

AXEL ARIGATO APS
PILESTRÆDE 16, 1112 KØBENHAVN K
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2021

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 7 July 2022**

David Albin Johansson

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 39 77 12 09

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COMPANY DETAILS**Company**

Axel Arigato ApS
Pilestræde 16
1112 Copenhagen K

CVR No.: 39 77 12 09
Established: 1 August 2018
Municipality: Copenhagen
Financial Year: 1 January - 31 December

Executive Board

David Albin Johansson

Auditor

PriceWaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Axel Arigato ApS for the financial year 1 January - 31 December 2021.

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

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

The Management Commentary includes in my opinion a fair presentation of the matters dealt with in the Commentary.

I recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 7 July 2022

Executive Board

David Albin Johansson

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Axel Arigato ApS

Conclusion

We have performed an extended review of the Financial Statements of Axel Arigato ApS for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Extended Review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

Statement on the Management Commentary

Management is responsible for the Management Commentary.

Our conclusion on the Financial Statements does not cover the Management Commentary, and we do not express any form of assurance conclusion thereon.

THE INDEPENDENT AUDITOR'S REPORT

In connection with our extended review of the Financial Statements, our responsibility is to read the Management Commentary and, in doing so, consider whether the Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, 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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management Commentary.

Copenhagen, 7 July 2022

PriceWaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
MNE no. mne30221

MANAGEMENT COMMENTARY

Principal activities

The principal activities comprise company with retail trade of footwear clothing and accessories and, at the discretion of the Executive Board, related to this.

Development in the year

The Income statement of the Company for 2021 shows a profit of DKK 187.587, and at 31 December 2021 the balance sheet of the Company shows negative equity of DKK 515.977.

Capital resources

The financial statements have been presented on a going concern basis. This is conditional upon sufficient liquidity and credit facilities in order to finance the planned activities in 2022.

The Company's ability to finance its operating activities in 2022 is ensured by a letter of financial support from the parent company Axel Arigato AB. Reference is made to note 1 for further details.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK
GROSS PROFIT		3.129.169	3.801.541
Staff costs.....	1	-1.216.889	-1.315.557
Depreciation, amortisation and impairment losses.....		-1.652.680	-1.585.249
Other operating expenses.....		-19.194	-584.419
OPERATING PROFIT		240.406	316.316
Other financial expenses.....		90	-1.270
PROFIT BEFORE TAX		240.496	315.046
Tax on profit/loss for the year.....	2	-52.909	-69.310
PROFIT FOR THE YEAR		187.587	245.736
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		187.587	245.736
TOTAL		187.587	245.736

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Concessions, patents, licenses, trademarks, and similar rights acquired		400.000	550.000
Intangible assets		400.000	550.000
Fixtures and fittings		366.076	462.278
Leasehold improvements		3.913.318	4.993.767
Property, plant and equipment		4.279.394	5.456.045
Rent deposit and other receivables		759.825	756.928
Financial non-current assets		759.825	756.928
NON-CURRENT ASSETS		5.439.219	6.762.973
Manufactured goods and goods for resale		857.104	483.345
Inventories		857.104	483.345
Receivables from group enterprises		529.581	4.007.541
Deferred tax assets		158.396	211.305
Other receivables		409.303	31.482
Prepayments		5.172	0
Receivables		1.102.452	4.250.328
Cash and cash equivalents		1.829.234	1.338.894
CURRENT ASSETS		3.788.790	6.072.567
ASSETS		9.228.009	12.835.540

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK
Share capital.....		50.000	50.000
Retained earnings.....		-565.977	-753.564
EQUITY.....		-515.977	-703.564
Trade payables.....		85.885	35.479
Debt to Group companies.....		9.086.703	13.071.279
Other liabilities.....		571.398	432.346
Current liabilities.....		9.743.986	13.539.104
LIABILITIES.....		9.743.986	13.539.104
EQUITY AND LIABILITIES.....		9.228.009	12.835.540

Uncertainty with respect to going concern 3

EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2021.....	50.000	-753.564	-703.564
Proposed profit allocation.....		187.587	187.587
Equity at 31 December 2021	50.000	-565.977	-515.977

NOTES

	2021 DKK	2020 DKK	Note
Staff costs			1
Average number of employees	5	5	
Wages and salaries.....	1.163.228	1.272.834	
Pensions.....	16.742	18.839	
Social security costs.....	28.852	23.884	
Other staff costs.....	8.067	0	
	1.216.889	1.315.557	
Tax on profit/loss for the year			2
Adjustment of deferred tax.....	52.909	69.310	
	52.909	69.310	

Uncertainty with respect to going concern

3

The Company has as of 31st of December 2021 lost its nominal value of the share capital.

In order to strengthen the capital resources of the company, the company has received a letter of subordination from its parent company. In the letter the parent company commits itself to provide any capital resources necessary to ensure a satisfying level of capital resources. At the general board meeting in 2022 the letter will expire.

By receiving the letter local management assess that the capital resources needed is adequate. By this assessment the annual report is prepared under the principles of going concern.

ACCOUNTING POLICIES

The Annual Report of Axel Arigato ApS for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

The financial statements for 2021 are presented in DKK.

Correction of material misstatements

In connection with the preparation of the annual report for 2021, material misstatements in previous years have been corrected. The identified misstatements concerns errors regarding adjustments of a transfer agreement which has been recognized in equity instead of the income statement in 2019 and 2020 and therefore also impacts the comparison figures for 2020. The misstatements have been corrected via the equity 1 January 2022 and have a positive effect on Gross Profit for the year 2020 of DKK 4.008k and Net profit for the year 2020 of DKK 3.126k. There is no tax effect on the changes. Expect from the presentation.

INCOME STATEMENT

Net revenue

Gross loss comprises the revenue, changes in inventories of finished goods, other operating income, and external expenses.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated.

Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales. Cost of sales comprises costs concerning purchase of goods, raw materials and consumables less discounts and changes in inventories.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other operating expenses

Other operating expenses include items of a secondary nature in relation the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Other external expenses

Other external expenses include sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Financial income and expenses

Financial income and expenses include interest income and expenses, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Tangible fixed assets

Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	5 years	0%
Leasehold improvements.....	5 years	0%

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Financial non-current assets

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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