KVIST & JENSEN
STATSAUTORISEREDE REVISORER

Lie ApS

Blegdamsvej 124, 2100 København Ø

Company reg. no. 36 99 68 62

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 24 June 2022.

Anne Marie Lie Norvig
Chairman of the meeting

Contents

Notes:

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

Management's statement

Today, the Managing Director has approved the annual report of Lie ApS for the financial year 1 January - 31 December 2021.

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

I consider the chosen accounting policy to be appropriate, and in my 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 and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2021.

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

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

København Ø, 7 April 2022

Managing Director

Anne Marie Lie Norvig

Independent auditor's report

To the Shareholders of Lie ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Lie ApS for the financial year 1 January to 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

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

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

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

Independent auditor's report

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Independent auditor's report

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

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

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

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

Our opinion on the consolidated financial statements and the parent company financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

DK-8960 Randers SØ, 7 April 2022

Kvist & Jensen
Kvist & Jensen State Authorized Public Accountants
Company reg. no. 36 71 77 85

Finn J. Vammen
State Authorised Public Accountant
mne19677

Company information

The company	Lie ApS Blegdamsvej 124 2100 København Ø	
	Company reg. no.	36 99 68 62
	Financial year:	1 January - 31 December
Managing Director	Anne Marie Lie Norvig	
Auditors	Kvist & Jensen Statsautoriseret Revisionspartnerselskab	
Subsidiaries	Liewood A/S, Copenhagen Liewood GmbH, Germany Liewood UK Limited, United Kingdom	

Consolidated financial highlights

DKK in thousands.	2021	2020
Income statement:		
Revenue	355.204	193.995
Gross profit	130.157	73.933
Profit from operating activities	85.045	50.439
Net financials	-2.808	277
Net profit or loss for the year	63.782	39.389
Statement of financial position:		
Balance sheet total	194.196	86.548
Investments in property, plant and equipment	5.469	2.233
Equity	90.777	51.729
Cash flows:		
Operating activities	-2.020	8.863
Investing activities	-7.911	-2.044
Financing activities	6.674	-2.038
Total cash flows	-3.256	4.780
Employees:		
Average number of full-time employees	64	31
Key figures in %:		
Gross margin ratio	36,6	38,1
Profit margin (EBIT-margin)	23,9	26,0
Acid test ratio	176,9	229,8
Solvency ratio	33,9	44,7
Return on equity	86,4	144,0

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management´s review

The principal activities of the group

The activities of the group and of Lie ApS are design, development, production, marketing and sale of interiors, toys, accessories, outerwear and lifestyle products to children as well as other related activity.

Development in activities and financial matters

LIEWOOD continues its growth and prepares for global transformation with a very satisfying result for 2021, where revenue has once again almost doubled, while the company has invested heavily in new hires and new headquarter in central Copenhagen.

The gross profit for the group for the year is 130 mDKK against 74 mDKK last year. The ordinary result after tax for the group amounts to 64 mDKK against 40 mDKK last year.

Revenue from LIEWOOD's own B2C channel has grown by 100% and total revenue by more than 84% compared to the previous year. Revenue growth is distributed primarily in the European markets, but especially from DACH where the growth has been more than 105%. In 2021, the customer base has grown by more than 40% compared to 2020.

LIEWOOD's continued growth is based on the company's unique brand position and follows the business plan and strategy, where annual growth must contribute to positioning LIEWOOD as a global lifestyle brand for children.

Anne Marie Lie Norvig founded LIEWOOD in 2015 and since then the lifestyle brand for children has doubled its turnover every year, while the number of employees has gone from 0 to about 100. The company has developed from being a startup to being a Danish company with international sales.
LIEWOOD has succeeded in hiring passionated and specialized employees who are ambitious and driven to achieve something great. This will also be needed in the future, where the next step is about the transformation into a global organization with Danish roots.

In addition to growth, the year 2021 also marked a number of positive events for LIEWOOD. The company was named a Gazelle by Danish newspaper Børsen, just as the founder, CEO and Creative Director of LIEWOOD, Anne Marie Lie Norvig, was named Owner Manager of the Year in the Capital Region by PwC in collaboration with Nykredit and Dansk Erhverv. In addition, the Danish headquarter recently moved into a new location on Blegdamsvej in Copenhagen, in order to accommodate the rapidly growing amount of employees and provide the right conditions for the company's continued positive development.

Above all, the year 2021 was a year that tested and proved the quality of LIEWOOD’s organization and culture. The changing market conditions and working conditions of the Corona pandemic have required new workflows in the entire organization. The creative process within a design company is largely a team task, and so it has been challenging for employees, due to Corona restrictions and safety measures, to work separately for large parts of the year.

Management´s review

In connection to this, it has been uplifting to experience the company's spirit, unity and culture breaking through in the way in which challenges have been met. Furthermore, in a market that was generally challenged in 2021 in light of the Corona pandemic's abrupt market and supply chain shutdown, it is extremely satisfying that LIEWOOD can report continued and strengthened growth.

Environmental Conditions

The company’s growth entails a greater responsibility to run the business in a sustainable way.

LIEWOOD uses sustainable materials like organic cotton, recycled polyester, nylon and plastic, certified wood, bamboo etc. in the production, as well as mono-materials for a large part of the textile production. The focus is continuously on researching new and responsible materials.

To secure that all materials used in the supply chain meet the REACH standards and EU regulations, LIEWOOD has an internal RSL (Restricted Substances List). The Code of Conduct and Supplier Manual is updated twice a year to make sure LIEWOOD follow the updated requirements.

In addition, LIEWOOD has an Internal Compliance Team who makes sure that all products are being tested for both safety and hazardous chemicals. All of the production goes through rigid QC inspections from our partners.

Branches abroad

LIEWOOD has established a foreign branch in the United Kingdom and in Germany.

Expected developments

LIEWOOD's ambitions for the future include continued growth. While 15% of the revenue comes from Scandinavia, the remaining 85% comes primarily from Europe. It also means that global markets are ahead. LIEWOOD expects to move into the Asian and American markets within a reasonable time horizon.

Financial Risks

Production and purchases are made outside Denmark and a significant part of the turnover is outside Denmark and settled in currencies other than DKK. LIEWOOD is thus exposed to ongoing fluctuations in exchange rates, which has an impact on both earnings and cash flows. Hedging is carried out on an ongoing basis to minimize risks. The USD in particular has had a negative effect on the result for the year. Only cash flows are hedged and not speculative.

Events after Balancing Act

After the balance sheet date, no circumstances have arisen which upset the assessment of the annual report.

Income statement 1 January - 31 December

All amounts in DKK.

Note		Group 2021	Group 2020	Parent 2021	Parent 2020
	Revenue	355.203.986	193.995.472	253.687	145.033
	Costs of raw materials and consumables	-185.340.476	-104.076.977	0	0
	Other external expenses	-39.706.552	-15.985.553	-267.486	-27.900
	Gross profit	**130.156.958**	**73.932.942**	**-13.799**	**117.133**
1	Staff costs	-43.530.222	-22.394.248	0	0
	Depreciation and impairment of non-current assets	-1.469.704	-1.099.495	-489.219	-489.219
	Other operating expenses	-112.255	0	0	0
	Operating profit	**85.044.777**	**50.439.199**	**-503.018**	**-372.086**
	Income from investments in subsidiaries	0	0	45.588.018	28.257.479
	Other financial income	262	412.306	150.262	726
	Other financial expenses	-2.808.493	-134.840	-54.492	-16.590
	Pre-tax net profit or loss	**82.236.546**	**50.716.665**	**45.180.770**	**27.869.529**
	Tax on net profit or loss for the year	-18.454.634	-11.327.990	-19.316	-22.641
2	**Net profit or loss for the year**	**63.781.912**	**39.388.675**	**45.161.454**	**27.846.888**
	Break-down of the consolidated profit or loss:				
	Shareholders in Lie ApS	45.161.454	27.846.888		
	Non-controlling interests	18.620.458	11.541.787		
		63.781.912	**39.388.675**		

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	Group 2021	Group 2020	Parent 2021	Parent 2020
	Non-current assets				
3	Acquired concessions, patents, licenses, trademarks, and similar rights	2.623.241	0	0	0
4	Goodwill	3.139.158	3.628.377	0	0
	Total intangible assets	5.762.399	3.628.377	0	0
5	Other fixtures and fittings, tools and equipment	5.253.280	1.813.711	0	0
6	Leasehold improvements	1.549.821	532.822	0	0
	Total property, plant, and equipment	6.803.101	2.346.533	0	0
7	Investments in subsidiaries	0	0	64.006.606	35.582.050
8	Deposits	313.720	575.450	0	0
	Total investments	313.720	575.450	64.006.606	35.582.050
	Total non-current assets	**12.879.220**	**6.550.360**	**64.006.606**	**35.582.050**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	Group 2021	Group 2020	Parent 2021	Parent 2020
	Current assets				
	Raw materials and consumables	100.956.533	43.159.990	0	0
	Work in progress	3.730.593	2.021.390	0	0
	Total inventories	104.687.126	45.181.380	0	0
	Trade receivables	44.139.568	15.544.388	0	219.669
	Receivables from subsidiaries	0	0	1.103.935	1.016.329
	Deferred tax assets	0	43.951	0	0
	Tax receivables from subsidiaries	0	0	17.218.534	8.466.692
	Other receivables	5.477.633	2.681.855	28.308	21.113
9	Prepayments	22.860.237	9.138.105	0	0
	Total receivables	72.477.438	27.408.299	18.350.777	9.723.803
	Cash and cash equivalents	4.151.922	7.408.014	915.041	1.916.558
	Total current assets	**181.316.486**	**79.997.693**	**19.265.818**	**11.640.361**
	Total assets	**194.195.706**	**86.548.053**	**83.272.424**	**47.222.411**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2021	Group 2020	Parent 2021	Parent 2020
	Equity				
	Contributed capital	50.000	50.000	50.000	50.000
	Reserve for net revaluation according to the equity method	0	0	56.498.500	29.337.762
	Reserve for hedging transactions	292.211	-783.546	0	0
	Retained earnings	65.572.994	39.411.539	9.366.706	9.290.232
	Equity before non-controlling interest.	65.915.205	38.677.993	65.915.206	38.677.994
	Non-controlling interests	24.861.351	13.051.499	0	0
	Total equity	**90.776.556**	**51.729.492**	**65.915.206**	**38.677.994**
	Provisions				
10	Provisions for deferred tax	925.384	0	0	0
	Total provisions	**925.384**	**0**	**0**	**0**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2021	Group 2020	Parent 2021	Parent 2020
	Long term labilities other than provisions				
	Bank loans	41.297.846	8.373.443	0	0
	Trade payables	27.724.280	5.777.034	42.233	15.081
	Income tax payable	17.237.850	8.379.086	17.237.850	8.379.086
	Other payables	16.233.790	12.288.998	77.135	150.250
	Total short term liabilities other than provisions	102.493.766	34.818.561	17.357.218	8.544.417
	Total liabilities other than provisions	**102.493.766**	**34.818.561**	**17.357.218**	**8.544.417**
	Total equity and liabilities	**194.195.706**	**86.548.053**	**83.272.424**	**47.222.411**

11 Charges and security

12 Contingencies

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for hedging transactions	Retained earnings	Non-controlling interests	Total
Equity 1 January 2021	50.000	-783.546	39.411.539	13.051.499	51.729.492
Retained earnings for the year	0	0	26.161.455	18.620.458	44.781.913
Extraordinary dividend adopted during the financial year	0	0	19.000.000	0	19.000.000
Distributed extraordinary dividend adopted during the financial year	0	0	-19.000.000	0	-19.000.000
Fair value adjustments of hedging instruments for the year	0	1.075.757	0	439.394	1.515.151
Non-controlling interests	0	0	0	-7.250.000	-7.250.000
	50.000	**292.211**	**65.572.994**	**24.861.351**	**90.776.556**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Reserve for hedging transactions	Retained earnings	Total
Equity 1 January 2021	50.000	29.337.762	0	9.290.233	38.677.995
Share of profit or loss	0	45.588.018	0	-19.426.564	26.161.454
Extraordinary dividend adopted during the financial year	0	0	0	19.000.000	19.000.000
Distributed extraordinary dividend adopted during the financial year	0	0	0	-19.000.000	-19.000.000
Distributed dividend	0	-17.750.000	0	17.750.000	0
Fair value adjustments of hedging instruments for the year	0	1.075.757	0	0	1.075.757
Movement	0	-1.753.037	0	1.753.037	0
	50.000	**56.498.500**	**0**	**9.366.706**	**65.915.206**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2021	2020
	Net profit or loss for the year	63.781.912	39.388.675
13	Adjustments	24.786.526	10.735.965
14	Change in working capital	-78.726.795	-38.025.176
	Cash flows from operating activities before net financials	9.841.643	12.099.464
	Interest received, etc.	260	412.306
	Interest paid, etc.	-2.808.493	-134.840
	Cash flows from ordinary activities	7.033.410	12.376.930
	Income tax paid	-9.053.086	-3.513.886
	Cash flows from operating activities	**-2.019.676**	**8.863.044**
	Purchase of intangible assets	-2.703.085	0
	Purchase of property, plant, and equipment	-5.469.464	-2.232.744
	Purchase of fixed asset investments	-672.106	0
	Sale of fixed asset investments	933.836	188.496
	Cash flows from investment activities	**-7.910.819**	**-2.044.248**
	Dividend paid	-26.250.000	-2.740.000
	Changes in short-term bank loans	32.924.403	701.587
	Cash flows from investment activities	**6.674.403**	**-2.038.413**
	Change in cash and cash equivalents	**-3.256.092**	**4.780.383**
	Cash and cash equivalents at 1 January 2021	7.408.014	2.627.631
	Cash and cash equivalents at 31 December 2021	**4.151.922**	**7.408.014**

	2021	2020
Cash and cash equivalents		
Cash and cash equivalents	4.151.922	7.408.014
Cash and cash equivalents at 31 December 2021	**4.151.922**	**7.408.014**

Notes

All amounts in DKK.

		Group 2021	Group 2020
1.	**Staff costs**		
	Salaries and wages	39.380.112	20.498.786
	Pension costs	3.673.282	1.671.226
	Other costs for social security	217.135	115.386
	Other staff costs	259.693	108.850
		43.530.222	**22.394.248**
	Executive board and board of directors	7.738.174	2.359.342
	Average number of employees	64	31

		Parent 2021	Parent 2020
2.	**Proposed appropriation of net profit**		
	Extraordinary dividend adopted during the financial year	19.000.000	1.000.000
	Reserves for net revaluation according to the equity method	45.588.018	29.337.762
	Allocated from retained earnings	-19.426.564	-2.490.874
	Total allocations and transfers	**45.161.454**	**27.846.888**

		Group 31/12 2021	Group 31/12 2020
3.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Additions during the year	2.703.085	0
	Cost 31 December 2021	**2.703.085**	**0**
	Amortisation and depreciation for the year	-79.844	0
	Amortisation and writedown 31 December 2021	**-79.844**	**0**
	Carrying amount, 31 December 2021	**2.623.241**	**0**

Notes

All amounts in DKK.

		Group	
		31/12 2021	31/12 2020
4.	**Goodwill**		
	Cost 1 January 2021	5.092.194	5.092.194
	Cost 31 December 2021	**5.092.194**	**5.092.194**
	Amortisation and writedown 1 January 2021	-1.463.817	-974.598
	Amortisation and depreciation for the year	-489.219	-489.219
	Amortisation and writedown 31 December 2021	**-1.953.036**	**-1.463.817**
	Carrying amount, 31 December 2021	**3.139.158**	**3.628.377**
5.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2021	2.626.147	742.859
	Additions during the year	4.169.308	1.883.288
	Disposals during the year	-448.850	0
	Cost 31 December 2021	**6.346.605**	**2.626.147**
	Amortisation and writedown 1 January 2021	-812.436	-400.828
	Amortisation and depreciation for the year	-665.971	-411.608
	Depreciation, amortisation and impairment loss for the year, assets disposed of	385.082	0
	Amortisation and writedown 31 December 2021	**-1.093.325**	**-812.436**
	Carrying amount, 31 December 2021	**5.253.280**	**1.813.711**

Notes

All amounts in DKK.

		Group	
		31/12 2021	31/12 2020
6.	**Leasehold improvements**		
	Cost 1 January 2021	1.195.226	845.770
	Additions during the year	1.300.156	349.456
	Disposals during the year	-345.016	0
	Cost 31 December 2021	**2.150.366**	**1.195.226**
	Depreciation and writedown 1 January 2021	-662.404	-463.157
	Amortisation and depreciation for the year	-234.670	-199.247
	Depreciation, amortisation and mnpairment loss for the year, assets disposed of	296.529	0
	Depreciation and writedown 31 December 2021	**-600.545**	**-662.404**
	Carrying amount, 31 December 2021	**1.549.821**	**532.822**

Notes

All amounts in DKK.

		Parent	
		31/12 2021	31/12 2020
7.	**Investments in subsidiaries**		
	Cost 1 January 2021	7.508.104	7.508.104
	Cost 31 December 2021	**7.508.104**	**7.508.104**
	Revaluations, opening balance 1 January 2021	29.337.762	6.123.828
	Net profit or loss for the year before amortisation of goodwill	45.588.018	28.257.480
	Dividend	-17.750.000	-4.260.000
	Other movements in capital 1	1.075.757	-783.546
	Revaluation 31 December 2021	**58.251.537**	**29.337.762**
	Amortisation of goodwill, opening balance 1 January 2021	-1.263.816	-774.597
	Amortisation of goodwill for the year	-489.219	-489.219
	Depreciation on goodwill 31 December 2021	**-1.753.035**	**-1.263.816**
	Carrying amount, 31 December 2021	**64.006.606**	**35.582.050**
	The item includes goodwill with an amount of	3.129.158	3.628.377

Subsidiaries:

	Domicile	**Equity interest**
Liewood A/S	Copenhagen	71 %
Liewood GmbH	Germany	71 %
Liewood UK Limited	United Kingdom	71 %

		Group	
		31/12 2021	31/12 2020
8.	**Deposits**		
	Cost 1 January 2021	575.450	575.450
	Additions during the year	672.106	0
	Disposals during the year	-933.836	0
	Cost 31 December 2021	**313.720**	**575.450**
	Carrying amount, 31 December 2021	**313.720**	**575.450**

Notes

All amounts in DKK.

9. Prepayments

Prepayments with supplier

	Group 31/12 2021	Group 31/12 2020
10. Provisions for deferred tax		
Provisions for deferred tax 1 January 2021	-43.951	-73.587
Deferred tax relating to the net profit or loss for the year	969.335	29.636
	925.384	**-43.951**

11. Charges and security

The bank has issued a payment guarantee of TDKK 3.491.

For bank loans, TDKK 41.297, the group has provided security in group assets representing a nominal value of TDKK 40.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	104.687
Trade receivables	44.139
Other fixtures and fittings, tools and equipment	5.253
Leasehold improvements	1.550
Acquired concessions, patents, licenses, trademarks, and similar rights	2.623

12. Contingencies

Contingent liabilities

Lease liabilities

The group has entered into operational leases with an average annual lease payment of TDKK 83. The leases have up to 36 months to maturity and total outstanding lease payments total TDKK 750.

Notes

All amounts in DKK.

12. Contingencies (continued)

Contingent liabilities (continued)

Contingent liabilities

The group has entered into a lease on premises. This contract is non-cancellable until 1 February 2027. The annual rent amounts to TDKK 4.638.

The group has entered into a lease in stock. This contract is non-cancellable until 31 July 2023.

Joint taxation

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

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

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

	Group	
	2021	2020
13. Adjustments		
Depreciation, amortisation, and impairment	1.469.704	1.099.495
Loss from disposal of non-current assets	112.255	0
Other financial income	-262	-412.306
Other financial expenses	2.808.493	134.840
Tax on net profit or loss for the year	18.454.634	11.327.990
Other adjustments	1.941.702	-1.414.054
	24.786.526	**10.735.965**

14. Change in working capital		
Change in inventories	-59.505.746	-31.878.689
Change in receivables	-45.113.092	-17.152.132
Change in trade payables and other payables	25.892.043	11.005.645
	-78.726.795	**-38.025.176**

Accounting policies

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

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

Recognition and measurement in general

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

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

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

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

Foreign currency translation

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

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

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

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

Accounting policies

The consolidated financial statements

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

Consolidation policies

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

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

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

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Income statement

Revenue

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

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

Accounting policies

Cost of sales

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

Other external expenses

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

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

Results from investments in subsidiaries

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

Tax on net profit or loss for the year

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

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

Accounting policies

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

Statement of financial position

Intangible assets

Development projects, patents, and licences

It software are measured at cost less accrued amortisation. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 3 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

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

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

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

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

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-8 years	0-20 %

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

Accounting policies

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

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

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

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

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

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

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Investments in subsidiaries

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

Accounting policies

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

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 10 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

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

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

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

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

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

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

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

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Accounting policies

Receivables

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

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

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

Cash and cash equivalents

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

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for hedging transactions

The reserve for hedging transactions arises when hedging instruments are subject to fair value adjustments.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Income tax and deferred tax

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

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

Accounting policies

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

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

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

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

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

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

Liabilities other than provisions

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

Statement of cash flows

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

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

Cash flows from operating activities

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

Accounting policies

Cash flows from investment activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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