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Kate Acquisition ApS

Ejlersvej 24
6000 Kolding
CVR No. 38424548

Annual report 2021

The Annual General Meeting adopted the annual report on 28.01.2022

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: 01.01.2021 - 31.12.2021

Board of Directors

Hans-Christian Ohrt, Chairman of the board

David Skjødt, Vice chairman of the board

Kim Hyldahl

Executive Board

Kim Hyldahl, CEO

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 01.01.2021 - 31.12.2021.

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

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

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

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

Kolding, 28.01.2022

Executive Board

Kim Hyldahl
CEO

Board of Directors

Hans-Christian Ohrt
Chairman of the board

David Skjødt
Vice chairman of the board

Kim Hyldahl

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 28.01.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Morten Almtoft Lund
State Authorised Public Accountant
Identification No (MNE) mne41365

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	466,414	412,521	448,756	390,663	209,720
Gross profit/loss	124,796	109,100	128,241	115,691	55,218
Operating profit/loss	68,422	55,660	79,076	68,169	17,455
Net financials	121	(3,149)	(3,673)	(4,078)	(4,334)
Profit/loss for the year	46,871	34,401	51,538	43,391	4,724
Balance sheet total	324,388	269,574	295,507	317,564	275,394
Investments in property, plant and equipment	1,912	1,398	1,699	1,597	4,187
Equity	270,736	223,865	189,464	137,926	94,536
Ratios					
Gross margin (%)	26.76	26.45	28.58	29.61	26.33
Net margin (%)	10.05	8.34	11.48	11.11	2.25
Equity ratio (%)	83.46	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 group's activity consists in development, manufacturing, sale, and distribution of fashion clothing.

Development in activities and finances

The net revenue is DKK 466.414k, which is a growth of 13 % from 2020. The restrictions and lockdowns around Europe caused by the COVID 19 pandemic has however continued to affect negatively in 2021 and curbed the growth compared to our initial expectations.

The profit after tax for the year amounted to DKK 46.871k.

Profit/loss for the year in relation to expected developments

The management is overall satisfied with the results of 2021. The market situation has been difficult and unpredictable on both the customers and the suppliers side but we have managed to maintain and develop our position as a brand and as a highly valued business partner.

Outlook

The management expects 2022 to show a similar or even higher growth rate as in 2021. The orderbook going into 2022 is more than 30 % higher than last year and our men's brand MOS MOSH Gallery will contribute significant to the overall growth.

The group will in 2022 continue the substantial investment program in developing the organization and digitalization. The fundamental core value of the group regarding responsible behavior towards whoever we meet in our daily activity, will also in 2022 be backed by considerable investments in below mentioned csr initiatives.

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 group had 39 dedicated employees in 2021.

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, responsible 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.

Responsibility
About 70 % of our garments are produced within Europe. This means we are able to meet high quality standards and legislation within the field of responsibility 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.

Responsible fibers

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

We have for a long time been using responsible materials, and we are constantly searching for new responsible fabric options when setting up our next collections. This means that we are using 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 BCI (Better Cotton Initiative), Organic Cotton and Recycled Cotton.

Hence we are increasing the number of styles containing better and more responsible fibers. This year up to 54% of all styles are designed to include more responsible yarn fibers.

To us sustainable fibers are categorized into five categories. 1. Fibers we love, 2. Fibers we like, 3. Fibers that are ok, but not great, 4. Fibers we don't see as responsible, 5. Fibers we don´t use. The categorization of the fibers is based on animal welfare and environmental concerns. Our aim is that in 2026 40% of all fibers is placed in group 1. By early 2022 will start defining our "responsible fiber" strategi roadmap to accomplish this goal. We will keep on implementing and develop this goal in the years to come.

We want our customers to make responsible choices. To make that easier for them, we have added hangtags on all responsible garments. The hangtags include short information about the responsible initiatives taken for that specific garment. We believe that by contributing with information to buyers and consumers, our initiatives will have a larger impact.

Data ethics

At Mos Mosh, we are conscious and aware of the many opportunities and uncertainties that come with the digital transformation. As part of our work to ensure best practice in handling data responsibly and in accordance with the General Data Protection Regulation (GDPR), we have articulated our requirements and expectations to our employees around GDPR in a policy and procedures.

At Mos Mosh, we do not use complex technology such as artificial intelligence (AI) or machine learning as our data landscape is fairly simple at the moment.

Based on the above, we have not found it necessary to develop a specific policy around data ethics. However, at Mos Mosh, we continuously consider ethical matters, in the way we handle and use data in order to ensure the rights and expectations of our employees and our customers.

Results in 2021.
We believe that the efforts done in 2021 has contributed to strengthening our work and profile as a sustainable company. Examples of what we have accomplished in 2021 are:

- Mos Mosh obtained Certification for GOTS (Global Organic Textile Standard), RWS (Responsible Wool Standard) and GRS (Global Recycling Standard). First audit was performed by Control Union in May 2021. The first orders of GOTS and RWS have been placed.

• In 2021, to date, 127.000 kg of BCI cotton (Better Cotton Initiative) have been purchased from our suppliers, this cotton has been used for Mos Mosh garment production. Compared to last year this is an increase of 52.000 kilos.

• Mos Mosh have obtained the first EcoVero Lenzing Product License approvals.

• Our fiber strategy has been completed, setting targets for 2023 and 2026 fiber consumption in relation to responsibility.

• Code of Conduct, Ethical Sourcing Requirements and Mos Mosh Sustainability & CSR policy have been distributed internally and to our suppliers. In total 21 out of 25 suppliers have signed both Code of Conduct and Ethical Sourcing Requirements. Also due to Covid-19 related travel restriction, we did not visit any suppliers and therefore not been able to follow up on these initiatives.

Expectations for 2022
In general, we will strive to further develop, implement, and professionalize our work in the field around CSR and Responsible fiber strategy, within our own group, towards sales agents and suppliers. More specifically, we have set the following goals for 2022:

• We will add the certifications RDS (Responsible Down Standard), RMS (Responsible Mohair Standard) and RAS (Responsible Alpaca Standard) to our portfolio. All three standards focus on animal welfare. We expect to deliver the first garments by end of 2022.

• We will be mapping our packing-material consumption, which will be the backbone of development of a new responsible packaging strategy.

• We will start up the process of mapping our CO2 emissions.

• We will increase our responsibility storytelling towards end-consumer

• We will increase focus on internal training to strengthen the knowledge of the sustainable parameters, such as fiber properties and environmental issues.

• A "Procedure Manual" will be implemented, which will map the journey of the garments. The "Procedure Manual" helps employees understand what's required from them, to ensure the garments are compliant to our Scope Certificate's.

• We will ask our suppliers to work with us, to increase focus on responsible parameters, ex. will we ask them to obtain their own Scope Certificates of various standards for us the obtain full "chain of custody".

Statutory report on the underrepresented gender

The group's Board of Directors consisted of 3 members, all male, in 2021. The board has set a target of having at least one female member of the board by end 2021 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 2022.

Since the group 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 2021

	Notes	2021 DKK	2020 DKK
Revenue	1	466,414,301	412,520,526
Other operating income	2	0	661,766
Cost of sales		(319,527,072)	(286,229,628)
Other external expenses	3	(22,091,507)	(17,852,628)
Gross profit/loss		**124,795,722**	**109,100,036**
Staff costs	4	(24,661,744)	(22,033,716)
Depreciation, amortisation and impairment losses	5	(31,712,434)	(31,406,781)
Operating profit/loss		**68,421,544**	**55,659,539**
Other financial income		2,316,974	743,781
Other financial expenses		(2,195,716)	(3,892,471)
Profit/loss before tax		**68,542,802**	**52,510,849**
Tax on profit/loss for the year	6	(21,671,987)	(18,109,517)
Profit/loss for the year	7	**46,870,815**	**34,401,332**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		551,785	991,252
Acquired trademarks		0	0
Goodwill		64,275,321	93,940,855
Intangible assets	8	**64,827,106**	**94,932,107**
Other fixtures and fittings, tools and equipment		2,028,316	1,187,893
Leasehold improvements		683,326	1,240,358
Property, plant and equipment	9	**2,711,642**	**2,428,251**
Other investments		1,050	1,050
Deposits		635,581	524,708
Financial assets	10	**636,631**	**525,758**
Fixed assets		**68,175,379**	**97,886,116**
Manufactured goods and goods for resale		52,635,536	49,509,388
Prepayments for goods		24,201,572	5,866,465
Inventories		**76,837,108**	**55,375,853**
Trade receivables		22,288,702	22,076,627
Deferred tax	12	270,484	125,695
Other receivables		3,867	71,235
Tax receivable		0	2,504,235
Prepayments	13	623,685	378,962
Receivables		**23,186,738**	**25,156,754**
Cash		**156,188,424**	**91,155,183**
Current assets		**256,212,270**	**171,687,790**
Assets		**324,387,649**	**269,573,906**

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	14	72,464	72,464
Retained earnings		270,663,723	223,792,908
Equity		**270,736,187**	**223,865,372**
Other payables		0	1,780,571
Non-current liabilities other than provisions		**0**	**1,780,571**
Prepayments received from customers		100,000	100,000
Trade payables		48,614,775	39,251,415
Payables to owners and management		1,573,999	1,573,999
Tax payable		312,762	0
Other payables		3,049,926	3,002,549
Current liabilities other than provisions		**53,651,462**	**43,927,963**
Liabilities other than provisions		**53,651,462**	**45,708,534**
Equity and liabilities		**324,387,649**	**269,573,906**
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	72,464	223,792,908	223,865,372
Profit/loss for the year	0	46,870,815	46,870,815
Equity end of year	**72,464**	**270,663,723**	**270,736,187**

Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		68,421,544	55,659,539
Amortisation, depreciation and impairment losses		31,712,434	31,406,781
Working capital changes	15	(14,220,520)	3,628,679
Cash flow from ordinary operating activities		**85,913,458**	**90,694,999**
Financial income received		2,316,974	743,781
Financial expenses paid		(2,195,716)	(3,892,471)
Taxes refunded/(paid)		(18,999,779)	(17,529,927)
Cash flows from operating activities		**67,034,937**	**70,016,382**
Acquisition etc. of intangible assets		0	(967,406)
Acquisition etc. of property, plant and equipment		(1,911,842)	(1,398,190)
Sale of property, plant and equipment		21,019	0
Acquisition of fixed asset investments		(110,873)	(45,922)
Cash flows from investing activities		**(2,001,696)**	**(2,411,518)**
Free cash flows generated from operations and investments before financing		**65,033,241**	**67,604,864**
Repayments of loans etc.		0	(42,000,000)
Cash flows from financing activities		**0**	**(42,000,000)**
Increase/decrease in cash and cash equivalents		**65,033,241**	**25,604,864**
Cash and cash equivalents beginning of year		91,155,183	65,550,319
Cash and cash equivalents end of year		**156,188,424**	**91,155,183**
Cash and cash equivalents at year-end are composed of:			
Cash		156,188,424	91,155,183
Cash and cash equivalents end of year		**156,188,424**	**91,155,183**

Notes to consolidated financial statements

1 Revenue

	2021 DKK
DACH area	193,170,891
Scandinavia area	159,624,686
Benelux area	44,092,974
Other countries	69,525,750
Total revenue by geographical market	**466,414,301**

The Company only have one activity from sale of clothes.

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

	2021 DKK	2020 DKK
Statutory audit services	166,500	158,250
Other assurance engagements	25,000	66,750
Other services	28,250	27,500
	219,750	**252,500**

4 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	21,105,156	18,979,738
Pension costs	2,416,951	2,118,251
Other social security costs	390,630	309,749
Other staff costs	749,007	625,978
	24,661,744	**22,033,716**
Average number of full-time employees	**39**	35

	Remuneration of management 2021 DKK	Remuneration of management 2020 DKK
Total amount for management categories	1,876,580	1,879,518
	1,876,580	**1,879,518**

5 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	30,105,001	30,027,317
Depreciation on property, plant and equipment	1,610,451	1,379,464
Profit/loss from sale of intangible assets and property, plant and equipment	(3,018)	0
	31,712,434	**31,406,781**

6 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	21,816,776	18,049,765
Change in deferred tax	(144,789)	59,752
	21,671,987	**18,109,517**

7 Proposed distribution of profit/loss

	2021 DKK	2020 DKK
Retained earnings	46,870,815	34,401,332
	46,870,815	**34,401,332**

8 Intangible assets

	Acquired intangible assets DKK	Acquired trademarks DKK	Goodwill DKK
Cost beginning of year	1,329,719	114,600	207,658,735
Cost end of year	**1,329,719**	**114,600**	**207,658,735**
Amortisation and impairment losses beginning of year	(338,467)	(114,600)	(113,717,880)
Amortisation for the year	(439,467)	0	(29,665,534)
Amortisation and impairment losses end of year	**(777,934)**	**(114,600)**	**(143,383,414)**
Carrying amount end of year	**551,785**	**0**	**64,275,321**

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	5,429,060	2,904,036
Additions	1,803,855	107,987
Disposals	(135,000)	0
Cost end of year	**7,097,915**	**3,012,023**
Depreciation and impairment losses beginning of year	(4,241,167)	(1,663,678)
Depreciation for the year	(945,432)	(665,019)
Reversal regarding disposals	117,000	0
Depreciation and impairment losses end of year	**(5,069,599)**	**(2,328,697)**
Carrying amount end of year	**2,028,316**	**683,326**

10 Financial assets

	Deposits DKK
Cost beginning of year	524,708
Additions	110,873
Cost end of year	**635,581**
Carrying amount end of year	**635,581**

11 Inventories

	2021 DKK	2020 DKK
Manufactured goods and goods for resale	22.370.497	25.801.720
Manufactured goods along the way	30.265.039	23.707.669
Prepayments for goods	24.201.572	5.866.465
Total	**76.837.108**	**55.375.854**

12 Deferred tax

	2021 DKK	2020 DKK
Intangible assets	(118,827)	(211,907)
Property, plant and equipment	365,846	314,137
Fixed asset investments	23,465	23,465
Deferred tax	**270,484**	**125,695**

Changes during the year	2021 DKK	2020 DKK
Beginning of year	125,695	185,447
Recognised in the income statement	144,789	(59,752)
End of year	**270,484**	**125,695**

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 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in inventories	(21,461,255)	20,490,218
Increase/decrease in receivables	(389,430)	3,141,951
Increase/decrease in trade payables etc.	7,630,165	(20,003,490)
	(14,220,520)	**3,628,679**

16 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Total liabilities under rental or lease agreements until maturity	**4,804,297**	**6,088,829**

17 Contingent liabilities

	2021 DKK	2020 DKK
Other contingent liabilities	3,827,706	4,822,473
Contingent liabilities	**3,827,706**	**4,822,473**

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

18 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 100.665 k.

19 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 2021

	Notes	2021 DKK	2020 DKK
Other operating income		1,946,400	1,872,000
Other external expenses		(741,364)	(710,888)
Gross profit/loss		**1,205,036**	**1,161,112**
Staff costs	1	(2,228,501)	(1,647,924)
Operating profit/loss		**(1,023,465)**	**(486,812)**
Income from investments in group enterprises		47,697,668	36,054,355
Other financial income		889	0
Other financial expenses	2	(22,493)	(1,620,045)
Profit/loss before tax		**46,652,599**	**33,947,498**
Tax on profit/loss for the year	3	228,423	463,807
Profit/loss for the year	4	**46,881,022**	**34,411,305**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Investments in group enterprises		268,801,773	221,104,105
Financial assets	5	**268,801,773**	**221,104,105**
Fixed assets		**268,801,773**	**221,104,105**
Receivables from group enterprises		0	1,986,619
Tax receivable		0	2,504,235
Joint taxation contribution receivable		22,045,191	0
Receivables		**22,045,191**	**4,490,854**
Cash		**13,620,972**	**3,063,091**
Current assets		**35,666,163**	**7,553,945**
Assets		**304,467,936**	**228,658,050**

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		72,464	72,464
Reserve for net revaluation according to equity method		38,886,984	0
Retained earnings		233,121,019	225,126,981
Equity		**272,080,467**	**225,199,445**
Trade payables		453,724	458,663
Payables to group enterprises		30,774,471	216,662
Tax payable		312,762	0
Joint taxation contribution payable		0	2,040,428
Other payables		846,512	742,852
Current liabilities other than provisions		**32,387,469**	**3,458,605**
Liabilities other than provisions		**32,387,469**	**3,458,605**
Equity and liabilities		**304,467,936**	**228,658,050**
Contingent liabilities	6		
Related parties with controlling interest	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	72,464	0	225,126,981	225,199,445
Profit/loss for the year	0	38,886,984	7,994,038	46,881,022
Equity end of year	**72,464**	**38,886,984**	**233,121,019**	**272,080,467**

Notes to parent financial statements

1 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	2,080,613	1,506,234
Pension costs	142,560	136,187
Other social security costs	5,328	5,503
	2,228,501	**1,647,924**

Average number of full-time employees	1	1

2 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	22,493	1,618,983
Exchange rate adjustments	0	1,062
	22,493	**1,620,045**

3 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Refund in joint taxation arrangement	(228,423)	(463,807)
	(228,423)	**(463,807)**

4 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Retained earnings	46,881,022	34,411,305
	46,881,022	**34,411,305**

5 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	229,914,789
Cost end of year	**229,914,789**
Revaluations beginning of year	(8,810,684)
Amortisation of goodwill	(29,665,534)
Share of profit/loss for the year	77,363,202
Revaluations end of year	**38,886,984**
Carrying amount end of year	**268,801,773**

Carrying amount of goodwill included in investments in group enterprises DKK 64.275 k

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.