Deloitte.

Kate Acquisition ApS

Ejlersvej 24
6000 Kolding
CVR No. 38424548

Annual report 2020

The Annual General Meeting adopted the annual report on 03.03.2021

Kim Hyldahl
Chairman of the General Meeting

Contents

Entity details

Entity

Kate Acquisition ApS

Ejlersvej 24

6000 Kolding

Business Registration No.: 38424548

Registered office: Kolding

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Kim Hyldahl

Hans-Christian Ohrt

David Skjødt

Executive Board

Kim Hyldahl

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kate Acquisition ApS for the financial year 01.01.2020 - 31.12.2020

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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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.

Kolding, 26.01.2021

Executive Board

Kim Hyldahl

Board of Directors

Kim Hyldahl **Hans-Christian Ohrt**

David Skjødt

Independent auditor's report

To the shareholders of Kate Acquisition ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Kate Acquisition ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity 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 consolidated financial statements and the parent 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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.

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

- Obtain sufficient and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Kolding, 26.01.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz
State Authorised Public Accountant
Identification No (MNE) mne34145

Lars Dam Østergaard
State Authorised Public Accountant
Identification No (MNE) mne34501

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures				
Revenue	412,521	448,756	390,663	209,720
Gross profit/loss	109,100	128,241	115,691	55,218
Operating profit/loss	55,660	79,076	68,169	17,455
Net financials	(3,149)	(3,673)	(4,078)	(4,334)
Profit/loss for the year	34,401	51,538	43,391	4,724
Balance sheet total	269,574	295,507	317,564	275,394
Investments in property, plant and equipment	1,398	1,699	1,597	4,187
Equity	223,865	189,464	137,926	94,536
Ratios				
Gross margin (%)	26.45	28.58	29.61	26.33
Net margin (%)	8.34	11.48	11.11	2.25
Equity ratio (%)	83.04	64.11	43.43	34.33

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/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

The company's activity consists in development, manufacturing, sale, and distribution of fashion clothing.

Development in activities and finances

The net revenue is DKK 412,521k, which is below the expectation going into 2020. The restrictions and lockdowns around Europe caused by the COVID 19 pandemic has affected the activities notably. In this way it was not possible to grow turnover and gross profit as expected before COVID-19.

The negative impact has however been less comprehensive for MOS MOSH than feared and we attribute this to a very close and mutual loyal relationship with our customers and the strength of our brand among the consumers.

In March 2020, we took a strategic initiative to support our customers through the first COIVID-19 wave by providing extended payment terms and by giving extraordinary discounts. This strategic initiative has reduced our gross margin in 2020 but equivalently improved it at our customers.

The profit after tax for the year amounted to DKK 34,401k.
Given the situation, the management is overall satisfied with the results of 2020.

Outlook

Our orderbook is record high and our men's brand MOS MOSH Gallery has met our expectations and we see the reception in the market that we hope for, when introducing the brand in Autumn 2020.

Despite the uncertain situation, we expect a solid growth in 2021 but the result of 2021 is depending on the development of the COVID 19 pandemic.

Particular risks

No special risks are deemed to exist.

The majority of both our purchase and our sales are made in euro. This minimizes risk of fluctuation.

Trading is based on a thorough evaluation of creditworthiness which include the ability to achieve insurance coverage. The risk of loss on receivables is hereby controlled and limited.

Knowledge resources

The company's most critical resources include the skills and knowledge of the employees. Thus, the company continually strive to stay attractive for the employees.

Statutory report on corporate social responsibility

Introduction

At Mos Mosh we take our social responsibility seriously. It is an integrated part of how we are doing business from our headquarters in Kolding, and towards suppliers and business partners, who reside mainly in Europe. Our main business activities consist of development, manufacturing, sale and distribution of fashion clothing. The company has dedicated 34 dedicated employees in 2020.

We have established four principles guiding our work.

Fairness

The love for what we do and the respect for the people who are involved in our organization, is what makes Mos Mosh truly unique - all the way from production to final product. Our factories adhere to an ethical Code of Conduct, that ensures fair wages and working conditions for anyone involved in the production of our collections.

Responsibility
We source and use high quality fabrics and fibers including those which are considered to be less impactful on our environment. We do our best to stay in the loop regarding new, sustainable initiatives and opportunities and we understand the importance of being innovative and acting regarding a less impactful fashion future.

Lasting quality
We believe in good craftsmanship, lasting quality, and innovative designs that our customers can love for years to come. Perfect fits, luxurious fabrics and a love for the small details are what define our collections.

Sustainability
About 85 % of our garments are produced within Europe. This means we are able to meet high quality standards and legislation within the field of sustainability and ethics in the production compared to conventional means. Keeping our production close to us also means less resources spent in transportation context.

Principal risks and their management
Our company is committed to avoiding and addressing adverse impacts on the basic principles for social, environmental, and economic development that we cause, contribute to, or are linked to via our business relationships. As the principal risk areas, we have identified:

- the risk of human and labor rights not being fully protected in our supply chain,
- the risk of a negative impact on the environment and climate especially in relation to our sourcing of cotton, which is our main resource material for our production.
- the risk of our business partners not acting with sufficient integrity and avoiding contributing to bribery,
- the risk of our contribution to negative impact on animal welfare in the materials which we source.
  In the sections below, we have outlined how we work to avoid and mitigate these risks.

Policies
Our policies are written down in our Code of Conduct which was established in February 2019. The policies are embedded in the way we work at Mos Mosh and apply to our suppliers through the Code of Conduct.

The Code of Conduct is based on the ten principles of the UN Global Compact and is aligned with the UN Guiding Principles of Business and Human Rights. The Code encompasses

- human rights/labor rights
- environment
- anti-corruption
- animal welfare

The main requirements to our suppliers in the Code of Conduct is to

1) Establish a policy covering the policy topics, integrate it in business processes and towards sub-suppliers,

2) Perform due diligence processes to prevent and mitigate possible adverse impacts, and
3) Provide access to remedy.

We see the Code of Conduct as a tool for cooperation and dialogue about improving systems to manage adverse impacts on the topics covered. We know that establishing the required processes outlined in this Code of Conduct requires both time and resources; both in our own operations and with our suppliers. However, we expect our suppliers to follow the code, and we have reserved the right to monitor and audit compliance.

Actions

Code of conduct implementation in the supplier relation

Our collaboration with suppliers of fabric, garments etc. to our clothing is characterized by long term relationships in which we rely on a selected number of suppliers. This means that the suppliers know our values well. Since the publication of our Code of Conduct, we have distributed it to our suppliers and all of them have signed it. Should we onboard new suppliers, they will be asked to sign the Code of Conduct as well. Our following up on compliance will be an integrated part of future supplier visits and dialogue.

Sustainable fibers

First of all, we believe that good quality and timeless pieces are the baseline for sustainable fashion.
At Mos Mosh we create products that lives up to our customers' requirements in regard to quality and sustainability, while still meeting their need for fashionable items.

We have for a long time been using sustainable materials, and we are constantly searching for new sustainable fabric options when setting up our next collections. This means that we are using organic cotton, EcoVero, Lyocel and recycled polyester and polyamide, recycled postconsumer cotton, Responsible Down amongst other in our collections. We are furthermore working on increasing the share of 'more sustainable cotton' including Better Cotton, Organic Cotton and Recycled Cotton.

This means that we are increasing the number of styles containing better and more sustainable fibers. This year we have worked hard to be able to back this info with solid data and to categorize this data into a more transparent overview.

We have categorized the fibers we used into black, red, orange, yellow and green. Where black is fibers, that we are not using and the red and orange are fibers we wish to move away from. Most conventional fibers, meaning fibers, where we have not made an effort towards sustainability is placed in Orange and Red and then the more sustainable alternatives are categorized as yellow and green. Yellow is ok to use and for green – an extra effort has been made towards a more sustainable fiber. The categorization of the fibers is based on an environmental concern.

When we measure the number of sustainable fibers used currently, we know that:

55% of the fibers from everything we produced were made from fibers in the Green and Yellow part of our classification of sustainable fibers.

Our main leather supplier has the Certificate of LWG (leather working group) This certificate is specially inspected only for LEATHER TANNERIES. Our tannery is a Top Gold rated audited which contains the origin of animals, their
environment, social complaint of the tannery and working conditions. We also use recyclable plastics in all our

polybags from end 2019.

We want our customers to make sustainable choices as well. To make that easier for them, we have added text and symbols on all sustainable products. Furthermore, we are adding a hangtag on all our sustainable products to shortly inform about the sustainable initiatives taken on that specific garment. We believe that by contributing with information to buyers and consumers, our initiatives will have a larger impact.

Results in 2020

We believe that the efforts done in 2020 has contributed to strengthening our work and profile as a sustainable company. Examples of what we have accomplished in 2020 are:

- A complete mapping of all our Tier 1 suppliers and their audits has been gathered
- We have gathered all data on our fiber consumption and grouped these according our sustainability assessment. Visualizing our sustainability measured on fiber consumption.
  55% of our fiber consumption in 2020 was sustainable.
- We have held internal training to strengthen the knowledge of the sustainable parameters, such as fiber properties and environmental issues.
- A Q&A and small dictionary has been developed to improve internal and external communication in sustainability-
- A fiber strategi is completed, setting targets for 2023 and 2026 fiber consumption in relation to sustainability.
- Certification of GOTS, RWS and GRS has been initiated.
- 76% of our cotton sourced in 2020 was “more sustainable cotton”. “More sustainable cotton” includes Better Cotton, Organic Cotton or Recycled Cotton.’ This was an increase from approximately 25% in 2019.
- New washing houses from our main denim supplier’s denim is completed.

Expectations for 2021

In general, we will strive to further develop, implement and professionalize our work in this field within our own company and towards suppliers. More specifically, we have set the following goals for 2021:

- A thorough strategy concerning sustainability will be completed. And communicated in different channels.
- 90% of our cotton sourced will be ‘more sustainable cotton’ by 2021
- 69% sustainable fibers 2023 as a three-year target will also affect the sustainable fiber consumption in 2021.
- Certification GOTS, RWS and GRS will be completed, and a group of styles will be made in these with these certifications.

- A complete test and audit program will be implemented.

- We will be mapping our packing-material consumption and from that describe a strategy.

- We will map our CO_2 emission.

Statutory report on the underrepresented gender

The company's Board of Directors consisted of 3 members, all male, in 2020. The board has set a target of having at least one female member of the board by end 2020 which has not been accomplished. The wish to have both gender represented in the Board of Directors is however still relevant and the intention is to achieve this by

expanding the Board of Directors in 2021.

Since the company has less than 50 employees, we have chosen not to establish a policy for the underrepresented gender in the other management levels.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue	1	412,520,526	448,755,701
Other operating income	2	661,766	0
Cost of sales		(286,229,628)	(296,252,809)
Other external expenses	3	(17,852,628)	(24,261,846)
Gross profit/loss		**109,100,036**	**128,241,046**
Staff costs	4	(22,033,716)	(18,057,454)
Depreciation, amortisation and impairment losses	5	(31,406,781)	(31,107,989)
Operating profit/loss		**55,659,539**	**79,075,603**
Other financial income		743,781	688,859
Other financial expenses		(3,892,471)	(4,361,614)
Profit/loss before tax		**52,510,849**	**75,402,848**
Tax on profit/loss for the year	6	(18,109,517)	(23,865,144)
Profit/loss for the year	7	**34,401,332**	**51,537,704**

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired intangible assets		991,252	362,313
Acquired trademarks		0	23,316
Goodwill		93,940,855	123,606,389
Intangible assets	8	**94,932,107**	**123,992,018**
Other fixtures and fittings, tools and equipment		1,187,893	1,347,067
Leasehold improvements		1,240,358	1,062,458
Property, plant and equipment	9	**2,428,251**	**2,409,525**
Other investments		1,050	1,050
Deposits		524,708	478,786
Fixed asset investments	10	**525,758**	**479,836**
Fixed assets		**97,886,116**	**126,881,379**
Manufactured goods and goods for resale		49,509,388	64,643,079
Prepayments for goods		5,866,465	11,222,992
Inventories		**55,375,853**	**75,866,071**
Trade receivables		22,076,627	24,118,333
Deferred tax	12	125,695	185,447
Other receivables		71,235	255,380
Tax receivable		2,504,235	1,355,487
Prepayments	13	378,962	1,295,065
Receivables		**25,156,754**	**27,209,712**
Cash		**91,155,183**	**65,550,319**
Current assets		**171,687,790**	**168,626,102**
Assets		**269,573,906**	**295,507,481**

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	14	72,464	72,464
Retained earnings		223,792,908	189,391,576
Equity		**223,865,372**	**189,464,040**
Other payables		1,780,571	577,370
Non-current liabilities other than provisions	15	**1,780,571**	**577,370**
Prepayments received from customers		100,000	90,000
Trade payables		39,251,415	59,752,004
Payables to owners and management		1,573,999	43,673,999
Other payables		3,002,549	1,950,068
Current liabilities other than provisions		**43,927,963**	**105,466,071**
Liabilities other than provisions		**45,708,534**	**106,043,441**
Equity and liabilities		**269,573,906**	**295,507,481**
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	72,464	189,391,576	189,464,040
Profit/loss for the year	0	34,401,332	34,401,332
Equity end of year	**72,464**	**223,792,908**	**223,865,372**

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		55,659,539	79,075,603
Amortisation, depreciation and impairment losses		31,406,781	31,107,989
Working capital changes	16	3,628,679	(6,489,359)
Cash flow from ordinary operating activities		**90,694,999**	**103,694,233**
Financial income received		743,781	688,859
Financial expenses paid		(3,892,471)	(4,361,614)
Taxes refunded/(paid)		(17,529,927)	(26,173,403)
Cash flows from operating activities		**70,016,382**	**73,848,075**
Acquisition etc. of intangible assets		(967,406)	0
Acquisition etc. of property, plant and equipment		(1,398,190)	(1,699,229)
Acquisition of fixed asset investments		(45,922)	(365,214)
Cash flows from investing activities		**(2,411,518)**	**(2,064,443)**
Free cash flows generated from operations and investments before financing		**67,604,864**	**71,783,632**
Repayments of loans etc.		(42,000,000)	(80,000,000)
Cash flows from financing activities		**(42,000,000)**	**(80,000,000)**
Increase/decrease in cash and cash equivalents		**25,604,864**	**(8,216,368)**
Cash and cash equivalents beginning of year		65,550,319	73,766,687
Cash and cash equivalents end of year		**91,155,183**	**65,550,319**
Cash and cash equivalents at year-end are composed of:			
Cash		91,155,183	65,550,319
Cash and cash equivalents end of year		**91,155,183**	**65,550,319**

Notes to consolidated financial statements

1 Revenue

	2020 DKK
DACH area	190,733,312
Scandinavia area	126,826,902
Benelux area	39,761,701
Other countries	55,198,611
Total revenue by geographical market	**412,520,526**

2 Other operating income

Other operating income relates to salary compensation received as a result of the COVID19

3 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK	2019 DKK
Statutory audit services	158,250	155,000
Other assurance engagements	66,750	90,000
Other services	27,500	57,000
	252,500	**302,000**

4 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	18,979,738	15,053,480
Pension costs	2,118,251	1,879,996
Other social security costs	309,749	255,293
Other staff costs	625,978	868,685
	22,033,716	**18,057,454**
Average number of full-time employees	**35**	**32**

	Remuneration of management 2020 DKK	Remuneration of management 2019 DKK
Total amount for management categories	1,879,518	1,492,142
	1,879,518	**1,492,142**

5 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	30,027,317	29,684,182
Depreciation on property, plant and equipment	1,379,464	1,423,807
	31,406,781	**31,107,989**

6 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	18,049,765	23,896,513
Change in deferred tax	59,752	(29,873)
Adjustment concerning previous years	0	(1,496)
	18,109,517	**23,865,144**

7 Proposed distribution of profit/loss

	2020 DKK	2019 DKK
Retained earnings	34,401,332	51,537,704
	34,401,332	**51,537,704**

8 Intangible assets

	Acquired intangible assets DKK	Acquired trademarks DKK	Goodwill DKK
Cost beginning of year	362,313	114,600	207,698,735
Additions	967,406	0	0
Cost end of year	**1,329,719**	**114,600**	**207,698,735**
Amortisation and impairment losses beginning of year	0	(91,284)	(84,092,346)
Amortisation for the year	(338,467)	(23,316)	(29,665,534)
Amortisation and impairment losses end of year	**(338,467)**	**(114,600)**	**(113,757,880)**
Carrying amount end of year	**991,252**	**0**	**93,940,855**

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	4,795,510	2,139,396
Additions	633,550	764,640
Cost end of year	**5,429,060**	**2,904,036**
Depreciation and impairment losses beginning of year	(3,448,443)	(1,076,938)
Depreciation for the year	(792,724)	(586,740)
Depreciation and impairment losses end of year	**(4,241,167)**	**(1,663,678)**
Carrying amount end of year	**1,187,893**	**1,240,358**

10 Fixed asset investments

	Deposits DKK
Cost beginning of year	478,786
Additions	45,922
Cost end of year	**524,708**
Carrying amount end of year	**524,708**

11 Inventories

	2020 DKK	2019 DKK
Manufactured goods and goods for resale	25.801.718,58	34.769.846
Manufactured goods along the way	23.707.669,00	29.873.233
Prepayments for goods	5.866.465,19	11.222.992
	55.375.853	**75.866.071**

12 Deferred tax

	2020 DKK	2019 DKK
Intangible assets	(211,907)	(75,069)
Property, plant and equipment	314,137	237,051
Fixed asset investments	23,465	23,465
Deferred tax	**125,695**	**185,447**

Changes during the year	2020 DKK	2019 DKK
Beginning of year	185,447	131,814
Recognised in the income statement	(59,752)	53,633
End of year	**125,695**	**185,447**

Deferred tax consists of differences between accounting and tax values.

13 Prepayments

Prepayments relate to various prepaid items.

14 Contributed capital

	Number	Par value DKK	Nominal value DKK
A Shares	22,461	22,461	22,461
B Shares	50,001	50,001	50,001
C Shares	2	2	2
	72,464		**72,464**

15 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Other payables	1,780,571
	1,780,571

16 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in inventories	20,490,218	(12,010,515)
Increase/decrease in receivables	3,141,951	(2,553,433)
Increase/decrease in trade payables etc.	(20,003,490)	8,074,589
	3,628,679	**(6,489,359)**

17 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Total liabilities under rental or lease agreements until maturity	**6,088,829**	**6,983,229**

18 Contingent liabilities

	2020 DKK	2019 DKK
Other contingent liabilities	4,822,473	1,018,964
Contingent liabilities	**4,822,473**	**1,018,964**

Other contingent liabilities consists of letters of credit in Sydbank A/S.

19 Assets charged and collateral

The Entity’s bank has a company mortgage on DKK 8.000k nominal. The mortgage are secured by inventories and trade receivables. Carrying amount of mortgaged assets are DKK 68.380 k.

20 Subsidiaries

	Registered in	Corporate form	Ownership %
MM & ten A/S	Kolding	A/S	100
Mos Mosh A/S	Kolding	A/S	100

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Other operating income		1,872,000	1,800,000
Other external expenses		(710,888)	(3,788,627)
Gross profit/loss		**1,161,112**	**(1,988,627)**
Staff costs	1	(1,647,924)	(1,453,502)
Operating profit/loss		**(486,812)**	**(3,442,129)**
Income from investments in group enterprises		36,054,355	57,734,459
Other financial expenses	2	(1,620,045)	(3,617,785)
Profit/loss before tax		**33,947,498**	**50,674,545**
Tax on profit/loss for the year	3	463,807	873,024
Profit/loss for the year	4	**34,411,305**	**51,547,569**

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Investments in group enterprises		221,104,105	229,049,750
Fixed asset investments	5	**221,104,105**	**229,049,750**
Fixed assets		**221,104,105**	**229,049,750**
Receivables from group enterprises		1,986,619	318,035
Tax receivable		2,504,235	2,126,000
Joint taxation contribution receivable		0	895,288
Receivables		**4,490,854**	**3,339,323**
Cash		**3,063,091**	**2,802,670**
Current assets		**7,553,945**	**6,141,993**
Assets		**228,658,050**	**235,191,743**

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		72,464	72,464
Retained earnings		225,126,981	190,715,676
Equity		**225,199,445**	**190,788,140**
Trade payables		458,663	1,563,408
Payables to group enterprises		216,662	213,879
Payables to owners and management		0	42,100,000
Joint taxation contribution payable		2,040,428	0
Other payables		742,852	526,316
Current liabilities other than provisions		**3,458,605**	**44,403,603**
Liabilities other than provisions		**3,458,605**	**44,403,603**
Equity and liabilities		**228,658,050**	**235,191,743**
Contingent liabilities	6		
Related parties with controlling interest	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	72,464	190,715,676	190,788,140
Profit/loss for the year	0	34,411,305	34,411,305
Equity end of year	**72,464**	**225,126,981**	**225,199,445**

Notes to parent financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	1,506,234	1,310,536
Pension costs	136,187	136,800
Other social security costs	5,503	6,166
	1,647,924	**1,453,502**

Average number of full-time employees	**1**	**1**

2 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	0	9,163
Other interest expenses	1,618,983	3,607,664
Exchange rate adjustments	1,062	958
	1,620,045	**3,617,785**

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	0	23,760
Adjustment concerning previous years	0	(1,496)
Refund in joint taxation arrangement	(463,807)	(895,288)
	(463,807)	**(873,024)**

4 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	34,411,305	51,547,569
	34,411,305	**51,547,569**

5 Fixed asset investments

	Investments in group enterprises DKK
Cost beginning of year	229,914,789
Cost end of year	**229,914,789**
Revaluations beginning of year	(865,039)
Amortisation of goodwill	(29,665,534)
Share of profit/loss for the year	65,719,889
Dividend	(44,000,000)
Revaluations end of year	**(8,810,684)**
Carrying amount end of year	**221,104,105**

Carrying amount of goodwill included in investments in group enterprises DKK 93,941k

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

6 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, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

7 Related parties with controlling interest

TopCo Neun Holding GmbH, HRB 231432, AG München holds 69% of the shares in the Company.

8 Transactions with related parties

The annual report discloses only transactions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

Accounting policies

Reporting class

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

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the takeover date, with net assets having been calculated at fair value.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed on an annual basis. The amortisation periods used
are 4 to 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets.

Useful lives are reassessed annually. The amortisation periods used are 7 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments
Other investments comprise unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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 incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the

goods agreed or completion of the service agreed.

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.