

UNION NINE A/S

Havnen 1
8700 Horsens

Annual Report 2021/22

CVR No. 36031824

The Annual General Meeting held on
the 22 November 2022



Mogens Madsen
Chairman



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Management's Statement

Today, the Supervisory Board and the Executive Board has considered and adopted the Annual Report of UNION NINE A/S for the financial year 1 August 2021 - 31 July 2022.

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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 July 2022 and of the results of the Company's operations for the financial year 1 August 2021 - 31 July 2022.

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

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

Horsens, 22 November 2022

Executive Board

Mogens Viktor Madsen

Supervisory Board

Troels Holch Povlsen
Chairman

Anders Holch Povlsen

Mogens Viktor Madsen

Independent Auditors' Report

To the shareholders of UNION NINE A/S

Opinion

We have audited the financial statements of UNION NINE A/S for the financial year 1 August 2021 - 31 July 2022, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 July 2022 and of the results of the company's activities for the financial year 1 August 2021 - 31 July 2022 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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.

Independent Auditors' Report

- * Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statements Act. We did not discover any material misstatement in the management commentary.

Brande, 22 November 2022

Partner Revision

statsautoriseret revisionsaktieselskab

CVR-no. 15807776

Claus Lykke Jensen
State Authorised Public Accountant
mne10776

Henning Jager Neldeberg
State Authorised Public Accountant
mne32205

Company details

Company	<p>UNION NINE A/S Havnen 1 8700 Horsens</p> <p>CVR No.: 36031824 Date of formation: 1 July 2014 Registered office: Horsens Financial year: 1 August 2021 - 31 July 2022.</p>
Supervisory Board	<p>Troels Holch Povlsen Anders Holch Povlsen Mogens Viktor Madsen</p>
Executive Board	<p>Mogens Viktor Madsen</p>
Auditors	<p>Partner Revision statsautoriseret revisionsaktieselskab Torvegade 22 7330 Brande CVR-no.: 15807776</p>
Group enterprises	<p>&Tradition A/S, Horsens - &Tradition Norway AS, Norway Nine United Scandinavia A/S, Horsens - Frandsen Group US Inc., USA Connox GmbH, Germany - Ambiente Direct GmbH, Germany - Flinders B.V., Holland Nine United Germany GmbH, Germany Nine United Brand & Design AG, Switzerland Nine United UK Ltd., England Nine United Belgium bvba, Belgium Nine United France SaS, France Nine United Trading Spain s.l.u., Spain Nine United NL B.V., Holland</p>

Management commentary

Main activities

The main activities of the company consist of investment and financing.

During the financial year 2021/22, changes in the company's investments have been made and all subsidiaries now work within the premium furniture, lighting and accessories segment.

Development in activities and financial matters

During the financial year 2021/22, the company's share capital has increased by nominal DKK 30M partly by contribution in kind, partly by cash payment due to a capital increase made in the financial year. Total contribution was DKK 1,378M. As a result the current company structure was established

The company's income statement of the financial year 1 August 2021 - 31 July 2022 shows a loss after tax of t.DKK 34,694 compared to last year of t.DKK 340,975 (profit). The balance sheet at 31 July 2022 shows total assets of t.DKK 1,773,806 and an equity of t.DKK 1,768,859.

Events after the end of the financial year

After the end of the financial year, no events of significant importance to the company's financial position has occurred.

Accounting Policies

Reporting Class

The annual report of UNION NINE A/S for 2021/22 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

The accounting policies applied remain unchanged from last year.

Consolidated Financial Statements

With reference to § 112 of the Danish Financial Statements Act, no Consolidated Financial Statement have been prepared because the Group enterprises are subsidiaries of a higher-ranking group.

Reporting currency

The annual report is presented in Danish kroner.

Translation policies

On initial recognition, transactions in foreign currencies are translated at the exchange rates prevailing at the date of transaction. Gains and losses occurring due to differences between the transaction date rates and the rates at the date of payment are recognised as an item under financial income and expenses in the Income Statement. If currency instruments are used to hedge future cash flows, unrealized value adjustments are recognized directly in equity.

Receivables, debt and other monetary items denominated in a foreign currency are translated at the rate at the balance sheet date. The difference between the rate at the balance sheet date and the rate at the time when the receivable or payable occurred or was recognised in the latest Financial Statements is recognised in the Income Statement under financial income and expenses.

Foreign subsidiaries and participating interests are considered separate entities. The income statements are translated into a monthly average rate of exchange and the balance sheet items are translated into the rates of exchange at the balance sheet date. Currency translation differences that occur when translating foreign subsidiaries' equity at the beginning of the year at the rates of exchange at the balance sheet date and when translating Income Statements from average rates at the rates of exchange at the balance sheet date are recognised directly in equity.

General information

Basis of recognition and measurement

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, impairment losses and provisions.

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

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income statement

Gross profit

The company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of other external expenses.

Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprises, including profits on sale of intangible and tangible assets.

Other external expenses

Other external expenses include expenses for administration.

Income from investments in group enterprises and participating interests

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the parent company's Income Statement after full elimination of intercompany profit/loss and less amortisation of consolidated goodwill. Furthermore gains and losses on the sale of shares in the subsidiaries are included.

The proportionate share of the individual participating interests' profit/loss after tax is recognised in the parent company's Income Statement after full elimination of intercompany profit/loss and less amortisation of consolidated goodwill. Furthermore gains and losses on the sale of shares in the participating interests are included.

Financial income and expenses

Financial income and expenses include interest revenue and expenses, realised and unrealised exchange gains and losses regarding loans and transactions in foreign currencies, and surcharges and allowances under the advance-payment of tax scheme.

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year.

Income tax

The company is covered by the Danish rules on compulsory joint taxation of the higher-ranking group's Danish subsidiaries. The subsidiaries are covered by the joint taxation from the time they are included in the consolidated financial statements and until the time when they are excluded from the consolidated financial statements.

The current Danish corporation tax is distributed by settling joint taxation contributions between jointly taxed companies in relation to their taxable income. In connection with this, companies with tax loss will receive contribution from companies that have been able to use this deficit (full distribution).

Income tax for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance sheet

Investments

Investments in group enterprises and participating interests

Investments in group enterprises and participating interests are recognized in the balance sheet at the proportionate share of the equity value of the enterprises, calculated according to the parent company's accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition of the remaining value of positive goodwill, calculated according to the purchase method.

Accounting Policies

Subsidiaries and participating interests having a negative equity value are recognised at DKK 0, and any amounts receivable from those enterprises are written down by the parent company's share of the negative equity value to the extent that the amounts are deemed to be uncollectible.

If the negative equity value exceeds receivables, the remaining amount is recognised as a provision to the extent that the parent company has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

Goodwill is depreciated over their estimated economic lives determined on the basis of Managements experience in the relevant lines of business. Goodwill is depreciated using the straight-line method which is estimated to be 10 years. The depreciation period is based on an expected repayment period and is longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Net revaluation of long-term investments in group companies and participating interests is classified under a separate reserve for net revaluation by the equity method in equity, in so far as the carrying amount exceeds the cost.

Impairment of fixed assets

The carrying amounts of investments in group enterprises and participating interests are tested annually to determine whether there is any indication of impairment other than what is expressed by depreciation.

If so, then each asset is tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant asset is written down to such lower recoverable amounts.

The recoverable amount of an asset is determined as the higher of the net sales price and the capital value. The capital value is calculated as the present value of the expected net income from the use of the asset or the group of assets.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Equity

Equity comprises the share capital and a number of equity items that may be statutory or stipulated in the articles of association.

Dividend

Proposed dividend for the year is recognised as a separate item in equity.

Reserve for net revaluation according to the equity method

Net revaluation of long-term investments in group companies and participating interests is classified under a separate reserve for net revaluation according to the equity method in equity, in so far as the carrying amount exceeds the cost. Dividends from group companies and participating interests that are expected to be adopted before the annual report for Union Nine A/S is approved are not tied up in the revaluation reserve. The reserve is adjusted with other equity movements regarding long-term investments in group companies and participating interests.

Provisions

Provision for deferred tax

Provision for deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

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

Accounting Policies

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Liabilities other than provisions

Liabilities other than provisions which comprise debts to suppliers, to group enterprises and other payables are measured at amortised cost, which usually corresponds to the nominal value.

Income Statement

	Note	2021/22 kr.	2020/21 kr.
Gross profit		-99.050	-47.948
Income from investments in group enterprises		-32.602.586	5.768.407
Income from investments in participating interests		-4.941.960	334.657.624
Financial income	1	3.960.543	818.291
Financial expenses	2	-191.963	-65.849
Result before tax		-33.875.016	341.130.525
Income tax	3	-819.522	-154.989
Net result for the year		-34.694.538	340.975.536
Proposed distribution of results			
Proposed dividend recognised in equity		0	253.753.000
Paid extraordinary dividend		7.279.000	0
Reserve for net revaluation according to equity method		-37.544.546	0
Retained earnings		-4.428.992	87.222.536
Distribution of profit		-34.694.538	340.975.536

Balance Sheet as of 31 July

	Note	2022 kr.	2021 kr.
Assets			
Long-term investments in group enterprises	4	1.369.136.919	520.115.388
Long-term investments in participating interests	5	<u>0</u>	<u>23.354.933</u>
Investments	6	<u>1.369.136.919</u>	<u>543.470.321</u>
Fixed assets		<u>1.369.136.919</u>	<u>543.470.321</u>
Receivables from group enterprises		248.302.868	41.000.000
Receivables from owners and management	7	<u>149.034.048</u>	<u>0</u>
Receivables		<u>397.336.916</u>	<u>41.000.000</u>
Cash and cash equivalents		<u>7.332.528</u>	<u>0</u>
Current assets		<u>404.669.444</u>	<u>41.000.000</u>
Assets		<u>1.773.806.363</u>	<u>584.470.321</u>

Balance Sheet as of 31 July

	Note	2022 kr.	2021 kr.
Liabilities and equity			
Share capital		40.000.000	10.000.000
Reserve for net revaluation according to equity method		0	0
Retained earnings		1.728.859.421	320.543.646
Proposed dividend recognised in equity		0	253.753.000
Equity		1.768.859.421	584.296.646
Trade payables		52.016	18.686
Tax payables		819.522	154.989
Other payables		4.075.404	0
Short-term liabilities other than provisions		4.946.942	173.675
Liabilities other than provisions		4.946.942	173.675
Liabilities and equity		1.773.806.363	584.470.321
Contingent liabilities	8		
Related parties	9		

Statement of changes in Equity

DKK	Share capital	Reserve for net revaluation according to equity method	Retained Earnings	Proposed dividend recognised in equity	Total
Equity at 1 August 2021	10.000.000	0	320.543.646	253.753.000	584.296.646
Increase of capital	30.000.000		1.347.887.572		1.377.887.572
Exchange rate adjustment, foreign subsidiaries		752.541			752.541
Payment of dividend				-253.753.000	-253.753.000
Payment of extraordinary dividend			-7.279.000		-7.279.000
Net income for the year		-37.544.546	2.850.008		-34.694.538
Adjustments for the year		1.400.747			1.400.747
Profit from sale of group enterprises			100.248.453		100.248.453
Transfer		35.391.258	-35.391.258		0
Equity at 31 July 2022	40.000.000	0	1.728.859.421	0	1.768.859.421

The share capital was increased by 30.000.000 kr. in 2021/22 from 10.000.000 kr. to 40.000.000 kr. and before this the share capital has remained unchanged for the last 4 years.

Notes

	2021/22 kr.	2020/21 kr.
1. Other finance income		
Finance income from group enterprises	3.592.718	0
Other financial income	<u>367.825</u>	<u>818.291</u>
	<u>3.960.543</u>	<u>818.291</u>
2. Finance expenses		
Other financial expenses	<u>191.963</u>	<u>65.849</u>
	<u>191.963</u>	<u>65.849</u>
3. Tax expense		
Tax of taxable income	<u>819.522</u>	<u>154.989</u>
	<u>819.522</u>	<u>154.989</u>

Notes

	2021/22 kr.	2020/21 kr.
4. Long-term investments in group enterprises		
Cost at 1 August	549.467.564	0
Addition during the year	1.433.837.260	39.999.864
Disposal during the year	-549.467.564	0
Transfers during the year to other items	0	509.467.700
Cost at 31 July	<u>1.433.837.260</u>	<u>549.467.564</u>
Revaluations at 1 August	43.287.751	0
Change due to a foreign currency adjustment	744.738	326.419
Revaluations for the year	1.226.513	42.961.332
Reversal of revaluations of disposed assets	-46.987.447	0
Revaluations at 31 July	<u>-1.728.445</u>	<u>43.287.751</u>
Depreciation at 1 August	-72.639.927	0
Depreciation for the year	-67.104.443	-37.192.925
Impairment losses for the year	0	-35.447.002
Reversal of impairment losses and amortisation of disposed assets	76.772.474	0
Depreciation at 31 July	<u>-62.971.896</u>	<u>-72.639.927</u>
Carrying amount at 31 July	<u>1.369.136.919</u>	<u>520.115.388</u>
Of the carrying amount, the remaining value of goodwill is	<u>1.034.753.180</u>	<u>458.742.745</u>
Of this years addition, the value of goodwill is	<u>1.087.542.433</u>	<u>35.447.002</u>

Notes

	2021/22 kr.	2020/21 kr.
5. Long-term investments in participating interests		
Cost at 1 August	108.777.472	448.307.713
Disposal during the year	-108.777.472	0
Transfers during the year to other items	0	-339.530.241
Cost at 31 July	0	108.777.472
Revaluations at 1 August	-64.115.036	-227.263.591
Change due to a foreign currency adjustment	7.803	-15.742
Revaluations for the year	-4.941.960	6.603.359
Reversal of revaluations of disposed assets	69.049.193	156.560.938
Revaluations at 31 July	0	-64.115.036
Depreciation at 1 August	-21.307.503	-21.307.503
Reversal of impairment losses and amortisation of disposed assets	21.307.503	0
Depreciation at 31 July	0	-21.307.503
Carrying amount at 31 July	0	23.354.933

Notes

	2021/22	2020/21
	kr.	kr.

6. Disclosure in long-term investments in group companies and participating interests

Group enterprises

Name	Registered office	Share held in %	Equity	Profit
&Tradition A/S	Denmark	90,00	256.501.386	136.677.067
Nine United Scandinavia A/S	Denmark	100,00	74.347.726	-10.907.630
Connox GmbH	Germany	74,90	-3.215.722	-38.536.553
Nine United Germany GmbH	Germany	100,00	24.071.678	-911.210
Nine United Brand & Design AG	Switzerland	100,00	12.947.538	-1.063.618
Nine United UK Ltd.	England	100,00	-4.526.296	-886.013
Nine United Belgium bvba	Belgium	100,00	2.217.664	-480.527
Nine United France SaS	France	100,00	11.545.103	503.126
Nine United Trading Spain s.l.u.	Spain	100,00	1.781.904	-227.051
Nine United NL B.V.	Holland	100,00	2.856.201	-1.707.340
			378.527.182	82.460.251

7. Receivables from owners and management

Receivables from owners	149.034.048	0
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The receivables from the owners was transferred from receivables from group enterprises when the group structure with Nine United A/S was established.

8. Contingent liabilities

Danish joint-taxation scheme:

The company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation. The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company Nine United A/S, CVR no. 25 93 44 58.

Notes

9. Related parties

Controlling influence:

Nine United A/S (main shareholder)
Havnen 1
8700 Horsens

The ultimate controlling party is Mr. Troels Holch Povlsen by virtue of his 100% shareholding in the ultimate parent company Nine United A/S.

Troels Holch Povlsen
Cole Park
Grange Lane
Malmesbury
SN16 0ER
Storbritannien

Other related parties:

Brightfolk A/S, Denmark

Transactions:

All transactions with related parties during the year have been made on market terms and are therefore not disclosed in accordance with §98 C, 7, of the Danish Financial Statements Act

Consolidated annual report:

The company is included in the consolidated annual report of the parent company

Nine United A/S
Havnen 1
8700 Horens