, trivial tasks of low complexity, and must be controlled by humans.

## Income statement 1 January - 31 December

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| Note | | 2022 | 2021 | 2022 | 2021 |
| 1 | Net turnover | 563.244.144 | 400.937.980 | 454.102.220 | 332.237.374 |
| | Raw materials and consumables used | -279.217.159 | -184.451.514 | -241.104.231 | -163.485.439 |
| | Other external expenses | -140.452.274 | -95.869.737 | -95.384.260 | -67.493.120 |
| | **Gross profit** | **143.574.711** | **120.616.729** | **117.613.729** | **101.258.815** |
| 3 | Staff costs | -65.350.919 | -59.756.584 | -45.912.358 | -47.095.247 |
| 4 | Depreciation, amortisation and writedown relating to tangible and intangible fixed assets | -10.443.543 | -6.229.108 | -7.788.760 | -4.587.833 |
| | **Operating profit** | **67.780.249** | **54.631.037** | **63.912.611** | **49.575.735** |
| | Income from investments in group enterprises | 0 | 0 | 2.488.442 | 3.754.217 |
| | Income from investments in associates | 0 | 0 | 276.756 | 139.468 |
| | Other financial income from group enterprises | 0 | 0 | 914.355 | 531.614 |
| | Other financial income | 6.566.310 | 3.035.838 | 6.566.016 | 3.014.552 |
| | Other financial expenses | -9.876.684 | -637.833 | -9.897.146 | -631.807 |
| | **Pre-tax net profit or loss** | **64.469.875** | **57.029.042** | **64.261.034** | **56.383.779** |
| 5 | Tax on ordinary results | -13.757.940 | -12.293.008 | -13.549.099 | -11.647.745 |
| **6** | **Net profit or loss for the year** | **50.711.935** | **44.736.034** | **50.711.935** | **44.736.034** |

## Balance sheet at 31 December

All amounts in DKK.

| Note | Assets | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|---|
| | **Non-current assets** | | | | |
| 7 | Acquired concessions, patents, licenses, trademarks, and similar rights | 201.576 | 256.773 | 191.343 | 256.773 |
| 8 | Goodwill | 9.323.012 | 7.097.060 | 7.822.492 | 6.482.715 |
| 9 | Development projects in progress and prepayments for intangible assets | 316.231 | 0 | 316.231 | 0 |
| | Total intangible assets | 9.840.819 | 7.353.833 | 8.330.066 | 6.739.488 |
| 10 | Other fixtures, fittings, tools and equipment | 13.338.184 | 12.032.660 | 6.028.157 | 9.160.892 |
| 11 | Property, plant and equipment in progress and prepayments for property, plant and equipment | 27.793.270 | 803.963 | 0 | 0 |
| | Total property, plant, and equipment | 41.131.454 | 12.836.623 | 6.028.157 | 9.160.892 |
| 12 | Investments in group enterprises | 0 | 0 | 6.631.990 | 6.077.476 |
| 13 | Other receivables | 5.160.062 | 3.493.942 | 2.830.580 | 2.096.065 |
| | Total investments | 5.160.062 | 3.493.942 | 9.462.570 | 8.173.541 |
| | **Total non-current assets** | **56.132.335** | **23.684.398** | **23.820.793** | **24.073.921** |
| | **Current assets** | | | | |
| | Raw materials and consumables | 142.341.592 | 67.315.799 | 114.791.965 | 57.809.275 |
| | Total inventories | 142.341.592 | 67.315.799 | 114.791.965 | 57.809.275 |

## Balance sheet 31 December

All amounts in DKK.

**Assets**

| | | Group | | Parent | |
|---|---|---|---|---|---|
| Note | | 2022 | 2021 | 2022 | 2021 |
| | Trade debtors | 82.833.010 | 65.383.954 | 65.831.874 | 57.668.813 |
| | Receivables from group enterprises | 0 | 0 | 54.121.040 | 22.195.761 |
| 14 | Deferred tax assets | 476.900 | 404.000 | 451.000 | 404.000 |
| | Income tax receivables | 3.105.076 | 1.331.441 | 3.203.806 | 1.925.255 |
| | Other debtors | 8.660.178 | 525.490 | 1.480.880 | 522.054 |
| 15 | Prepayments | 4.804.858 | 4.753.109 | 2.861.472 | 4.012.458 |
| | Total receivables | 99.880.022 | 72.397.994 | 127.950.072 | 86.728.341 |
| | Cash and cash equivalents | 128.271.031 | 49.790.231 | 94.516.882 | 34.215.619 |
| | **Total current assets** | **370.492.645** | **189.504.024** | **337.258.919** | **178.753.235** |
| | **Total assets** | **426.624.980** | **213.188.422** | **361.079.712** | **202.827.156** |

## Balance sheet at 31 December

All amounts in DKK.

### Equity and liabilities

| Note | | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|---|
| | **Equity** | | | | |
| | Contributed capital | 108.000 | 108.000 | 108.000 | 108.000 |
| | Reserve for development costs | 246.660 | 0 | 246.661 | 0 |
| | Retained earnings | 83.876.441 | 69.048.990 | 83.876.440 | 69.048.990 |
| | Proposed dividend for the financial year | 35.000.000 | 28.000.000 | 35.000.000 | 28.000.000 |
| | **Total equity** | **119.231.101** | **97.156.990** | **119.231.101** | **97.156.990** |
| | **Provisions** | | | | |
| 16 | Provisions for participating interests | 0 | 0 | 0 | 118.818 |
| | **Total provisions** | **0** | **0** | **0** | **118.818** |
| | **Liabilities other than provisions** | | | | |
| | Bank debts | 139.450.629 | 904.032 | 113.849.714 | 668.796 |
| | Trade payables | 148.665.563 | 90.437.840 | 112.787.683 | 79.823.666 |
| | Payables to group enterprises | 1.040.554 | 253.607 | 1.176.964 | 2.739.912 |
| | Other payables | 18.237.133 | 24.435.953 | 14.034.250 | 22.318.974 |
| | Total short term liabilities other than provisions | 307.393.879 | 116.031.432 | 241.848.611 | 105.551.348 |
| | **Total liabilities other than provisions** | **307.393.879** | **116.031.432** | **241.848.611** | **105.551.348** |
| | **Total equity and liabilities** | **426.624.980** | **213.188.422** | **361.079.712** | **202.827.156** |

**2 Fees for auditors**
**17 Charges and security**
**18 Contingencies**
**19 Related parties**

## Consolidated statement of changes in equity

All amounts in DKK.

| | Contributed capital | Reserve for development costs | Retained earnings | Proposed dividend for the financial year | Total |
|---|---|---|---|---|---|
| Equity 1 January 2021 | 108.000 | 0 | 52.646.880 | 20.000.000 | 72.754.880 |
| Distributed dividend | 0 | 0 | 0 | -20.000.000 | -20.000.000 |
| Profit or loss for the year brought forward | 0 | 0 | 16.736.034 | 28.000.000 | 44.736.034 |
| Currency elimination | 0 | 0 | -333.925 | 0 | -333.925 |
| Warrent program - adjustment | 0 | 0 | 1 | 0 | 1 |
| Equity 1 January 2022 | 108.000 | 0 | 69.048.990 | 28.000.000 | 97.156.990 |
| Distributed dividend | 0 | 0 | 0 | -28.000.000 | -28.000.000 |
| Profit or loss for the year brought forward | 0 | 0 | 15.711.935 | 35.000.000 | 50.711.935 |
| Adjustment | 0 | 246.660 | -246.660 | 0 | 0 |
| Currency elimination | 0 | 0 | -637.824 | 0 | -637.824 |
| | **108.000** | **246.660** | **83.876.441** | **35.000.000** | **119.231.101** |

## Statement of changes in equity of the parent

All amounts in DKK.

| | Contributed capital | Reserve for development costs | Retained earnings | Proposed dividend for the financial year | Total |
|---|---|---|---|---|---|
| Equity 1 January 2021 | 108.000 | 0 | 52.646.880 | 20.000.000 | 72.754.880 |
| Distributed dividend | 0 | 0 | 0 | -20.000.000 | -20.000.000 |
| Profit or loss for the year brought forward | 0 | 0 | 16.736.034 | 28.000.000 | 44.736.034 |
| Currency elimination | 0 | 0 | -333.925 | 0 | -333.925 |
| Warrent program - adjustment | 0 | 0 | 1 | 0 | 1 |
| Equity 1 January 2022 | 108.000 | 0 | 69.048.990 | 28.000.000 | 97.156.990 |
| Distributed dividend | 0 | 0 | 0 | -28.000.000 | -28.000.000 |
| Profit or loss for the year brought forward | 0 | 0 | 15.711.935 | 35.000.000 | 50.711.935 |
| Adjustment | 0 | 246.660 | -246.660 | 0 | 0 |
| Currency elimination | 0 | 0 | -637.824 | 0 | -637.824 |
| | **108.000** | **246.660** | **83.876.441** | **35.000.000** | **119.231.101** |

## Statement of cash flows 1 January - 31 December

All amounts in DKK.

| Note | | Group 2022 | 2021 |
|---|---|---|---|
| | Net profit or loss for the year | 50.711.935 | 44.736.034 |
| 20 | Adjustments | 27.511.857 | 16.124.111 |
| 21 | Change in working capital | -48.483.261 | 11.255.847 |
| | Cash flows from operating activities before net financials | 29.740.531 | 72.115.992 |
| | Interest received, etc. | 6.566.310 | 3.035.842 |
| | Interest paid, etc. | -9.876.684 | -637.833 |
| | Cash flows from ordinary activities | 26.430.157 | 74.514.001 |
| | Income tax paid | -15.604.475 | -18.387.477 |
| | **Cash flows from operating activities** | **10.825.682** | **56.126.524** |
| | Purchase of intangible assets | -4.160.673 | -4.713.012 |
| | Purchase of property, plant, and equipment | -38.485.507 | -8.316.445 |
| | Sale of property, plant, and equipment | 1.420.817 | 215.500 |
| | Purchase of fixed asset investments | -1.751.620 | -601.602 |
| | Sale of fixed asset investments | 85.500 | 270.851 |
| | **Cash flows from investment activities** | **-42.891.483** | **-13.144.708** |
| | Dividend paid | -28.000.000 | -20.000.000 |
| | changes in short terms bank debts | 138.546.601 | -60.019 |
| | **Cash flows from investment activities** | **110.546.601** | **-20.060.019** |
| | **Change in cash and cash equivalents** | **78.480.800** | **22.921.797** |
| | Cash and cash equivalents at 1 January 2022 | 49.790.231 | 26.868.434 |
| | **Cash and cash equivalents at 31 December 2022** | **128.271.031** | **49.790.231** |

| | | | |
|---|---|---|---|
| | **Cash and cash equivalents** | | |
| | Cash and cash equivalents | 128.271.031 | 49.790.231 |
| | **Cash and cash equivalents at 31 December 2022** | **128.271.031** | **49.790.231** |

## Notes

All amounts in DKK.

| | | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|---|
| **1.** | **Net turnover** | | | | |
| | Denmark | 43.551.605 | 38.052.050 | 43.551.605 | 38.052.046 |
| | EU and other countries | 519.692.539 | 362.885.934 | 410.550.615 | 294.185.328 |
| | | **563.244.144** | **400.937.984** | **454.102.220** | **332.237.374** |
| **2.** | **Fees for auditors** | | | | |
| | | 2.101.545 | 1.125.196 | 734.168 | 135.400 |
| | Audit fees | 150.000 | 105.000 | 150.000 | 105.000 |
| | tax assistance | 571.968 | 0 | 571.968 | 0 |
| | Other services | 1.379.577 | 1.020.196 | 12.200 | 30.400 |
| | | **2.101.545** | **1.125.196** | **734.168** | **135.400** |

| | | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|---|
| **3.** | **Staff costs** | | | | |
| | Salaries and wages | 57.994.830 | 55.672.997 | 41.405.895 | 44.725.256 |
| | Pension costs | 3.791.955 | 1.996.635 | 3.476.550 | 1.912.250 |
| | Other costs for social security | 3.564.134 | 2.086.952 | 1.029.913 | 457.741 |
| | | **65.350.919** | **59.756.584** | **45.912.358** | **47.095.247** |
| | Average number of employees | 132 | 103 | 85 | 60 |

Information for remuneration to the Executive Board is not disclosed. Reference is made to section 98b (1) of the Danish Financial Statements Act. 3.

## Notes

All amounts in DKK.

| | | Group 2022 | Group 2021 | Parent 2022 | Parent 2021 |
|---|---|---|---|---|---|
| **4.** | **Depreciation, amortisation and writedown relating to tangible and intangible fixed assets** | | | | |
| | Amortisation of concessions, patents and licences | 65.430 | 65.430 | 65.430 | 65.430 |
| | Amortisation of goodwill | 1.608.256 | 855.296 | 1.427.769 | 752.905 |
| | Depreciation on decoration of rented premises | 4.877.662 | 3.518.501 | 3.869.539 | 2.521.710 |
| | Depreciation on plants, operating assets, fixtures and furniture | 3.744.109 | 1.686.916 | 2.332.366 | 1.147.055 |
| | Profit/loss on sale of intangible fixed assets | 148.086 | 102.965 | 93.656 | 100.733 |
| | | **10.443.543** | **6.229.108** | **7.788.760** | **4.587.833** |

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| **5.** | **Tax on ordinary results** | | | | |
| | Tax of the results for the year, parent company | 13.830.840 | 12.750.008 | 13.596.099 | 12.104.745 |
| | Adjustment for the year of deferred tax | -72.900 | -457.000 | -47.000 | -457.000 |
| | | **13.757.940** | **12.293.008** | **13.549.099** | **11.647.745** |
| **6.** | **Proposed distribution of net profit** | | | | |
| | Dividend for the financial year | | | 35.000.000 | 28.000.000 |
| | Transferred to retained earnings | | | 15.711.935 | 16.736.034 |
| | **Total allocations and transfers** | | | **50.711.935** | **44.736.034** |

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 31/12 2022 | 31/12 2021 | 31/12 2022 | 31/12 2021 |
| **7.** | **Acquired concessions, patents, licenses, trademarks, and similar rights** | | | | |
| | Cost 1 January 2022 | 566.383 | 566.383 | 555.603 | 555.603 |
| | Additions during the year | 10.233 | 0 | 0 | 0 |
| | **Cost 31 December 2022** | **576.616** | **566.383** | **555.603** | **555.603** |
| | Amortisation and writedown 1 January 2022 | -309.610 | -244.180 | -298.830 | -233.400 |
| | Amortisation and writedown for the year | -65.430 | -65.430 | -65.430 | -65.430 |
| | **Amortisation and writedown 31 December 2022** | **-375.040** | **-309.610** | **-364.260** | **-298.830** |
| | **Carrying amount, 31 December 2022** | **201.576** | **256.773** | **191.343** | **256.773** |

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 31/12 2022 | 31/12 2021 | 31/12 2022 | 31/12 2021 |
| **8.** | **Goodwill** | | | | |
| | Cost 1 January 2022 | 8.816.018 | 4.103.006 | 8.099.282 | 4.103.006 |
| | Additions during the year | 3.834.208 | 4.713.012 | 2.767.546 | 3.996.276 |
| | **Cost 31 December 2022** | **12.650.226** | **8.816.018** | **10.866.828** | **8.099.282** |
| | Amortisation and write-down 1 January 2022 | -1.718.958 | -863.662 | -1.616.567 | -863.662 |
| | Amortisation and writedown for the year | -1.608.256 | -855.296 | -1.427.769 | -752.905 |
| | **Amortisation and write-down 31 December 2022** | **-3.327.214** | **-1.718.958** | **-3.044.336** | **-1.616.567** |
| | **Carrying amount, 31 December 2022** | **9.323.012** | **7.097.060** | **7.822.492** | **6.482.715** |
| **9.** | **Development projects in progress and prepayments for intangible assets** | | | | |
| | Additions during the year | 316.231 | 0 | 316.231 | 0 |
| | **Cost 31 December 2022** | **316.231** | **0** | **316.231** | **0** |
| | **Carrying amount, 31 December 2022** | **316.231** | **0** | **316.231** | **0** |

The company's development projector includes development and testing of IT software.

Completion is expected in 2024, after which commissioning will take place immediately afterwards.

The management has not found any indication of the need for write-downs in relation to the accounting value.

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 31/12 2022 | 31/12 2021 | 31/12 2022 | 31/12 2021 |
| **10.** | **Other fixtures, fittings, tools and equipment** | | | | |
| | Cost 1 January 2022 | 23.156.642 | 16.225.458 | 16.649.636 | 10.740.342 |
| | Additions during the year | 11.496.199 | 7.512.482 | 4.512.826 | 6.490.592 |
| | Disposals during the year | -1.942.253 | -581.298 | -1.640.370 | -581.298 |
| | **Cost 31 December 2022** | **32.710.588** | **23.156.642** | **19.522.092** | **16.649.636** |
| | Depreciation and write-down 1 January 2022 | -11.123.982 | -6.181.398 | -7.488.744 | -4.300.542 |
| | Depreciation and writedown for the year | -8.621.771 | -5.205.417 | -6.201.905 | -3.668.765 |
| | | 0 | 480.563 | -41.614 | 480.563 |
| | Depreciation and writedown, assets disposed of | 373.349 | -217.730 | 238.328 | 0 |
| | **Depreciation and write-down 31 December 2022** | **-19.372.404** | **-11.123.982** | **-13.493.935** | **-7.488.744** |
| | **Carrying amount, 31 December 2022** | **13.338.184** | **12.032.660** | **6.028.157** | **9.160.892** |
| **11.** | **Property, plant and equipment in progress and prepayments for property, plant and equipment** | | | | |
| | Cost 1 January 2022 | 803.963 | 0 | 0 | 0 |
| | Additions during the year | 26.989.307 | 803.963 | 0 | 0 |
| | **Cost 31 December 2022** | **27.793.270** | **803.963** | **0** | **0** |
| | **Carrying amount, 31 December 2022** | **27.793.270** | **803.963** | **0** | **0** |

## Notes

All amounts in DKK.

| | Group | | Parent | |
|---|---|---|---|---|
| | 31/12 2022 | 31/12 2021 | 31/12 2022 | 31/12 2021 |
| **12. Investments in group enterprises** | | | | |
| Acquisition sum, opening balance 1 January 2022 | 0 | 0 | 4.097.207 | 1.175.944 |
| Additions during the year | 0 | 0 | 546.410 | 2.921.263 |
| **Cost 31 December 2022** | **0** | **0** | **4.643.617** | **4.097.207** |
| Revaluations, opening balance 1 January 2022 | 0 | 0 | -3.178.947 | -6.738.708 |
| Translation by use of the exchange rate valid on b | 0 | 0 | -637.821 | -333.925 |
| Results for the year before goodwill amortisation | 0 | 0 | 2.732.968 | 3.893.686 |
| Other movements | 0 | 0 | 32.229 | 0 |
| **Revaluation 31 December 2022** | **0** | **0** | **-1.051.571** | **-3.178.947** |
| Offsetting against debtors | 0 | 0 | 3.039.944 | 5.040.398 |
| Transferred to provisions | 0 | 0 | 0 | 118.818 |
| **Set off against debtors and provisions for liabilities** | **0** | **0** | **3.039.944** | **5.159.216** |
| **Carrying amount, 31 December 2022** | **0** | **0** | **6.631.990** | **6.077.476** |

**Financial highlights for the enterprises according to the latest approved annual reports**

| | **Equity interest** | **Equity** | **Results for the year** | **Carrying amount, RAINS ApS** |
|---|---|---|---|---|
| Rains USA INC., USA | 100 % | -1.683.520 | 3.518.092 | 0 |
| Rains Shanghai Trade Co. Ltd., China | 100 % | 2.321.518 | -628.752 | 2.321.518 |
| Rains Norway AS, Norway | 100 % | 2.314.558 | 461.252 | 2.314.558 |
| Rains International Ltd., Great Britain | 100 % | 826.241 | 66.055 | 826.241 |
| Rains Germany GmbH, Germany | 100 % | 221.467 | 42.253 | 221.467 |
| Rains Sweden AB, Sweden | 100 % | 156.623 | 18.720 | 156.623 |
| Drip Dutch B.V., Netherlands | 100 % | 36.028 | 353.863 | 36.028 |
| ISOG ApS, Denmark | 100 % | -441.655 | -441.781 | 0 |
| RAINS Canada Sales INC., Canada | 100 % | 755.555 | 258.035 | 755.555 |
| | | **4.506.815** | **3.647.737** | **6.631.990** |

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 31/12 2022 | 31/12 2021 | 31/12 2022 | 31/12 2021 |
| **13.** | **Other receivables** | | | | |
| | Cost 1 January 2022 | 3.493.942 | 3.163.177 | 2.096.065 | 1.536.463 |
| | Additions during the year | 1.751.620 | 601.602 | 820.015 | 601.602 |
| | Disposals during the year | -85.500 | -270.837 | -85.500 | -42.000 |
| | **Cost 31 December 2022** | **5.160.062** | **3.493.942** | **2.830.580** | **2.096.065** |
| | **Carrying amount, 31 December 2022** | **5.160.062** | **3.493.942** | **2.830.580** | **2.096.065** |
| | Specification: | | | | |
| | Deposits | 5.160.062 | 3.493.942 | 2.830.580 | 2.096.065 |
| | | **5.160.062** | **3.493.942** | **2.830.580** | **2.096.065** |
| **14.** | **Deferred tax assets** | | | | |
| | Deferred tax assets 1 January 2022 | 404.000 | -53.000 | 404.000 | -53.000 |
| | Regulation of the year | 72.900 | 457.000 | 47.000 | 457.000 |
| | | **476.900** | **404.000** | **451.000** | **404.000** |
| | The following items are subject to deferred tax: | | | | |
| | Intangible assets | -74.000 | -20.000 | -74.000 | -20.000 |
| | Property, plant, and equipment | 782.000 | 71.000 | 756.000 | 71.000 |
| | Current assets | -231.100 | 353.000 | -231.000 | 353.000 |
| | | **476.900** | **404.000** | **451.000** | **404.000** |

## Notes

All amounts in DKK.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 31/12 2022 | 31/12 2021 | 31/12 2022 | 31/12 2021 |
| **15.** | **Prepayments** | | | | |
| | Prepaid insurance | 1.889.829 | 1.778.988 | 1.329.039 | 1.315.747 |
| | Other Prepayments | 2.700.454 | 2.974.121 | 1.336.558 | 2.696.711 |
| | Commission | 214.575 | 0 | 195.875 | 0 |
| | | **4.804.858** | **4.753.109** | **2.861.472** | **4.012.458** |

| | | | | | |
|---|---|---|---|---|---|
| **16.** | **Provisions for participating interests** | | | | |
| | Provision regarding subsidiariess | 0 | 0 | 0 | 118.818 |
| | | **0** | **0** | **0** | **118.818** |
| | Maturity is expected to be: | | | | |
| | 1-5 years | 0 | 0 | 0 | 118.818 |
| | | **0** | **0** | **0** | **118.818** |

### 17. Charges and security

For bank debts, DKK 12.628.000, the parent company has provided security in parent company assets representing a nominal value of DKK 1.000.000. This security comprises the below assets, stating the book values:

| | |
|---|---|
| Inventories | DKK 114.792.000 |
| Receivable from sales and services | DKK 65.832.000 |
| Other fixtures and fittings, tools and equipment | DKK 6.028.000 |
| Intangible rights | DKK 8.014.000 |

## Notes

All amounts in DKK.

### 18. Contingencies

**Contingent liabilities**

The Parent company has entered into leasing contracts with an total outstanding leasing payment TDKK 629.

The Group has entered into leasing contracts with an total outstanding leasing payment TDKK 1.049.

The Parent company has entered lease (rent) agreements with an total outstanding lease payment TDKK 24.090. The Parent company has guarantee for subsidiaries' lease (rent) TDKK 12.722.

The Group has entered lease (rent) agreements with an total outstanding lease payment TDKK 49.043.

Guarantee commitments and other contingent liabilities:
For rent commitments through the bank, the Parent company and the Group has provided a total bank guarantee TDKK 31.035.

The parent company and the group has guaranteed a subsidiary's bank credit of TDKK 26.000 The subsidiary's bank accounts show a debt of TDKK 25.025 per 31 December 2022.

The parent company has entered into a warrant agreement, but the company has not yet issued the relevant 3.370 warrants. Each warrant gives access to subscribe for 1 share.

**Joint taxation**

With Hesselager Holding ApS, company reg. no 34472785 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The joint taxation of the jointly taxed companies in the joint taxation appears in the management company`s annlual report.

## Notes

All amounts in DKK.

**18. Contingencies (continued)**

**Joint taxation (continued)**

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of TDKK 0.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

**19. Related parties**

**Controlling interest**

| | |
|---|---|
| Hesselager Holding ApS, Krathusvej 3, 8240 Risskov. | Majority shareholder |

**Transactions**

The company in the RAINS ApS Group has during the financial year had transactions on market terms.
Transactions with related parties have been made on market terms, whereby no further disclosure is made in accordance with section §98C of the Danish Financiel Statements Act.

**Consolidated annual accounts**

The company is included in the consolidated annual accounts of Hesselager Holding ApS, Krathusvej 3, 8240 Risskov.

**20. Adjustments**

| | | |
|---|---|---|
| Depreciation, amortisation, and impairment | 10.443.543 | 6.229.108 |
| Other financial income | -6.566.310 | -3.035.838 |
| Other financial expenses | 9.876.684 | 637.833 |
| Tax on ordinary results | 13.757.940 | 12.293.008 |
| | **27.511.857** | **16.124.111** |

## Notes

All amounts in DKK.

| | | Group 2022 | 2021 |
|---|---|---|---|
| **21.** | **Change in working capital** | | |
| | Change in inventories | -75.025.793 | -25.056.259 |
| | Change in receivables | -25.635.490 | -23.046.528 |
| | Change in trade payables and other payables | 52.178.022 | 59.358.634 |
| | | **-48.483.261** | **11.255.847** |

## Accounting policies

The annual report for RAINS ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

**Changes in the accounting policies**

The company has not previously recognized a concluded warrant agreement.

This correction is a significant error in the annual report for 2021 and as a consequence corrected by correcting the error in 2021, as well as correcting the comparative figures for 2021.

The above changes have meant that the equity for 2021 has been corrected from TDKK 108.885 to TDKK 97.156. The company tax due in the balance sheet is TDKK 1.382 has been corrected to a receivable of TDKK 1.925. Other debt has been corrected with a debt item for the warrant agreement of TDKK 15.035.

The initial figures for 2022 for equity, corporation tax receivable and other debts have been corrected in accordance with the incorporated corrections for 2021.

Except for the above, the accounting policies remain unchanged from last year.

**Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

## Accounting policies

### Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of  the transaction.

### The consolidated financial statements

The consolidated income statements comprise the parent company RAINS ApS and those group enterprises of which RAINS ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

*Consolidation policies*

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

## Income statement

### Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

## Accounting policies

**Cost of sales**

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

**Other external costs**

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

**Staff costs**

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

**Depreciation, amortisation, and write-down for impairment**

Depreciation, amortisation, and write-down for impairment comprise depreciation, amortisation, and write-down for the year and profit and loss on the disposal of intangible and tangible assets.

**Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

**Results from investments in group enterprises**

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual entities are recognised in the income statement of the parent as a proportional share of the entities' post-tax profit or loss.

**Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

## The balance sheet

**Intangible assets**

**Patents, and licences**

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 5-7 years.

**Goodwill**

Acquired goodwill is measured at cost less accumulated amortisation.

The depreciation period is determined based on an assessment that these are strategically acquired rights to markets with a strong market position and long-term earning potential. The amortisation period is set at 7 years.

**Development projects**

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 5 years.

**Property, plant, and equipment**

Other property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

Useful life

## Accounting policies

| | |
|---|---|
| Other fixtures and fittings, tools and equipment | 2-5 years |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

**Property, plant, and equipment in progress**

Property, plant, and equipment in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

**Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

**Financial fixed assets**

**Investments in group enterprises**

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises but are not represented in the parent, the following accounting policies have been applied.

*Property:*

- Property in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises  transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

**Deposits**

Deposits are measured at amortised cost and represent rent deposits, etc.

## Accounting policies

**Inventories**

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value.

**Prepayments**

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank.

**Equity**

**Reserve for development costs**

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

**Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under equity.

**Income tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

## Accounting policies

According to the rules of joint taxation, RAINS ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

**Provisions**

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

**Liabilities other than provisions**

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

### Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

**Cash flows from operating activities**

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

## Accounting policies

### Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

### Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

*"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."*

**Steen Borgholm**
**Direktør**
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