ANNUAL REPORT 2020/21

SHAPING NEW TOMORROW HOLDING APS

Financial period 1/10 - 30/9

Shaping New Tomorrow Holding ApS
Østre Havnegade 12, 1. sal th, 9000 Aalborg
Company reg. no. 41 52 95 47

SHAPING NEW TOMORROW®

Shaping New Tomorrow Holding ApS
Østre Havnegade 12, 1. sal th, 9000 Aalborg

Annual report 2020/21 (Financial period 01/10 - 30/9)

Company reg. no. 41 52 95 47

The annual report was submitted and approved by
the general meeting on the 24th of February 2022

Kasper Ulrich
Chairman of the meeting

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MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Shaping New Tomorrow Holding ApS for the financial year 1 October 2020 - 30 September 2021.

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

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aalborg, 24.02.22

Kasper Ulrich **Christoffer Dencker Bak** **Christian Aachmann** **Henrik Bak**

Jesper Buch **Birgit Aaby-Bruun** **Michael Mousten Bak**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Shaping New Tomorrow Holding ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2021, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Shaping New Tomorrow Holding ApS for the financial year 1 October 2020 - 30 September 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

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

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

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

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

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

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

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

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

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

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

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

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

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

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

Aalborg, 24.02.22

PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab

CVR No 33 77 12 31

Rasmus Mellergaard Stenskrog
State Authorised Public Accountant
mne34161

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MANAGEMENT COMMENTARY

COMPANY INFORMATION

The company

Shaping New Tomorrow Holding ApS
Østre Havnegade 12, 1. sal th
DK-9000 Aalborg

CVR No.: 41 52 95 47
Financial period: 1 October - 30 September
Municipality of reg. office: Aalborg

Board of directors

Jesper Buch
Kasper Ulrich
Christian Achmann
Christoffer Dencker Bak
Michael Mousten Bak
Henrik Bak
Birgit Aaby-Bruun

Executive Board

Kasper Ulrich
Christoffer Dencker Bak
Henrik Bak

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Skelagervej 1A
DK- 9000 Aalborg

EXECUTIVE BOARD

KASPER ULRICH

CHRISTOFFER DENCKER BAK

HENRIK BAK

CHRISTIAN AACHMANN

JESPER BUCH

MICHAEL MOUSTEN BAK

BIRGIT AABY-BRUUN

BOARD OF DIRECTORS

GROUP CHART

Parent company

Shaping New Tomorrow Holding ApS
Aalborg, Danmark
Nom. DKK 62,500

Consolidated subsidiaries

100 %

Shaping New Tomorrow GmbH
Hamborg, Tyskland
Nom. EUR 25,000

100 %

SNT ApS
Aalborg, Danmark
Nom. DKK 62,500

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FINANCIAL HIGHLIGHTS

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
KEY FIGURES	**2020/21** TDKK	**2019/20** TDKK
Profit/loss		
Operating profit	48,776	30,870
Profit/loss before financial income and expenses	48,476	30,870
Net financials	-326	-254
Net profit/loss for the year	37,431	23,904
Balance sheet		
Balance sheet total	135,651	80,493
Equity	87,075	49,647
Cash flows		
Cash flows from:		
- operating activities	67,119	5,960
- investing activities	-17,230	-7,482
- including investment in tangible asset	-13,726	-5,953
- financing activities	0	-3,687
Change in cash and cash equivalents for the year	49,889	-5,209
Number of employees	**70**	**30**
Ratios		
Return on assets	35.7 %	38.4 %
Solvency ratio	64.2 %	61.7 %
Return on equity	54.8 %	60.6 %

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

MANAGEMENT'S REVIEW

Primary activities
The Group (Shaping New Tomorrow) designs, develops, and sells innovative products within the menswear industry directly to consumers (DTC) through an effective collaboration between own physical shops and a well-established online sales channel.

The financial year 2020/21 is the second year for Shaping New Tomorrow Holding ApS but the seventh financial year for the Group.

Development in the year
In the financial year 2020/21 (1 October 2020 to 30 September 2021), the Group realised a profit of TDKK 37,431 after tax. This corresponds to 57 percent growth compared to the previous year and this is likewise better than expected.

The results mean that the Group's equity amounted to TDKK 87,075 as of 30 September 2021. The financial year 2020/21 is characterised by continuous satisfying growth in the Group's subsidiaries.

As expected, both SNT ApS and Shaping New Tomorrow GmbH, achieved strong growth in revenue, and in number of employees compared with last year. The number of employees increased from 60 to around 120 at the end of the financial year.

The Group has this year made further investments in physical shops and product development, including investments in more sustainable collections and recycling initiatives. Additional considerable investments were made as planned in internationalization, for example sales and marketing activities in connection with the opening of the first German shop.

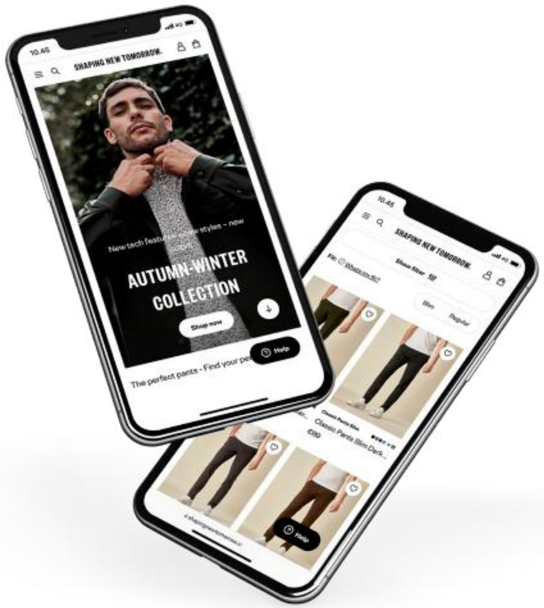
Moreover, a new department was established in Portugal, where a team of internal experts is establishing close partnerships and sharing knowledge with suppliers while optimising the supply chain as the Group grows.

The results are considered satisfactory and in line with the expectations of the Group's growth strategy.

Online business

In 2020/21, the Group achieved considerable growth in the online revenue in Germany alone compared to the previous year. The Group also entered the Norwegian market with an online shop, which from day one has shown a promising development, which is expected to continue in 2021/22.

By the end of September 2021, 67 percent of the revenue was generated in Denmark, while 33 percent came from the international markets.



Shops

In 2020/21, the Group opened a shop and new international headquarters in Hamburg from where the international expansion will be executed in the years to come. The total number of shops has doubled.
In Denmark, two shops were opened in Esbjerg and Odense, respectively, and in June, the Group opened a shop in Hamburg as part of a planned series of new shops in Germany.

With a total of six shops by 2021 and new international headquarters, the Group has created a strong foundation for the development of additional physical shops over the coming years.

Despite a financial year characterised by close-down of shops in December, January, February, and March in addition to a postponed shop opening in Germany, the physical shops have contributed to the Group's growth by increased sales of 80 percent from physical shops. At the end of September 2021, the physical shops were responsible for 39 percent of total revenue.

Covid-19
Like in most other parts of society, Covid-19 also had an impact on the Group in the financial year 2020/21 as the year was characterised by a close-down of shops as well as a postponed shop opening.

The Group has nevertheless performed well through a tough and insecure period due to a close collaboration with suppliers and the great efforts of the employees. Despite Covid-19, the Group chose to uphold planned investments in physical shops and in the Group. Therefore, the Group was in a favourable position at the reopening, which contributed to the positive development in this financial year.

Despite a decrease in the months when shops were closed, both online and shop sales showed satisfying growth in the year. Even though the Group had to send home around 50 employees during the 11-week lockdown, the option of seeking compensation from the State was not chosen.

In the financial year 2021/22, Covid-19 may remain an unknown factor, and a possible new lockdown will, naturally, impact the shops. However, with an agile organisation and a strong online business in place, the Group is well prepared to withstand and handle yet another potential lockdown.

Objectives and outlook for 2021/22
In the next financial year, the Group expects to see considerable revenue growth as a result of, for example, significant investments in the digital business model, marketing, and a growing number of shops in foreign markets – particularly in Germany and Scandinavia.

The year will also be characterised by further investments in the organisation, the online business and product development. Through these initiatives, the Group expects a substantial increase in staff compared to the current 120 full-time and part-time employees.

The direct-to-consumer model employed by the Group in Denmark has also proven to work well in Germany. In combination with an effective omni-channel model, it offers a solid foundation for establishment in new cities as well as for greater synergies between online sales and local physical shops.

Heavy investments in new markets and further digitalization of the business will intentionally slightly reduce the result between 10% to 30% for the financial year 2021/22 compared to 2020/21, while Management anticipates significant revenue growth and continued positive earnings.

Employees are the key to growth
Employees are an important factor in growth. Therefore, the ability to continuously develop and retain employees while also attracting new candidates is crucial to realising the Group strategy.

Continued growth requires the ability to identify, release and maximise the current organisational potential. At the same time, a structured increase of staff is initiated to strengthen the level of knowledge within the Group.

To ensure the execution of operational and tactical initiatives directly supporting and creating value in the core business of the organisation, HR will become even more closely connected to the business going forward. HR will therefore be integrated into top management.

Stronger digital setup

Since the beginning in 2015, the Group's business development has been based on a strong digital foundation. That applies to production, administration, marketing, digitalisation, shops, etc.

In 2020/21, the Group initiated a range of investment and development projects to strengthen the digital foundation, for example in the form of new business models and digital systems. The ambition is to always have access to "best-of-breed" solutions.

Technological foundation

Investing in new technology is a means to ensuring that the Group becomes able to make strategic decisions based on valid data and insights into products, performance, shops, online sales, trends, etc.

The strong technological focus of the Group is based on the vision of being the leading tech brand in the fashion industry. This also applies to production, where the Group develops its own high-tech materials which give the clothes their innovative features.

Focus on recycling, environment and climate

In the coming years, the Group intends to expand its ambitions within recycling and zero waste; projects that were initiated in 2018-19. Recycling is one of the core projects of the Group's approach to zero waste, and the ambition is to incorporate recycling into all parts of the business, where possible.

The development of the Essential collection is one example. Only high-tech fibres are used for the fabric, which is partly made from recycled plastic bottles. In this way, a basic material of great abundance in the world is recycled and used in new, innovative garments. In this financial year, the Essential collection was expanded by new products, and the Group thereby continues to invest in being able to offer consumers a vast selection of more sustainable garments.

Downcycling and reusing excess materials, scraps, waste, and worn-down products as much as possible are also focal points in production. Such work is performed in collaboration with partners for the purpose of developing new accessories and products made from recycled materials, for example also in terms of furniture and equipment in own shops.

Simultaneously, efforts are being made to reduce waste throughout the value chain. The Group's objective is for the development of new, innovative materials and products to be supported by a determined effort to minimise the impact on the environment and climate as far as possible.

CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENT

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	Note	Group		Parent	
INCOME STATEMENT 1 OCTOBER - 30 SEPTEMBER		**2020/21** TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Gross profit		**80,702**	**45,206**	**-19**	**-50**
Staff costs	2	-27,056	-13,478	0	0
Depreciation and write-down relating to intangible and tangible fixed assets	3	-4,905	-858	0	0
Other operating expenses		-265	0	0	0
Operating profit		**48,476**	**30,870**	**-19**	**-50**
Financial income	4	87	38	10	0
Financial expenses	5	-413	-292	-11	0
Profit before tax		**48,150**	**30,616**	**-20**	**-50**
Tax on profit for the year	6	-10,719	-6,712	4	11
Net profit for the year		**37,431**	**23,904**	**-16**	**-39**

	Note	Group		Parent	
BALANCE SHEET 30 SEPTEMBER **Assets**		**2020/21** TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Other intangible assets		1,793	560	0	0
Intangible assets	7	**1,793**	**560**	**0**	**0**
Other fixtures and fittings, tools and equipment		1,573	892	0	0
Leasehold improvements		14,396	6,237	0	0
Tangible assets	8	**15,969**	**7,129**	**0**	**0**
Investments in subsidiaries	9	0	0	25,929	25,929
Deposits	10	3,333	1,298	0	0
Fixed asset investments		**3,333**	**1,298**	**25,929**	**25,929**
Fixed assets		**21,095**	**8,987**	**25,929**	**25,929**

	Note	Group		Parent	
BALANCE SHEET 30 SEPTEMBER **Assets**		**2020/21** TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Raw materials and consumables		8,226	2,024	0	0
Finished goods and goods for resale		31,495	27,354	0	0
Inventories		**39,721**	**29,378**	**0**	**0**
Trade receivables		4,327	22,306	0	0
Other receivables		311	232	0	0
Receivables from group enterprises		0	0	1,414	0
Corporation tax receivable from group enterprises		0	0	11,127	6,432
Deferred tax asset	13	224	0	0	0
Prepayments and accrued income	11	975	481	0	0
Receivables		**5,837**	**23,019**	**12,541**	**6,432**
Cash at bank and in hand		**68,998**	**19,109**	**5**	**0**
Currents assets		**114,556**	**71,506**	**12,546**	**6,432**
Assets		**135,651**	**80,493**	**38,475**	**32,361**

	Note	Group		Parent	
BALANCE SHEET 30 SEPTEMBER **Liabilities and equity**		**2020/21** TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Share capital		63	63	63	63
Reserve for exchange rate adjustments		-3	0	0	0
Retained earnings		87,015	49,584	25,625	25,641
Equity		**87,075**	**49,647**	**25,688**	**25,704**
Deferred tax	13	0	180	0	0
Other provisions	14	3,566	2,209	0	0
Provisions		**3,566**	**2,389**	**0**	**0**
Prepayments received from customers		3,052	1,170	0	0
Trade payables		20,695	14,516	0	0
Payables to group enterprises		0	0	2,094	187
Corporation tax		10,643	6,059	10,643	6,420
Other payables		10,620	6,712	50	50
Short-term debt		**45,010**	**28,457**	**12,787**	**6,657**
Debt		**45,010**	**28,457**	**12,787**	**6,657**
Liabilities and equity		**135,651**	**80,493**	**38,475**	**32,361**

Subsequent events	Distribution of profit	Contingent assets, liabilities and other financial obligations	Related parties	Accounting Policies
1	**12**	**17**	**18**	**19**

STATEMENT OF CHANGES IN EQUITY	Share capital TDKK	Reserve for exchange rate adjustments TDKK	Retained earnings TDKK	Total TDKK
Group 2020/21				
Equity 1. October	63	0	49,584	49,647
Net profit/loss for the year	0	0	37,431	37,431
Exchange rate adjustments of foreign subsidiaries	0	-3	0	-3
Equity 30 September	**63**	**-3**	**87,015**	**87,075**
Group 2019/20				
Equity 1 October	63	0	29,180	29,243
Extraordinary dividend paid	0	0	-3,500	-3,500
Net profit/loss for the year	0	0	23,904	23,904
Equity 30 September	**63**	**0**	**49,584**	**49,647**

STATEMENT OF CHANGES IN EQUITY	**Share capital** TDKK	**Premium on issue** TDKK	**Retained earnings** TDKK	**Total** TDKK
Parent 2020/21				
Equity 1 October	63	0	25,641	25,704
Net profit/loss for the year	0	0	-16	-16
Equity 30 September	**63**	**0**	**25,625**	**25,688**
Parent 2019/20				
Equity 1 October	63	25,680	0	25,743
Net profit/loss for the year	0	0	-39	-39
Transfer from premium on issue	0	-25,680	25,680	0
Equity 30 September	**63**	**0**	**25,641**	**25,704**

	Note	Group	
CASH FLOW STATEMENT 1 OCTOBER - 30 SEPTEMBER		**2020/21** TDKK	**2019/21** TDKK
Net profit/loss for the year		37,431	23,904
Adjustments	15	16,161	7,823
Change in working capital	16	20,391	-18,850
Cash flows from operating activities before financial income and expenses		**73,983**	**12,877**
Financial income		87	38
Financial expenses		-413	-286
Cash flows from ordinary activities		**73,657**	**12,629**
Corporation tax paid		-6,538	-6,669
Cash flows from operating activities		**67,119**	**5,960**
Acquisition intangible assets		-1,469	-639
Acquisition tangible assets		-13,726	-5,953
Investment in deposits and associates		-2,035	-890
Cash flows from investing activities		**-17,230**	**-7,482**
Raising of loans from group enterprises		0	-187
Dividend paid		0	-3,500
Cash flows from financing activities		**0**	**3,687**

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	Note	Group	
CASH FLOW STATEMENT 1 OCTOBER - 30 SEPTEMBER		**2020/21** TDKK	**2019/21** TDKK
Change in cash and cash equivalents		**49,889**	**-5,209**
Cash and cash equivalents at 1 October		19,109	24,318
Cash and cash equivalents at 30 September		**68,998**	**19,109**
Cash and cash equivalents are specified as follows: Cash at bank and in hand		68,998	19,109
Cash and cash equivalents at 30 September		**68,998**	**19,109**

NOTES TO THE FINANCIAL STATEMENTS

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1 - SUBSEQUENT EVENTS

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 - STAFF COST

	Group		Parent	
	2020/21 TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Wages and salaries	24,856	12,796	0	0
Pensions	1,257	525	0	0
Other social security expenses	943	174	0	0
Other staff expenses	0	-17	0	0
Total Staff expenses	**27,056**	**13,478**	**0**	**0**
Including remuneration to the Executive Board	1,583	1,481	0	0
Average number of employees	**70**	**30**	**0**	**0**

3 - DEPRECIATION AND WRITE-DOWN RELATING TO INTANGIBLE AND TANGIBLE FIXED ASSETS

	Group		Parent	
	2020/21 TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Amortisation of intangible assets	236	80	0	0
Depreciation of tangible assets	3,006	778	0	0
Impairment of tangible assets	1,663	0	0	0
Total depreciation and write-down	**4,905**	**858**	**0**	**0**

4 - FINANCIAL INCOME

	Group		Parent	
	2020/21 TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Other financial income	22	19	0	0
Foreign exchange adjustment, profit	65	19	0	0
Interest paid from group enterprises	0	0	10	0
Total financial income	**87**	**38**	**10**	**0**

5 - FINANCIAL EXPENSES

	Group		Parent	
	2020/21 TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Other financial expenses	163	34	0	0
Interest paid to group enterprises	0	0	11	0
Foreign exchange adjustment, loss	250	258	0	0
Total financial expenses	**413**	**292**	**11**	**0**

6 - TAX ON PROFIT/LOSS FOR THE YEAR

	Group		Parent	
	2020/21 TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Current tax for the year	11,123	6,421	-4	-11
Deferred tax for the year	-404	322	0	0
Adjustment of tax concerning previous years	0	-31	0	0
Total tax for the year	**10,719**	**6,712**	**-4**	**-11**

7 - INTANGIBLE ASSETS

	Other intangible assets	
Group	**2020/21** TDKK	**2019/20** TDKK
Cost at 1 October	640	0
Additions for the year	1,469	640
Disposals for the year	0	0
Cost at 30 September	2,109	640
Opening amortisation	80	0
Amortisation for the year	236	80
Closing amortisation	316	80
Carrying amount at 30 September	**1,793**	**560**

Completed development projects relate to the design and development of websites, development and implementation of ERP, development of data processing system, and different design solutions for both stores and online. All costs are external based costs. No internal cost have been recognized. All development and costs relates to systems and solution, which all are finalized, and will be used for the continuing growth for the Company.

8 - TANGIBLE ASSETS

Group	Leasehold improvements 2020/21 TDKK	Leasehold improvements 2019/20 TDKK	Other fixtures and fittings, tools and equipment 2020/21 TDKK	Other fixtures and fittings, tools and equipment 2019/20 TDKK
Cost at 1 October	6,763	1,561	1,415	665
Additions for the year	12,339	5,202	1,387	750
Disposals for the year	-350	0	-42	0
Cost at 30 September	18,752	6,763	2,760	1,415
Opening depreciation	526	89	523	182
Impairment losses for the year	1,663	0	0	0
Depreciation for the year	2,302	437	704	341
Reversed depreciation for the year of disposals	-133	0	-40	0
Closing depreciation	4,356	526	1,187	523
Carrying amount at 30 September	**14,396**	**6,237**	**1,573**	**892**

9 - INVESTMENTS IN SUBSIDIARIES

Parent	2020/21 TDKK	2019/20 TDKK
Cost at 1 October	25,929	25,742
Additions for the year	0	187
Carrying amount at 30 September	**25,929**	**25,929**

Which is specified as:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
SNT ApS	Aalborg	TDKK 63	100 %	87,408	37,722
Shaping New Tomorrow GmbH	Hamburg	TEUR 25	100 %	-90	-258

10 - DEPOSITS

Group	2020/21 TDKK	2019/20 TDKK
Cost at 1 October	1,298	408
Additions for the year	2,035	890
Carrying amount at 30 September	**3,333**	**1,298**

11 - PREPAYMENTS AND ACCRUED INCOME

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

12 - DISTRIBUTION OF PROFIT

Parent	2020/21 TDKK	2019/20 TDKK
Retained earnings	-16	-39
Carrying amount at 30 September	**-16**	**-39**

13 - DEFERRED TAX

	Group		Parent	
	2020/21 TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Provision for deferred tax at 1 October	-180	142	0	0
Deferred tax for the year	404	-322	0	0
Provision for deferred tax at 30 September	**224**	**-180**	**0**	**0**

The deferred tax asset relates to development projects, machinery and equipment, leasehold improvements, inventories and trade receivables. The deferred tax asset is expected to be utilized in the foreseeable future based on the budgeted future earnings.

14 - OTHER PROVISIONS

Group	2020/21 TDKK	2019/20 TDKK
Other provisions	3,566	2,209
Total	**3,566**	**2,209**

Other provisions have been recognized of TDKK 3,566 which relate to returns, and expected claims, due to the Groups policy for return and guarantee for the customers.

15 - CASH FLOW STATEMENT - ADJUSTMENTS

Group	2020/21 TDKK	2019/20 TDKK
Financial income	-87	-38
Financial expenses	413	292
Amortisation and depreciation	5,116	857
Tax on profit	10,719	6,712
Total	**16,161**	**7,823**

16 - CASH FLOW STATEMENT - CHANGE IN WORKING CAPITAL

Group	2020/21 TDKK	2019/20 TDKK
Change in inventories	-10,343	-15,686
Change in receivables	17,407	-20,219
Change in other provisions	1,357	1,179
Change in trade payables, etc.	11,970	15,876
Total	**20,391**	**-18,850**

17 - CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

	Group		Parent	
Rental and lease obligations (Total future payments)	**2020/21** TDKK	**2019/20** TDKK	**2020/21** TDKK	**2019/20** TDKK
Within 1 year	10,013	3,577	0	0
Between 1 and 5 years	36,781	4,933	0	0
After 5 years	3,147	0	0	0
Total	**49,941**	**8,510**	**0**	**0**

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 10,643. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

18 - RELATED PARTIES

The Group has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. The Group has no transactions to report.

19 - ACCOUNTING POLICIES

The Annual Report of In Commodities A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year. The Financial statements for 2020/21 are presented in TDKK.

CONSOLIDATED FINANCIAL STATEMENTS

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

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

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

Basis of consolidation

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

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

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

Translation policies

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Leases

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

19 - ACCOUNTING POLICIES

INCOME STATEMENT

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

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

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

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

Gross profit
With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

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

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

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

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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

The company is jointly taxed with 100% owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

19 - ACCOUNTING POLICIES

BALANCE SHEET

Intangible assets
Costs of development projects comprise expenses directly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets.

This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs. Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-5 year.

Tangible assets
Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

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

Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries
Investments in subsidiaries are recognised at cost.

Fixed asset investments
Fixed asset investments consist of deposits from leasehold. Fixed asset investments are measured at cost.

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

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

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

Receivables
Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

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

Provisions
Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include returns as well as expected claims for complaints. Provisions are measured and recognised based on experience with returns and claims.

Equity

Dividend
Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

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

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

19 - ACCOUNTING POLICIES

CASH FLOW STATEMENT

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

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

Cash flows from investing activities

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

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

Cash and cash equivalents
Cash and cash equivalents comprise "Cash at bank and in hand".

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

FINANCIAL HIGHLIGHTS

Explanation of financial ratios

Return on assets $= \dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$

Solvency ratio $= \dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$

Return on equity $= \dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$