

# ROESGAARD

NÅR OVERBLIK SKABER VÆRDI

## **WATERNLIFE ApS**

**Gramrodevej 13  
7130 Juelsminde**

**Central Business Registration No. 35 14 52 57**

## **Annual Report for 2023**

The Annual Report was presented and  
approved at the Annual General Meeting  
of the Company on 09/02 2024

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Ole Christoffer Due  
Chairman



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## Company details

### The company

WATERNLIFE ApS  
Gramrodevej 13  
7130 Juelsminde

CVR no.: 35 14 52 57  
Reporting period: 1 January - 31 December 2023  
Domicile: Hedensted

### Board of Directors

Johan Nikolaj Due, chairman  
Ole Christoffer Due

### Executive board

Johan Nikolaj Due, CEO  
Ole Christoffer Due, director

### Auditors

Roesgaard  
Godkendt Revisionspartnerselskab  
Sønderbrogade 16  
8700 Horsens

## Statement by management on the annual report

The board of directors and executive board have today discussed and approved the annual report of WATERNLIFE ApS for the financial year 1 January - 31 December 2023.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Juelsminde, 9 February 2024

### Executive board

Johan Nikolaj Due  
*CEO*

Ole Christoffer Due  
*director*

### Board of Directors

Johan Nikolaj Due  
chairman

Ole Christoffer Due

## Independent auditor's report

### To the Shareholders of WATERNLIFE ApS

#### Opinion

We have audited the financial statements of WATERNLIFE ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023 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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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.

## Independent auditor's report

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.

### 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.

## Independent auditor's report

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 Statements Act. We did not identify any material misstatement of management's review.

Horsens, 9 February 2024

### **Roesgaard**

Godkendt Revisionspartnerselskab  
CVR no. 37 54 31 28

Dorrit Kirckhoff Hansen  
State authorised public accountant  
MNE no. mne35838

## Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
Gross profit/loss	67,263	40,751	40,011	30,405	19,841
Profit before depreciation and impairment losses (EBITDA)	44,991	24,207	27,713	22,595	14,340
Operating profit	44,759	24,069	27,677	22,593	14,340
Net financials	(526)	(1,351)	(313)	(675)	57
Profit/loss for the year	33,326	17,715	21,349	17,094	11,219
<b>Balance sheet</b>					
Balance sheet total	97,060	79,684	74,240	37,470	24,950
Investment in property, plant and equipment	107	217	175	37	0
Equity	71,579	46,253	34,538	26,189	15,095
Number of employees	39	34	25	15	11
<b>Financial ratios</b>					
Return on assets	49 %	31 %	50 %	72 %	72 %
Solvency ratio	74 %	58 %	47 %	70 %	61 %
Return on equity	57 %	44 %	70 %	83 %	88 %
Current ratio	360 %	224 %	186 %	331 %	253 %

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..



## Management's review

### Business review

WaterNlife ApS focuses on selling clothing under the brand Danish Endurance, primarily within the sports and outdoor segment. Sales take place on various e-commerce platforms, including the company's own web shop and various third-party platforms.

### Financial review

Despite 2023 being a challenging year for the consumer sector and the apparel industry specifically due to high inflation, macroeconomic uncertainty and geopolitical tensions, WaterNlife ApS delivered another year with strong financial performance incl. high double-digit growth in both topline and bottom-line.

The topline growth was driven by both solid volume growth as well as price increases to reflect higher input costs following the pandemic, and the growth materially exceeded the development of the general apparel market as well as the broader e-commerce space. The growth was particularly fueled by more recently added 3rd platforms as well as very strong growth in the company's own web shop, and hence sales continued to diversify across more channels.

The company delivered an operating income before depreciations and amortizations (EBITDA) of DKK 45.0 million compared to DKK 24.2 million in 2022, equal to an increase of 86%. Similarly, the Net Profit after Tax ended at DKK 33.3 million against DKK 17.7 million last year, equal to an increase of 88%. The improvement in earnings was partly driven by the higher topline and partly driven by dedicated efficiency initiatives within sourcing, logistics, marketing, and the product portfolio.

In addition to the strong development in earnings, cash conversion also improved as the inventory level was further optimized and remained stable for the second year in a row despite a material increase in the company's activity level. This meant that the cash position and solidity improved, and that the Equity grew to DKK 71.6 million from DKK 46.3 million last year.

The realized result (EBITDA) of DKK 45 million was at the top end of the expectations of DKK 35-45 million, and management considers the annual result satisfactory.

### The company's expected development

For 2024 management expects another year with double digit topline growth, and EBITDA is expected to end within the DKK 50-65 million range. However, uncertainty remains high as general consumer sentiments remain challenged.

## Accounting policies

The annual report of WATERNLIFE ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The annual report for 2023 is presented in TDKK.

In accordance with Section 86(4) of The Danish Financial Statements Act, the company has chosen not to disclose a cash flow statement.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

## Income statement

### Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue less costs of raw materials and consumables and other external expenses.

### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

## Accounting policies

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

### Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

### Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

### Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment 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 that relate to the financial year. Net financials include interest income and expenses, realised and unrealised exchange gains and losses on foreign currency transactions and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

### Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Balance sheet

### Intangible assets

#### *Software*

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over the estimated useful life. The amortisation period is usually three years.

## Accounting policies

### Tangible assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Other fixtures, operating equipment, and inventory	3 years
Leasehold improvements	5 years

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

### Other financial assets

Other financial assets consist of deposits which are measured at cost. Where the net realisable value is lower than the cost, other financial assets are recognised at this lower value.

### Impairment of fixed assets

The carrying amount of intangible assets and tangible assets is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

### Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

### Receivables

Receivables are measured at amortised cost.

## Accounting policies

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

### Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

### Equity

#### Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

### Liabilities

Liabilities are measured at amortized cost, which usually corresponds to the nominal value.

## Accounting policies

### Financial Highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Current ratio	$\frac{\text{Current assets total} \times 100}{\text{Short-term liabilities}}$

## Income statement 1 January 2023 - 31 December 2023

	<u>Note</u>	<u>2023</u> TDKK	<u>2022</u> TDKK
<b>Gross profit</b>		<b>67,263</b>	<b>40,751</b>
Staff costs	1	<u>(22,272)</u>	<u>(16,544)</u>
<b>Profit before depreciation and impairment losses</b>		<b>44,991</b>	<b>24,207</b>
Depreciation and impairment of intangible and tangible fixed assets		(232)	(138)
Other operating costs	2	<u>(1,446)</u>	<u>0</u>
<b>Profit before net financials</b>		<b>43,313</b>	<b>24,069</b>
Financial income	3	260	791
Financial costs		<u>(786)</u>	<u>(2,142)</u>
<b>Profit before tax</b>		<b>42,787</b>	<b>22,718</b>
Tax on profit/loss for the year	4	<u>(9,461)</u>	<u>(5,003)</u>
<b>Profit for the year</b>		<b><u>33,326</u></b>	<b><u>17,715</u></b>
Distribution of profit	5		

## Balance sheet at 31 December 2023

	<u>Note</u>	<u>2023</u> TDKK	<u>2022</u> TDKK
<b>Assets</b>			
Software		118	189
<b>Intangible assets</b>	6	<u>118</u>	<u>189</u>
Other fixtures and fittings, tools and equipment	7	115	251
Leasehold improvements	7	102	20
<b>Tangible assets</b>		<u>217</u>	<u>271</u>
Receivables from group entities	8	4,840	4,299
Deposits	8	172	150
<b>Fixed asset investments</b>		<u>5,012</u>	<u>4,449</u>
<b>Total non-current assets</b>		<u>5,347</u>	<u>4,909</u>
Finished goods and goods for resale		60,226	62,213
<b>Stocks</b>		<u>60,226</u>	<u>62,213</u>
Trade receivables		8,843	5,276
Receivables from group entities		349	386
Other receivables		3,374	2,882
Joint taxation contributions receivable		315	0
Prepayments	9	426	65
<b>Receivables</b>		<u>13,307</u>	<u>8,609</u>
<b>Cash at bank and in hand</b>		<u>18,180</u>	<u>3,953</u>
<b>Total current assets</b>		<u>91,713</u>	<u>74,775</u>
<b>Total assets</b>		<u>97,060</u>	<u>79,684</u>



## Balance sheet at 31 December 2023

	<u>Note</u>	<u>2023</u> TDKK	<u>2022</u> TDKK
<b>Equity and liabilities</b>			
Share capital		100	100
Retained earnings		51,479	38,153
Proposed dividend for the year		20,000	8,000
<b>Equity</b>	<b>10</b>	<b><u>71,579</u></b>	<b><u>46,253</u></b>
Banks		1,852	19,129
Prepayments received from customers		5	5
Trade payables		6,682	5,268
Payables to group entities		0	395
Payables to shareholders and management		0	14
Joint taxation contributions payable		0	495
Other payables		16,942	8,125
<b>Total current liabilities</b>		<b><u>25,481</u></b>	<b><u>33,431</u></b>
<b>Total liabilities</b>		<b><u>25,481</u></b>	<b><u>33,431</u></b>
<b>Total equity and liabilities</b>		<b><u>97,060</u></b>	<b><u>79,684</u></b>
Contingent liabilities	11		
Mortgages and collateral	12		
Related parties and ownership structure	13		

## Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2023	100	38,153	8,000	46,253
Ordinary dividend paid	0	0	(8,000)	(8,000)
Net profit/loss for the year	0	13,326	20,000	33,326
<b>Equity at 31 December 2023</b>	<b>100</b>	<b>51,479</b>	<b>20,000</b>	<b>71,579</b>

## Notes to the annual report

	<b>2023</b>	<b>2022</b>
	TDKK	TDKK
<b>1 Staff costs</b>		
Wages and salaries	20,798	15,477
Pensions	1,145	794
Other social security costs	329	273
	<b>22,272</b>	<b>16,544</b>
<b>Including remuneration to the Executive Board</b>	<b>1,528,916</b>	<b>1,455,488</b>
Number of fulltime employees on average	39	34
<b>2 Special items</b>		
A loss of DKK 1,361 thousand, regarding import VAT from previous years, has been recognised in other operating costs.		
	<b>2023</b>	<b>2022</b>
	TDKK	TDKK
<b>3 Financial income</b>		
Interest received from group entities	91	49
Other financial income	169	742
	<b>260</b>	<b>791</b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	9,461	5,003
	<b>9,461</b>	<b>5,003</b>
<b>5 Distribution of profit</b>		
Proposed dividend for the year	20,000	8,000
Retained earnings	13,326	9,715
	<b>33,326</b>	<b>17,715</b>

## Notes to the annual report

### 6 Intangible assets

	<u>Software</u>
Cost at 1 January 2023	207
Cost at 31 December 2023	207
Impairment losses and amortisation at 1 January 2023	18
Amortisation for the year	71
Impairment losses and amortisation at 31 December 2023	89
<b>Carrying amount at 31 December 2023</b>	<b>118</b>

### 7 Tangible assets

	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>
Cost at 1 January 2023	392	37
Additions for the year	0	107
Cost at 31 December 2023	392	144
Impairment losses and depreciation at 1 January 2023	141	17
Depreciation for the year	136	25
Impairment losses and depreciation at 31 December 2023	277	42
<b>Carrying amount at 31 December 2023</b>	<b>115</b>	<b>102</b>

## Notes to the annual report

### 8 Fixed asset investments

	<b>Receivables from group entities</b>	<b>Deposits</b>
Cost at 1 January 2023	4,299	150
Additions for the year	541	22
Cost at 31 December 2023	4,840	172
<b>Carrying amount at 31 December 2023</b>	<b>4,840</b>	<b>172</b>

### 9 Prepayments

Accrued expenses consist of prepaid costs related to leasing, insurance premiums, and subscriptions.

### 10 Equity

The share capital consists of 1,000 shares of a nominal value of TDKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

### 11 Contingent liabilities

The company is jointly taxed with its parent company, AAD Holding ApS (management company), and is jointly and severally liable with other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties.

#### **Other obligations**

The company has entered into rental agreements with a rental obligation of DKK 249 thousand as of 31 December 2023.

The company has entered into a car lease agreement with a residual term of 7 months and a remaining lease commitment of DKK 28 thousand as of 31 December 2023.

## Notes to the annual report

### 12 Mortgages and collateral

The company provides a guarantee for the group entity Desejr ApS' bank debt for up to DKK 1,000 thousand.

### 13 Related parties and ownership structure

#### Controlling interest

AAD Holding ApS, Gammel Vartov Vej 10, 2900 Hellerup.

#### Transactions

The company has chosen only to disclose transactions which have not been conducted on normal market terms in accordance with Section 98c(7) of The Danish Financial Statements Act.

#### Consolidated financial statements

The company is reflected in the group reporting for AAD Holding ApS, Hellerup, CVR-nr. 33039484, which is the smallest and largest group in which the company is included as a subsidiary.