



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

CVR: 15 91 56 41

STORE KONGENSGADE 68
1264 KØBENHAVN K

TLF: 33 30 15 15
E-MAIL: CK@CK.DK
WEB: WWW.CK.DK

EMKL Holding ApS

c/o Hårklinikken ApS, Amaliegade 42, 1256 Copenhagen

Company reg. no. 35 39 57 68

Annual report

1 January - 31 December 2021

The annual report has been submitted and approved by the general meeting on the 30 June 2022.

Mette Marie Louise Skjøth
Chairman of the meeting



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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 Executive Board has approved the annual report of EMKL Holding ApS for the financial year 1 January - 31 December 2021.

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 financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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.

Copenhagen, 30 June 2022

Executive board

Lars Skjøth

Mette Marie Louise Skjøth



Independent auditor's report

Auditor's representation on the draft financial statements

To the Shareholder of EMKL Holding ApS

We have audited the draft financial statements of EMKL Holding ApS for the financial year 1 January – 31 December 2021. Provided that the annual report is approved by Management in its present form, we will issue the following auditor's report:

Opinion

We have audited the financial statements of EMKL Holding ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. 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 financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management’s Responsibilities for the Financial Statements

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

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



Independent auditor's report

Auditor's representation on the draft financial statements

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



Independent auditor's report

Auditor's representation on the draft financial statements

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.

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.

This statement has been prepared solely for internal use by the shareholder of the company.

Copenhagen, 30 June 2022

Christensen Kjaerulff

Company reg. no. 15 91 56 41

Elan Schapiro

State Authorised Public Accountant
mne33765



Company information

The company

EMKL Holding ApS
c/o Hårklinikken ApS
Amaliegade 42
1256 Copenhagen

Company reg. no. 35 39 57 68
Established: 4 July 2013
Domicile: Copenhagen
Financial year: 1 January - 31 December

Executive board

Lars Skjøth
Mette Marie Louise Skjøth

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Subsidiaries

Hairclinic Group ApS, Copenhagen
HK Koncept og Produkt ApS, Copenhagen
Hårklinikken ApS, Copenhagen
Harklinikken LLC, USA
Harklinikken ehf, Island



Management's review

The principal activities of the company

The principal activities of the company are, directly and indirectly as a holding company, trading and industry, financing and investment as well as other activities related thereto.

Development in activities and financial matters

The gross loss for the year totals DKK -23.350 against DKK -17.000 last year. Income or loss from ordinary activities after tax totals DKK -9.318.785 against DKK -9.357.928 last year. Management considers the net profit or loss for the year satisfactory.

Special risks

Capital structure

The company's equity is negative, tDKK 18.698 at 31 December 2021. Equity is expected to be restored over the years by dividend payments from group enterprises. In this connection, the company's main creditor has issued a letter of subordination for the company's debt for the benefit of other creditors.



Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross loss	-23.350	-17.000
Other financial income from group enterprises	121.793	1.796
Other financial costs	-9.819.280	-9.342.724
Pre-tax net profit or loss	-9.720.837	-9.357.928
Tax on net profit or loss for the year	402.052	0
Net profit or loss for the year	-9.318.785	-9.357.928
Proposed appropriation of net profit:		
Allocated from retained earnings	-9.318.785	-9.357.928
Total allocations and transfers	-9.318.785	-9.357.928



Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Non-current assets			
1	Investments in subsidiaries	233.058.666	233.058.666
	Total investments	<u>233.058.666</u>	<u>233.058.666</u>
	Total non-current assets	<u>233.058.666</u>	<u>233.058.666</u>
Current assets			
	Receivables from group enterprises	3.234.832	3.048.479
	Tax receivables from subsidiaries	324.946	0
	Total receivables	<u>3.559.778</u>	<u>3.048.479</u>
	Cash on hand and demand deposits	<u>1.111</u>	<u>261</u>
	Total current assets	<u>3.560.889</u>	<u>3.048.740</u>
	Total assets	<u>236.619.555</u>	<u>236.107.406</u>



Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity		
Contributed capital	80.000	80.000
Retained earnings	-18.777.990	-9.459.205
Total equity	-18.697.990	-9.379.205
 Long term liabilities other than provisions		
Trade payables	18.750	15.000
Income tax payable to subsidiaries	8.320	0
Other payables	255.290.475	245.471.611
Total short term liabilities other than provisions	255.317.545	245.486.611
Total liabilities other than provisions	255.317.545	245.486.611
 Total equity and liabilities	 236.619.555	 236.107.406

2 Contingencies



Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2020	80.000	-101.277	-21.277
Profit or loss for the year brought forward	0	-9.357.928	-9.357.928
Equity 1 January 2021	80.000	-9.459.205	-9.379.205
Profit or loss for the year brought forward	0	-9.318.785	-9.318.785
	80.000	-18.777.990	-18.697.990



Notes

All amounts in DKK.

	<u>2021</u>	<u>2020</u>
1. Investments in subsidiaries		
Acquisition sum, opening balance 1 January 2021	<u>233.058.666</u>	<u>233.058.666</u>
Carrying amount, 31 December 2021	<u>233.058.666</u>	<u>233.058.666</u>

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

	Equity interest	Equity	Results for the year	Carrying amount, EMKL Holding ApS
Hairclinic Group ApS, Copenhagen	100 %	179.525.692	-289.632	233.058.666
HK Koncept og Produkt ApS, Copenhagen	100 %	123.101.464	-3.433.652	0
Hårklinikken ApS, Copenhagen	100 %	2.308.192	1.156.135	0
Harklinikken LLC, USA	100 %	-9.528.634	9.915.827	0
Harklinikken ehf, Island	100 %	-7.816.820	-2.480.953	0
		<u>287.589.894</u>	<u>4.867.725</u>	<u>233.058.666</u>

2. Contingencies

Contingent assets

The company has not recognised deferred tax asset of DKK 3.820 thousand corresponding to DKK 17.364 thousand in tax loss carryforwards. The tax asset is not recognised in the statement of financial position, as uncertainty exists about the measurement of the net realizable value of the asset as a result of uncertainty about the time-scale for the carryforward of tax losses.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

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



Notes

All amounts in DKK.

2. Contingencies (continued)

Joint taxation (continued)

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



Accounting policies

The annual report for EMKL Holding ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

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, writedowns 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 company 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 company 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.

Income statement

Gross loss

Gross loss comprises external costs.

Other external costs comprise costs incurred for administration.

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.

Results from investments in subsidiaries

Dividend from investments in subsidiaries is recognised in the financial year in which the dividend is declared.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.



Accounting policies

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

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

Statement of financial position

Impairment loss relating to non-current assets

The carrying amount of 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. Writedown 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.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Receivables

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

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Equity

Dividend

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

Income tax and deferred tax

As administration company, EMKL Holding ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.



Accounting policies

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.

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.

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.

Dette dokument er underskrevet af nedenstående parter, der med deres underskrift har bekræftet dokumentets indhold samt alle datoer i dokumentet.

This document is signed by the following parties with their signatures confirming the documents content and all dates in the document.

Lars Skjøth

Som Direktør NEM ID
PID: 9208-2002-2-904039478012
Tidspunkt for underskrift: 04-07-2022 kl.: 13:22:36
Underskrevet med NemID

Mette Marie Louise Skjøth

Som Direktør NEM ID
PID: 9208-2002-2-782524384562
Tidspunkt for underskrift: 05-07-2022 kl.: 12:23:08
Underskrevet med NemID

Elan Schapiro

Som Revisor NEM ID
RID: 1174558287756
Tidspunkt for underskrift: 11-07-2022 kl.: 16:43:25
Underskrevet med NemID

Mette Marie Louise Skjøth

Som Dirigent NEM ID
PID: 9208-2002-2-782524384562
Tidspunkt for underskrift: 12-07-2022 kl.: 09:24:18
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