MIE4 Holding 7 ApS

Erhvervsparken 14
4621 Gadstrup
CVR No. 36959193

Annual report 2021

The Annual General Meeting adopted the annual report on 30.06.2022

Michael Ro Mejer
Chairman of the General Meeting

Contents

Entity details

Entity

MIE4 Holding 7 ApS

Erhvervsparken 14

4621 Gadstrup

Business Registration No.: 36959193

Registered office: Roskilde

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Harlan Kent, Chairman

Kevin Michael Jayson

Gareth Lindsay Moore

Kjell Clefjord

Executive Board

Kjell Clefjord

Robert Gerard Vermin

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Business Registration No.: 33771231

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of MIE4 Holding 7 ApS for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Gadstrup, 30.06.2022

Executive Board

Kjell Clefjord

Robert Gerard Vermin

Board of Directors

Harlan Kent
Chairman

Kevin Michael Jayson

Gareth Lindsay Moore

Kjell Clefjord

Independent auditor's report

To the shareholders of MIE4 Holding 7 ApS

Opinion

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 2021, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MIE4 Holding 7 ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement*s 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 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 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 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 financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, 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 conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 the management commentary.

Hellerup, 30.06.2022

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
CVR No. 33771231

Jacob Fromm Christiansen
State Authorised Public Accountant
Identification No (MNE) mne18628

Søren Alexander
State Authorised Public Accountant
Identification No (MNE) mne42824

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	670,656	481,861	444,553	416,071	405,892
Profit/loss before interest, tax, depreciation and amortisation (EBITDA)	114,449	50,382	40,338	51,594	44,347
Operating profit/loss	84,956	14,776	11,934	24,683	17,664
Net financials	(8,516)	(20,006)	(10,544)	(11,700)	(10,387)
Profit/loss for the year	54,265	(9,049)	(4,116)	5,386	387
Balance sheet total	714,464	541,045	522,783	521,403	524,950
Investments in property, plant and equipment	5,722	11427	5,809	4,045	2,840
Equity	286,881	220,694	230,464	234,307	223,581
Cash flows from operating activities	(50,674)	79,724	19,533	17,864	60,366
Cash flows from investing activities	(8,751)	(16,864)	(16,877)	(3,819)	(2,835)
Cash flows from financing activities	43,671	(6,315)	(5,809)	(4,045)	(2,840)
Change in cash and cash equivalents for the year	(15,754)	56,545	2,973	(4,113)	32,752
Average number of employees	182	183	191	166	158
Ratios					
Gross margin (%)	32.02	30.30	29.60	32.00	29.30
Profit margin (%)	12.67	3.10	2.70	5.90	4.40
Return on assets (%)	11.89	2.70	2.30	4.70	3.40
Solvency ratio (%)	40.15	40.80	44.10	44.90	42.60
Return on equity (%)	21.38	(4.01)	(1.77)	2.35	0.20

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit * 100
Revenue

Profit margin (%):
Profit before financials * 100
Revenue

Return on assets (%):
Profit before financials * 100
Assets

Solvency ration (%):
Equity at year end * 100
Total assets at year end

Return on equity (%):
Net profit for the year * 100
Average equity

Primary activities

The Parent Company's purpose is to directly or indirectly hold and settle equity investments in companies as well as make further investments in these companies as well as other activities that, in the discretion of the Executive Board, are connected.

The Group's activities are development and sale of branded fishing tackle and related products.

The Group's products are sold directly by own sales forces in most of the largest European fishingmarkets as well in North America. In rest of the world, the products are sold selectively through agents/distributors. The Company has own inhouse product development, sourcing, sales and marketing. Products are manufactured by 3 rd parties.

In terms of corporate social responsibilities, the key risks are connected to the subcontractors handling of work force and environment. Furthermore, due to the long transportation distances, the business model has a CO2 impact.

Development in activities and finances

Market overview

The Group’s products are sold worldwide and cover most of the major fishing disciplines.

Development in the year

End of 2018, the Company decided to establish its own subsidiary in USA. During 2021, the American subsidiary shows significant growth, however, it is still contributing negatively to the financial result. The Group expects a significant growth in USA in the coming years.

During 2021, the demand for the company’s products have been significantly higher than 2020 and expectations. The Covid-19 pandemic has increased the consumers demand for outdoor activities, which has accelerated the company’s growth. However, the Group experience significant disturbance in supply chain especially connect to the transportation from the suppliers in Far East to Europe. In addition, the transportation costs are significantly higher than normal. During 2021, the average Shanghai Container Freight Index (SCFI) for a 20-foot container equivalent (TEU) is 6,087 USD/TEU vs. a normal level of around 925 USD/TEU. End of 2021 the SCFI was 7,751 USD/TEU. It has not been possible for the company fully to pass on the higher transportation costs to the customers.

Development in the number of employees

The Group had 173.9 employees at the beginning of the year split by 34.4 employees in Denmark and 139.5 in rest of the world.

In the year there has been a net outflow of 23 employees split by 6 in Denmark and 17 in rest of the world. The Group has at year-end 176.4 employees split by 36.4 in Denmark and 140.0 in rest of the world.

Profit/loss for the year in relation to expected developments

The income statement of the Group for 2021 shows a profit of TDKK 54,265, and at 31 December 2021 the balance sheet of the Company shows equity of TDKK 286,881.

The turnover for the year is higher than last year and above expectations.

The Group's revenue for the year amounted to DKK 670,7 million, which is an increase compared to last year when revenue amounted to DKK 481,9 million. The Group's revenue for the year is above the expected revenue, due to the customers higher demand for outdoor activities as described above.

Profit before tax amounted to DKK 76,4 million.

The net result is above expectations and is considered satisfactory.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty. However, some measurements are based on judgements or assumptions as certain items in financial statements by their nature cannot be measured with precision.

Unusual circumstances affecting recognition and measurement

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021 have not been affected by any unusual events. The impact from the Covid-19 pandemic has been described above. The pandemic creates a more uncertain environment.

Outlook

Strategy

The Group aims to develop and sell innovative and branded fishing tackle and accessories.

Targets and expectations for the year ahead The Group has budgeted continued top line growth in 2022 to the level of 650-675 MDKK. The profit after tax will be in the same level as 2021, 80-90 MDKK.

Use of financial instruments

Operating risks

To some extent, the Group's costs depend on the development in raw material prices and wages and salaries among its subcontractors.

To the largest possible extent, the Group attempts to hedge this risk by entering into long-term agreements with its subcontractors. The Group's production and products are mainly based on well-known and thoroughly tested techniques, and the majority of the tasks are performed under well-known risks.

Foreign exchange risks

The Group has a high international activity and is therefore exposed and vulnerable for exchange rate fluctuations primarily on US dollars vs. DKK. The USD flows are hedged in accordance with the Group’s policies. Following the change in ownership, the Group has decided not to hedge any currency exposures from February 2022. As the products are sold on different European markets, the Group is also to a minor extend exposed to fluctuations on other European currencies vs. DKK. The main part of the transactions in foreign currencies is denominated in EUR, which is not hedged due to Denmark's fixed exchange rate policy vis-à-vis the Euro. Transactions in other currencies are in accordance with the Group’s policies as per above.

Interest rate risks

In relation to its credit facility, the Group is subject to an interest rate risk. The interest rate exposure is related to fluctuations in the CIBOR rate. The Group is not hedging its interest exposure.

Credit risks
The Group's customers comprise a wide range of retailers in Europe and USA. The maximum credit risk that may occur for trade receivables and other receivables corresponds to the value at which they are recognized in the balance sheet. No single receivable constitutes a significant part.

Risks connected to capital structure
The Group has a solid balance sheet with a solvency ratio above 40,2% and a liquidity ratio above 1. The Group is only to a minor extend dependent on support from the mother company. Therefore, the Management does not see any special risks connected to the capital structure.

The Group is not affected by other unusual risks.

Knowledge resources

The Group possesses extensive knowledge on product development. Retention and development of competencies in the development department is of major importance for continued growth and earnings.

Research and development activities

The Group's development activities include functional development and design of fishing tackle, including lures, rods, reels as well as clothing and other accessories.

Statutory report on corporate social responsibility

Statement of corporate social responsibility in accordance with the Danish Financial Statement Act §99 a.
For a description of the business model, please refer to a separate section, above.

UN Global compact
In its policy for "Business Principles and Corporate Social Responsibility", the Group subscribes to UN Global Compact. From this starting point, the Group has selected four key and relevant UN Sustainable Development Goals (hereafter referred to as "Goal(s)"), where it tracks performance:

• Goal no. 7: Affordable and clean energy
• Goal no. 8: Decent work and Economic Growth
• Goal no. 9: Industry innovation and infrastructure
• Goal no. 12: Responsible consumption and production

The performance is described in the relevant sections, below.

Supplier Code of Conduct
The UN Global Compact principles are also the guidance for the Supplier Code of Conduct that the Group developed during 2020. The Supplier Code of Conduct describes how the suppliers should deal with:

- Human Rights and Labor standards
  - o Employment is freely chosen
  - o There is no discrimination in employment
  - o No exploitation of child labor
  - o Freedom of association and the right to collective bargaining
  - o Payment of a living wage
  - o Working hours
  - o Decent working conditions
  - o Legally binding employment relationship
  - o Fire safety

- Environmental Standards
  - o Conditions outside the workplace
  - o Emissions to air, water and ground
  - o Waste management
  - o Chemicals management in the factory
  - o Records and provision of information
  - o Procedure for chemical management
  - o Employee information and training
  - o Labelling of chemicals
  - o Storage and handling of chemicals
  - o Disposal of chemicals

- Anti-Corruption

In 2021, 32% of the purchase was from suppliers that have signed a Code of Conduct vs. a target of 25%. The target is that 40% of the purchase of products for reselling in 2022 should come from suppliers that has signed the Code of Conduct. During 2021, the Group has established representation in Hong Kong that – among others – will follow up on the compliance with the Code of Conduct. During 2022, the Group will strengthen the representation in cooperation with the new owner, Pure Fishing Inc.

The purpose of the Supplier Code of Conduct is to mitigate risk of Human Rights and Anti-Corruption violation with the external suppliers. In addition, the purpose is to reduce the environmental impact from the external suppliers. The Group consider the mentioned risks to be the most material in the entire supply chain due to the geographical location of the suppliers and is consequently developing the supplier management accordingly.

Environment and Climate
Apart from the possible impact from the Suppliers that is mitigated through the Supplier Code of Conduct program, there is a major environmental impact coming from the transportation of products from primarily Chinese suppliers to the markets in Europe. The Group strives to transport as much as possible using ships to reduce the carbon footprint. Moving the supply closer to the European markets is a very difficult process, as there is a very limited supplier base in Europe.

In addition to the inbound transportation, there is a major emission impact from the outbound transportation.

The Group considers that the location of the central warehouse is the most optimal both from a financial but also from an environmental perspective.

The Group will continuously improve processes to minimize the environmental impact of its own operation. For its own operation, most of the energy is consumed in the central warehouse. According to Goal no. 7, the Group measures kWh spend in the warehouse per 1,000 DKK of Cost of Goods Sold (hereafter COGS) during the warehouse:

	2019	2020	2021	Target 2021	Target 2022
kWh/1,000 DKK of COGS	2.03	0.72	0.48	0.68	0.40

Due to the Group's diverse product portfolio, it is impossible to find a uniform measurement for the volume except the COGS. The reader must understand that the KPI can be misleading to the extent that the COGS is inflated by price increases and is impacted by the development of exchange rates vs. DKK.

The Group has together with the landlord invested in more energy efficient lightning during the last couple of years.

To track the development of Goal no. 9 and Goal no. 12, the Group tracks the amount of waste in central warehouse kg in relation to COGS.

Kg/1,000 DKK of COGS	2020	2021	Target 2021	Target 2022
Wood Waste	0.015	0.029	0.020	0.020
Plastic Waste	<0.010	0.014	<0.010	<0.010
Cardboard Waste	n/a	n/a	n/a	n/a

All waste fragments are recycled. The recycling company of cardboard waste have not been able to provide data.

The Group will continue the work to reduce the relative energy consumption and relative waste production in the warehouse.

Human rights and social & employee conditions
Respect for human rights is fundamental. This goes for the company's employees as well as the communities the Group lives and operates in. The CSR policy is described in the employee handbook, which is given to new employees upon employment.

• The company supports and respects the protection of internationally proclaimed human rights,
• The company will ensure that we are not complicit in human rights abuse in any of our operations,
• The company will uphold the freedom of association and the effective recognition of the rights to collective bargaining,
• The company will not use any form of forced or compulsory labor,
• The company will support the elimination of direct and indirect discrimination in respect of employment and occupation, including race, color, sex, religion, political opinion and nationality or social origin,
• The company will continuously develop employees' competencies and flexibility and will provide safe and healthy working conditions.

The key risk in terms of human rights, social and employee conditions lies with the sub-contractors. Consequently, the Group works with its Code of Conduct as described above.

The Group offers their employees an opportunity for further training by offering courses to help develop their competencies. In addition, the company is rolling out an employee assessment (medarbejderudviklingssamtaler) to strengthen the career development and possibilities of all employees.

The Group's main risk for social and employee conditions lies within maintaining that employees have the proper skills to maintain their job and create value for the Group. The Group does not see any other specific, material risks to violate human rights, apart from what is described under the Supplier Code of Conduct.

In 2021, the company performed a survey (APV) that showed that the Group is a safe place to work. However, there were some complaints about the indoor climate that management is addressing, during 2022. As a general indicator of the employee conditions, 68% answered to a "very high degree" or a "high degree" that they would recommend others to apply for a job at the Group. Likewise, 74% answered that they are "unlikely" or "very unlikely" to look for another job.

Anticorruption
All the Group's employees are informed, when employed, that conduct of unethical, dishonest behavior and bribery is not tolerated.

• The Group will conduct its business with high ethical standards, honesty, and respect for other,
• The Group will be compliant with the laws and regulations in the countries where we are present,
• Neither the Group nor its employees will offer, promise, give and/or accept a bribe for business purposes,
• Neither the Group nor the employees will be involved in non-competition activities i.e. illegal price fixing, sharing of customers and markets.

The Group's risks related to anti-corruption and bribery is mainly present within our own operation and with our collaboration partners. The anticorruption topic within suppliers is handled in the Supplier Code of Conduct program.

The Group has not discovered any breach of anti-corruption or bribery in 2021.

In 2022, the Group will establish a whistleblower scheme according to legislation.

Statutory report on the underrepresented gender

The Group strives to maintain and fulfil the goals set for gender quotation at all management levels but will always employ the best qualified candidate. The Group believes that diversity among employees contributes positively to the working environment and strengthens the Group's performance and competitiveness. The Group’s policy is to always provide equal job opportunities regardless of gender. The Group’s target figure for the proportion of underrepresented gender among members of the Management is 10% in 2023.

The reader should be aware that that only 10-12% of the anglers are women according to information from Danmarks Sportsfiskerforbund. This will impact the gender composition of the recruiting base for the positions that requires knowledge about angling.

The proportion of underrepresented gender among the Management was 0%, end of 2021. During 2021, no managerial positions were replaced, and consequently there is not development in the figure. However, the Group is rolling out an employee assessment (medarbejderudviklingssamtaler) to strengthen the career development and possibilities of all employees. By applying the assessment process and by focusing in diversity during recruitment, the company expects to reach the target, above.

According to legislation on the gender quotation on the board of directors in Danish enterprises, the Group has selected a target for the underrepresented gender among member of the Board of 20%. The proportion of the underrepresented gender among the board was 0%, end of 2021. The shareholders and the shareholders meeting did not see any reason to change the board, during 2021. In February 2022, a new board was elected following the change of ownership. The new board has a proportion of the underrepresented gender of 0% The Group will work focused towards identifying the possibility of fulfilling the policy and target before the general assembly in 2025.

Statutory report on data ethics policy

The Group takes its responsibility as data controller seriously, as the Group wants to be perceived as a respected, competent and proper business partner, who complies with applicable legislation and follows developments in good data ethics.

Therefore, we have a dedicated team to handle GDPR requirements as well as a strong IT-department to operate and improve data security. Those teams work closely together with management to secure full transparency and to have the proper authority to the rest of the organization. The daily work with data ethics also takes place in the Group's relevant business departments.

Besides securing the basic rights for data subjects, awareness and education campaigns are held, all of which are tailored to the work of the employees. These initiatives apply to both new and existing employees so that understanding and competencies are maintained.

Moreover, stringent deletion procedures are in place so that data is deleted when no longer necessary for the Group to store.

The Group’s employees and customers have the right to request access and to obtain certain insights to their personal data. To ensure data subject’s self-determination over the data the Group stores, the Group works continuously to ensure that data is processed as structured as possible to always have an overview of what data we store and process about the individuals.

In addition to the relationships with customers, the Group has a wide range of contacts worldwide. Therefore, the company is aware that it also has a broader responsibility when it comes to ethically correct data processing.

If there is a need to share or transfer data to other entities or countries, data processing agreements with those relevant third parties are in place to secure that data are proper safeguarded.

It is essential for the Group that its customers and other stakeholder can have confidence on the company's ethical stance in terms of processing data. Consequently, the Group will continue to work with data ethics and improving the approach to data management and security even more, in the coming year.

Statutory report on corporate governance

The Group has since the beginning of November 2015 been owned by a private equity fund, Maj Invest Equity 4 K/S, which is a member of Active Owners Denmark. As a private equity portfolio company, the Group generally follows Active Owners Denmark 's recommendations, except that the company based on its size, has not established an audit committee.

These tasks are handled by the Board. Refer to www.aktiveejere.dk for more information about the guidelines.

Ownership

On the balance day, the majority of the Company is ultimately owned by the private equity fund, Maj Invest Equity 4 K/S, who is member of Active Owners Denmark (formerly: DVCA). Consequently, the annual report follows Active Owners Denmark's guidelines from 2015. Please refer to www.aktiveejere.dk.

On 1st February 2022, the Group was sold to Pure Fishing Inc, where Sycamore Partners is the ultimately owners.

Presentation of the Board of Directors

Pure Fishing Inc is represented on the board by Harlan Kent, Kevin Michal Jayson, Gareth Lindsay Moore, and Kjell Harry Clefjord. Board positions and other managerial positions are set out below.

Harlan Kent
Harlan Kent, Chairman, has joined the Board on 1st February 2022.
He holds the following other directorships:

- Chairman of:
    - o OTG-Cani Denmark A/S,
    - o MIE4 Holding 7 ApS,
    - o MIE4 Datter ApS, and
    - o Svendsen Sport A/S

- Director of:
    - o Plano Synergy Holding Inc.,
    - o Frabill, Inc.,
    - o SP PF Cayman Buyer II Ltd.,
    - o Jia Dun Sports Equipment Co., Ltd.,
    - o Mao Ming Passion Sports Company Limited,
    - o Pure Fishing (Guangzhou) Business Services Co. Ltd.,
    - o Pure Fishing Spirit HK Limited,
    - o Pure Fishing (Hong Kong) Co. Limited,
    - o Pure Fishing Korea Co., Ltd.
    - o SP PF Buyer LLC,
    - o Outdoor Technologies Corporation,
    - o Pure Fishing Inc.,
    - o Sea Striker, LLC,
    - o Penn Fishing Tackle Mfg. Co., and
    - o Shakespeare All Star Acquisition LLC

- Officer of:
    - o Plano Synergy Holding Inc.,
    - o Plano Holding LLC,
    - o Plano Molding Company, LLC,
    - o HHS IP, LLC,
    - o Frabill, Inc.,
    - o PSV II, LLC,
    - o PJJL, LLC,
    - o 431 East South LLC,
    - o SP PF Parent Corporation,
    - o SP PF Intermediate Corporation,
    - o SP PF Buyer LLC,
    - o Outdoor Technologies Corporation,
    - o Pure Fishing Inc.,
    - o Sea Striker, LLC,
    - o Penn Fishing Tackle Mfg. Co., and
    - o Shakespeare All Star Acquisition LLC

Kevin Michael Jayson
Kevin Michal Jayson has joined as board member on 1st February 2022.
He holds the following other directorships:

- Director of:
    - o Plano Synergy Holding Inc.,
    - o Frabill, Inc.,
    - o Abu Garcia Pty Ltd.,
    - o Shakespeare (Australia) Pty Ltd.,
    - o Outdoor Technologies (Canada) Co.,
    - o Jia Dun Sports Equipment Co., Ltd.,
    - o Mao Ming Passion Sports Company Limited,
    - o Pure Fishing (Guangzhou) Business Services Co. Ltd.,
    - o OTG-Cani Denmark A/S,
    - o MIE4 Holding 7 ApS,
    - o MIE4 Datter ApS,
    - o Svendsen Sport A/S,
    - o Pure Fishing Finland OY,
    - o Pure Fishing Spirit HK Limited,
    - o Pure Fishing (Hong Kong) Co. Limited,
    - o Pure Fishing Japan Co., Ltd.,
    - o Pure Fishing Korea Co., Ltd.,
    - o Pure Fishing Malaysia Sdn. Bhd.,
    - o Pure Fishing (NZ) Limited,
    - o Pure Fishing Norway AS,
    - o Pure Fishing Poland Sp. z o.o.
    - o Outdoor Technologies Group Sweden AB,
    - o Abu Garcia AB,
    - o Abu AB,
    - o Pure Fishing Spirit UK Limited,
    - o Shakespeare International Limited,
    - o Pure Fishing (UK) Limited,
    - o Hardy & Greys Limited,
    - o Hardy Advanced Composites Limited,
    - o Outdoor Technologies Corporation,
    - o Pure Fishing Inc.,
    - o Sea Striker, LLC,
    - o Penn Fishing Tackle Mfg. Co., and
    - o Shakespeare All Star Acquisition LLC

- Officer of:
    - o Plano Synergy Holding Inc.,
    - o Plano Holding LLC,
    - o Plano Molding Company, LLC,
    - o HHS IP, LLC,
    - o Frabill, Inc.,
    - o PSV II, LLC,
    - o PJJL, LLC,
    - o 431 East South LLC,
    - o Abu Garcia Pty Ltd.,
    - o Shakespeare (Australia) Pty Ltd.,
    - o Outdoor Technologies (Canada) Co.,
    - o SP PF Parent Corporation,
    - o SP PF Intermediate Corporation,
    - o SP PF Buyer LLC,
    - o Outdoor Technologies Corporation,
    - o Pure Fishing Inc.,
    - o Sea Striker, LLC,
    - o Penn Fishing Tackle Mfg. Co., and
    - o Shakespeare All Star Acquisition LLC,

Gareth Lindsay Moore
Gareth Lindsay Moore has joined as board member 1st February 2022.
He holds the following other directorships:

• Director of:
  o Plano Synergy Holding Inc.,
  o Frabill, Inc.,
  o Abu Garcia Pty Ltd.,
  o Shakespeare (Australia) Pty Ltd.,
  o Outdoor Technologies (Canada) Co.,
  o Jia Dun Sports Equipment Co., Ltd.,
  o Mao Ming Passion Sports Company Limited,
  o Pure Fishing (Guangzhou) Business Services Co. Ltd.,
  o OTG-Cani Denmark A/S,
  o MIE4 Ho ding 7 ApS,
  o MIE4 Datter ApS,
  o Svendsen Sport A/S,
  o Pure Fishing Finland OY,
  o Pure Fishing Deutschland GmbH,
  o Pure Fishing Spirit HK Limited,
  o Pure Fishing (Hong Kong) Co. Limited,
  o Pure Fishing Japan Co., Ltd.,
  o Pure Fishing Korea Co., Ltd.,
  o Pure Fishing Malaysia Sdn. Bhd.,
  o Pure Fishing Netherlands B.V.,
  o Pure Fishing Spirit B.V.,
  o Pure Fishing (NZ) Limited,
  o Pure Fishing Norway AS,
  o Pure Fishing Poland Sp. z o.o.,
  o Outdoor Technologies Group Sweden AB,
  o Abu Garcia AB,
  o Abu AB,
  o Pure Fishing Spirit UK Limited,
  o Shakespeare International Limited,
  o Pure Fishing (UK) Limited,
  o Hardy & Greys Limited,
  o Hardy Advanced Composites Limited,
  o Outdoor Technologies Corporation,
  o Pure Fishing Inc.,
  o Sea Striker, LLC,
  o Penn Fishing Tackle Mfg. Co., and
  o Shakespeare All Star Acquisition LLC

• Officer of:
  o Plano Synergy Holding Inc.,
  o Plano Holding LLC,
  o Plano Molding Company, LLC,
  o HHS IP, LLC,
  o Frabill, Inc.,
  o PSV II, LLC,
  o PJJL, LLC,
  o 431 East South LLC,
  o Abu Garcia Pty Ltd.,
  o Shakespeare (Australia) Pty Ltd.,
  o Outdoor Technologies (Canada) Co.,
  o SP PF Parent Corporation,
  o SP PF Intermediate Corporation,
  o SP PF Buyer LLC,
  o Outdoor Technologies Corporation,
  o Pure Fishing Inc.,
  o Sea Striker, LLC,
  o Penn Fishing Tackle Mfg. Co., and
  o Shakespeare All Star Acquisition LLC

Kjell Harry Clefjord
Kjell Harry Clefjord has joined the board 1st February 2022.
He holds the following other directorships:

• Managing director of:
  o Pure Fishing Finland OY
  o Pure Fishing Deutschland GmbH

• Chariman of:
  o Pure Fishing Norway AS
  o Outdoor Technologies Group Sweden AB
  o Abu Garcia AB
  o Abu AB

• Director of:
  o Pure Fishing Finland OY
  o SP Pure Fishing UK Limited
  o SP Pure Fishing UK Buyer Limited
  o Pure Fishing Spirit UK Limited
  o Shakespeare International Limited
  o Pure Fishing (UK) Limited
  o Hardy & Greys Limited
  o Hardy Advanced Composites Limited

Events after the balance sheet date

No events that will have a material impact of the assessment of the Annual Report have occurred after the balance sheet date.

However, the Group has been acquired by the world's largest fishing tackle company, Pure Fishing Inc. as from 1st February 2022. The buyer is Pure Fishing Inc's Danish subsidiary OTG-Cani Denmark A/S. On the same day, the company sold its American subsidiary to Pure Fishing Inc. and is consequently not a part of the Svendsen Sport Group.

Following the Russian invasion of Ukraine in March 2022, the Group has ceased business with Russia. The open sales orders to Russian customers have been cancelled. At the same time, the Group has accrued for potential bad debt from customers in Russia, customers in countries where the currency is linked to the Russian Rubel, and Ukraine. This event does not materially change the outlook for 2022.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	1	670,656	481,861
Other operating income		4,716	3,705
Costs of raw materials and consumables		(377,426)	(271,586)
Other external expenses	2	(83,234)	(67,736)
Gross profit/loss		**214,712**	**146,244**
Staff costs	3	(100,263)	(95,862)
Depreciation, amortisation and impairment losses		(29,493)	(35,606)
Operating profit/loss		**84,956**	**14,776**
Other financial income	4	2,713	0
Other financial expenses	5	(11,229)	(20,006)
Profit/loss before tax		**76,440**	**(5,230)**
Tax on profit/loss for the year	6	(22,175)	(3,819)
Profit/loss for the year	7	**54,265**	**(9,049)**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	9	8,494	8,189
Acquired patents		1,323	1,538
Goodwill		201,614	224,527
Intangible assets	8	**211,431**	**234,254**
Other fixtures and fittings, tools and equipment		11,901	10,442
Leasehold improvements		1,837	1,639
Property, plant and equipment	10	**13,738**	**12,081**
Deposits		964	596
Financial assets	11	**964**	**596**
Fixed assets		**226,133**	**246,931**
Manufactured goods and goods for resale		253,847	127,751
Inventories		**253,847**	**127,751**
Trade receivables		157,868	84,435
Deferred tax	12	2,510	6,737
Other receivables	13	14,950	1,848
Tax receivable		6,769	4,123
Prepayments	14	4,397	5,476
Receivables		**186,494**	**102,619**
Cash		**47,990**	**63,744**
Current assets		**488,331**	**294,114**
Assets		**714,464**	**541,045**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	15	167	167
Translation reserve		124	1,449
Reserve for fair value adjustments of hedging instruments		3,229	(1,795)
Retained earnings		227,352	180,875
Equity belonging to Parent's shareholders		**230,872**	**180,696**
Equity belonging to minority interests		**56,009**	**39,998**
Equity		**286,881**	**220,694**
Bank loans		82,297	60,638
Other payables		23,773	22,446
Non-current liabilities other than provisions	16	**106,070**	**83,084**
Subordinate loan capital		4,038	3,957
Bank loans		135,028	114,424
Trade payables		113,803	56,483
Tax payable		22,932	24,027
Other payables		44,771	36,041
Deferred income	17	941	2,335
Current liabilities other than provisions		**321,513**	**237,267**
Liabilities other than provisions		**427,583**	**320,351**
Equity and liabilities		**714,464**	**541,045**
Unrecognised rental and lease commitments	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000
Equity beginning of year	167	1,449	(1,795)	180,875	180,696
Effect of mergers and business combinations	0	0	0	2,021	2,021
Increase of capital	0	0	0	0	0
Exchange rate adjustments	0	(1,325)	0	0	(1,325)
Value adjustments	0	0	5,024	0	5,024
Profit/loss for the year	0	0	0	44,456	44,456
Equity end of year	**167**	**124**	**3,229**	**227,352**	**230,872**

	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	39,998	220,694
Effect of mergers and business combinations	(2,021)	0
Increase of capital	7,404	7,404
Exchange rate adjustments	(293)	(1,618)
Value adjustments	1,112	6,136
Profit/loss for the year	9,809	54,265
Equity end of year	**56,009**	**286,881**

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		84,956	14,776
Amortisation, depreciation and impairment losses		29,493	35,606
Working capital changes	18	(154,540)	53,029
Cash flow from ordinary operating activities		**(40,091)**	**103,411**
Financial income received		2,713	0
Financial expenses paid		(11,229)	(20,006)
Taxes refunded/(paid)		(2,067)	(3,681)
Cash flows from operating activities		**(50,674)**	**79,724**
Acquisition etc. of intangible assets		(2,661)	(2,763)
Acquisition etc. of property, plant and equipment		(5,722)	(11,427)
Acquisition of fixed asset investments		(977)	(23)
Sale of fixed asset investments		609	23
Other cash flows from investing activities		0	(2,674)
Cash flows from investing activities		**(8,751)**	**(16,864)**
Free cash flows generated from operations and investments before financing		**(59,425)**	**62,860**
Loans raised/Repayment of loans etc.		22,986	(8,134)
Other cash flows from financing activities		20,685	1,819
Cash flows from financing activities		**43,671**	**(6,315)**
Increase/decrease in cash and cash equivalents		**(15,754)**	**56,545**
Cash and cash equivalents beginning of year		63,744	7,199
Cash and cash equivalents end of year		**47,990**	**63,744**
Cash and cash equivalents at year-end are composed of:			
Cash		47,990	63,744
Cash and cash equivalents end of year		**47,990**	**63,744**

Notes to consolidated financial statements

1 Revenue

	2021 DKK'000	2020 DKK'000
Domestic	41,535	41,241
Export sales, EU	456,743	378,915
Export sales, non-EU	172,378	61,705
Total revenue by geographical market	**670,656**	**481,861**

Management has assessed that the total revenue of the Company is ascribed to one business activity: Sale of fishing tackle.

2 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit services	1,080	565
Tax services	295	3,930
Other services	272	58
	1,647	**4,553**

3 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	87,410	83,439
Pension costs	1,738	1,528
Other social security costs	8,395	9,297
Other staff costs	2,720	1,598
	100,263	**95,862**

Average number of full-time employees	**182**	**183**

	Remuneration of management 2021 DKK'000	Remuneration of management 2020 DKK'000
Total amount for management categories	2,600	2,600
	2,600	**2,600**

Special incentive programmes
MIE4 7 Datter ApS has issued 59,800 warrants to a number of senior executives and board members. Warrant holders may exercise warrants of one or more laps, until the earliest date, either (i) 31 December 2022 or (ii) at MIE 4 Holding 7 ApS' direct or indirect future exit in the Company. Each warrant entitles the holder to subscribe for one share of a nominal value of 1 DKK at an exercise price of between 270 and 289, corresponding to a total market value of between TDKK 16,119 and TDKK 17,291, depending on the time of utilization. New shares are issued without pre-emption rights for the company's existing shareholder, and there are no special conditions for exercising warrants. The executive employees and board members were charged TDKK 141 in 2018 and an accumulated charge og TDKK 1,182 for warrants. The payments are treated as an equity transaction, as the payer has no chance of claiming repayment.

All warrants are purchased and cancelled by Pure Fishing at closing, 1st February 2022.

Executive Board
According to section 98B(3) of the Danish Financial Statements Act, renumeration to the Executive Board has not been disclosed.

4 Other financial income

	2021 DKK'000	2020 DKK'000
Exchange rate adjustments	2,401	0
Other financial income	312	0
	2,713	**0**

5 Other financial expenses

	2021 DKK'000	2020 DKK'000
Exchange rate adjustments	520	4,714
Other financial expenses	10,709	15,292
	11,229	**20,006**

6 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	22,352	3,819
Change in deferred tax	(148)	0
Adjustment concerning previous years	(29)	0
	22,175	**3,819**

7 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Retained earnings	44,456	(7,410)
Minority interests' share of profit/loss	9,809	(1,639)
	54,265	**(9,049)**

8 Intangible assets

	Completed development projects DKK'000	Acquired patents DKK'000	Goodwill DKK'000
Cost beginning of year	18,662	4,735	344,246
Additions	2,016	645	0
Cost end of year	**20,678**	**5,380**	**344,246**
Amortisation and impairment losses beginning of year	(10,473)	(3,197)	(119,719)
Amortisation for the year	(1,711)	(860)	(22,913)
Amortisation and impairment losses end of year	**(12,184)**	**(4,057)**	**(142,632)**
Carrying amount end of year	**8,494**	**1,323**	**201,614**

9 Development projects

The Group's development expenses relates to capitalisation of costs in respect of filing for trademarks and patents and development of the Group's ERP system in connection with the Group's entrance on the US market.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	36,816	2,731
Additions	5,146	576
Cost end of year	**41,962**	**3,307**
Depreciation and impairment losses beginning of year	(26,374)	(1,092)
Depreciation for the year	(3,687)	(378)
Depreciation and impairment losses end of year	**(30,061)**	**(1,470)**
Carrying amount end of year	**11,901**	**1,837**

11 Financial assets

	Deposits DKK'000
Cost beginning of year	596
Additions	977
Disposals	(609)
Cost end of year	**964**
Carrying amount end of year	**964**

12 Deferred tax

	2021 DKK'000	2020 DKK'000
Intangible assets	(2,427)	(2,293)
Property, plant and equipment	1,130	1,635
Inventories	1,720	1,481
Receivables	2,087	1,539
Tax losses carried forward	0	4,375
Deferred tax	**2,510**	**6,737**

Changes during the year	2021 DKK'000	2020 DKK'000
Beginning of year	6,737	(1,737)
Recognised in the income statement	148	4,099
Other changes	(4,375)	4,375
End of year	**2,510**	**6,737**

Deferred tax assets

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

13 Other receivables

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. The company entered into forward contracts for hedging future purchases in USD for payments in EUR in 2022. At the balance sheet date, the fair value of derivative financial instruments amounts to DKK'000 4,833.

14 Prepayments

Prepayments consists of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

15 Contributed capital

	Number	Nominal value DKK'000
A-shares	150,000	150
B-shares	16,667	17
	166,667	**167**

The B-shares have a statutory right to dividend / liquidation proceeds which cannot exceed DKK'000 46,550 plus 10% interest p.a. from 30 March 2016 in accordance with article 3.2 of the articles of association.

16 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK'000
Bank loans	82,297
Other payables	23,773
	106,070

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. There is no debt due after more than 5 years.

17 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

18 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	(126,096)	21,535
Increase/decrease in receivables	(85,456)	380
Increase/decrease in trade payables etc.	57,012	30,796
Other changes	0	318
	(154,540)	**53,029**

19 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	25,695	16,287

20 Assets charged and collateral

The following assets have been placed as security with mortgage credit institutes:
The factoring of receivables, DKK'000 99,587, has been put up as security for the company's debt.

As security for the Group's credit facilities with Jyske Bank as of 31 December 2021, a floating company charge ("virksomhedspant") of up to nominal DKK'000 60,000 has been put up. The floating charge covers the Group's assets in general including inventories, trade receivables, tangible assets and intangible assets. AL Finans and the Group has also agreed on a pledge as security up to nominal DKK'000 1,432.

Collateral provided for group enterprises
As security for the group's bank debt, the parent company has pledged unlisted shares in a subsidiary.

21 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

22 Subsidiaries

	Registered in	Ownership %
MIE4 7 Datter ApS	Copenhagen, Denmark	80.31
- Neue Deutsche Angelgeräte Manufaktur Int. GmbH	Georgsmünd, Germany	80.31
- Svendsen Sport A/S	Gadstrup, Denmark	80.31
- Savage Gear Americas Inc.	Miramar, Florida, USA	80.31

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Other external expenses		(63)	(74)
Gross profit/loss		**(63)**	**(74)**
Income from investments in group enterprises		182	0
Other financial income	1	1,303	1,088
Other financial expenses		(1,346)	(1,094)
Profit/loss before tax		**76**	**(80)**
Tax on profit/loss for the year	2	57	18
Profit/loss for the year	3	**133**	**(62)**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Investments in group enterprises		204,163	205,082
Financial assets	4	**204,163**	**205,082**
Fixed assets		**204,163**	**205,082**
Receivables from group enterprises		23,586	22,443
Other receivables		78	0
Joint taxation contribution receivable		58	233
Receivables		**23,722**	**22,676**
Cash		**2,386**	**1,052**
Current assets		**26,108**	**23,728**
Assets		**230,271**	**228,810**

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		167	167
Retained earnings		206,268	206,135
Equity		**206,435**	**206,302**
Other payables		23,773	22,446
Non-current liabilities other than provisions	5	**23,773**	**22,446**
Trade payables		63	62
Current liabilities other than provisions		**63**	**62**
Liabilities other than provisions		**23,836**	**22,508**
Equity and liabilities		**230,271**	**228,810**
Employees	6		
Contingent liabilities	7		
Related parties with controlling interest	8		
Transactions with related parties	9		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	167	206,135	206,302
Profit/loss for the year	0	133	133
Equity end of year	**167**	**206,268**	**206,435**

Notes to parent financial statements

1 Other financial income

	2021 DKK'000	2020 DKK'000
Financial income from group enterprises	1,143	1,088
Other financial income	160	0
	1,303	**1,088**

2 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	(58)	(18)
Adjustment concerning previous years	1	0
	(57)	**(18)**

3 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	133	(62)
	133	**(62)**

4 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	205,082
Disposals	(919)
Cost end of year	**204,163**
Carrying amount end of year	**204,163**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

5 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK'000
Other payables	23,773
	23,773

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. There is no debt due after more than 5 years.

6 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

7 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities.

8 Related parties with controlling interest

Maj Invest Equity 4 K/S, København owns all shares in the Entity, thus exercising control.

9 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation and amortisation.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, MIE4 Holding 7 ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Profit or loss from divestment of enterprises

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the 12th month following the acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in “Amortisation, depreciation and impairment losses”.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue
Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. Geographic segments are regarded as the primary segments.

Incentive schemes
The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees in subsidiaries is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income statement

Revenue
Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other operating income
Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables
Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses
Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff costs
Staff expenses comprise wages and salaries as well as payroll expenses.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities and payables and transactions in foreign currencies etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities and payables and transactions in foreign currencies etc.

Tax on profit/loss for the year
The Company is jointly taxed with Danish subsidiaries and is registered as management company of the joint taxation. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance sheet

Goodwill
Acquired goodwill is measured at cost less accumulated depreciation and write-downs. Goodwill is amortized on a straight-line basis over the useful life, which is estimated at 10 years. The depreciation period is based on an assessment of the acquired company's market position and earnings profile.

Consolidated goodwill is amortized over 15 years. The amortization period of Group Goodwill has been determined on the basis of an assessment of strategically acquired companies with a strong market position and long-term earnings profile.

Intellectual property rights etc.
Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

Completed development projects include software licenses and development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and potential future market or development opportunity in the company can be demonstrated and where it is intended to produce, market or use the project if the cost price canbe reliably measured and there is sufficient assurance that future earnings can cover sales, administration and development costs. Development project are amortised on a straight-line basis over its useful life, which is assessed at 3-5 years.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	2-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets
The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in group enterprises
Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, writedown is made to this lower value.

Other fixed asset investments
Other fixed asset investments consist of deposits, which are measured at cost. Where cost exeeds the recoverable amount, write-down is made to this lower value.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables
Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Group's experience from previous years.

Current asset investments
Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price. Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

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

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

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

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

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Cash
Cash comprises cash in hand and bank deposits.

Treasury shares
Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Minority interests
Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Operating leases
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Other financial liabilities
Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income
Deferred income comprises payments received in respect of income in subsequent years.

Cash flow statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Current asset investments”. ”Current asset investments” consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records