P-Sinful 2021 A/S

Malmøgade 3, 2100 København Ø

CVR no. 42 19 97 88

Annual report 2021

(As of the establishment of the Company 1 March - 31 December 2021)

Approved at the Company's annual general meeting on 25 April 2022

Chair of the meeting:

....
René Lyngs Houmøller

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of P-Sinful 2021 A/S for the financial year as of the establishment of the Company 1 March - 31 December 2021.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2021 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year as of the establishment of the Company 1 March - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 25 April 2022
Executive Board:

Jan Johan Kühl

Board of Directors:

Niels-Christian Worning Chair	Jan Johan Kühl	Henrik Bonnerup

Independent auditor's report

To the shareholders of P-Sinful 2021 A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of P-Sinful 2021 A/S for the financial year as of the establishment of the Company 1 March - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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.

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 as to 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 the 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:

Independent auditor's report

- 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review 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 of the Management's review.

Aarhus, 25 April 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Claus Hammer-Pedersen
State Authorised Public Accountant
mne21334

Jonas Busk
State Authorised Public Accountant
mne42771

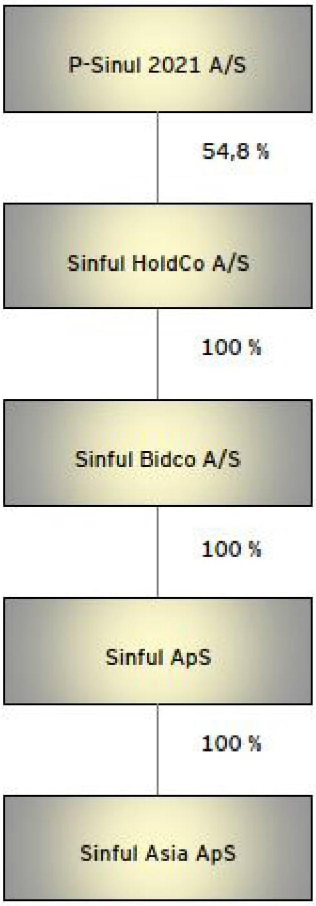
Management's review

Company details

Name	P-Sinful 2021 A/S
Address, Postal code, City	Malmøgade 3, 2100 København Ø
CVR no.	42 19 97 88
Established	1 March 2021
Registered office	København
Financial year	1 March - 31 December 2021
Board of Directors	Niels-Christian Worning, Chair Jan Johan Kühl Henrik Bonnerup
Executive Board	Jan Johan Kühl
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2021 10 months
Key figures	
Revenue	280,235
Operating profit/loss	-14,958
Net financials	-20,522
Profit/loss for the year	**-34,879**
Total assets	834,959
Minority interests	158,933
Equity	**352,310**
Cash flows from operating activities	-11,675
Amount relating to investments in property, plant and equipment	-360
Total cash flows	**47,588**
Financial ratios	
Gross margin	23.0%
Return on assets	-1.8%
Current ratio	235.6%
Equity ratio	23.2%
Return on equity	-10.2%
Average number of full-time employees	**107**

The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Management's review

Business review

The Group's activities are the continued development and operation of the webshop "Sinful" across multiple markets as well as the continued development of the optimal assortment including Branded and Private Label products under its own brands.

Financial review

In 2021, the group reported a revenue of DKK 280.2 million. The income statement for 2021 shows a loss of DKK 34.9 million, and the balance sheet of 31 December 2021 shows an equity of DKK 352.3 million.

Management considers the group's financial performance for 2021 satisfactory. This being the first financial year of the Company.

Non-financial matters

P-Sinful 2021 A/S was established in 2021 by Polaris Private Equity, and the Group successfully acquired the majority of Sinful ApS. Polaris is a leading Nordic private equity company investing in mid-sized companies with the objective to invest in strong companies with great potential and grow them substantially in partnership with Management and the Board.

Special risks

Operational risks

The company's most significant operational risk is associated with its strong brand position in the Nordic countries. To maintain a strong brand position, it is essential for the company to constantly be leading developments and trends in sex toys.

Foreign currency risks

The company has significant exposure to DKK, NOK, SEK, GBP, EUR, and USD.

Management considers the company's risk of fluctuations in foreign currency to be moderate. Management has established a foreign currency policy and continuously monitors the current and potential risks.

Capital structure and resources

The P-Sinful 2021 A/S share capital is divided into share classes. Management regularly assesses whether Sinful has a capital structure that corresponds to the Company's need for the financing of working capital.

Together with the Group's owners and Board of Directors, the Executive Board assesses the combination of equity and loans from shareholders and external financing on a recurring basis.

Management maintains an ongoing dialogue with the Group's most important lenders and shareholders, who show a high level of confidence in the Group. Management assesses that the Group's current capital structure and resources are adequate and sufficient to carry through the activities planned for the financial year 2022.

Reporting guidelines of DVCA

The Sinful Group is partly owned by private equity and follows certain reporting guidelines issued by the Danish Venture Capital and Private Equity Association. You may find the guidelines here www.DVCA.dk.

Shareholder information

The Company's shares are owned by Polaris Private Equity V K/S (99%) and other investors (1%).

Statutory CSR report

Throughout the year, we have implemented UN and OECD standards and are now a member of the UN Global Compact (UNGC). In addition, we have set a strategy/plan around 4 Sustainable Development Goals (SDG's), Gender Equality, Decent Work and Economic Growth, Responsible Consumption and Production, and Climate Actions.

Management's review

Our business

At Sinful we want to contribute to a safe and more playful sex life for everyone, and as the leading e-commerce company selling sex toys in Scandinavia, we want to be the best at what we do, which also applies to sustainability. In the early 2021, Sinful took its first steps toward a more sustainable approach, and toward understanding our impact on the environment and the people working in our supply chain. Our approach is based on the OECD Guidelines and the UN Guiding Principles, from which we have assessed Sinful's impact and potential risks and intensified our effort to mitigate or remove the identified risks.

Our responsibility

We are committed to diversity with respect to gender and nationality; to zero tolerance of discrimination; to excellence in managing the right to privacy; to supporting environmentally sustainable practices; to reducing our adverse impact on the environment by striving to use sustainable services, solutions, and technologies; and to zero tolerance of any form of bribery, corruption, or fraud.

Respect for Human Rights

We care about people – meaning both our customers and employees, hereof also our suppliers' employees. Our expectations towards our suppliers are addressed in our Code of Conduct for Business Relations. This also includes audits of our suppliers regarding e.g., working environment and child labor, which we take great distance from, and where we have a zero-tolerance. These audits are also a part of our business social compliance initiatives.

The right to privacy is vital to us at Sinful. The focus is increased and based on the products we sell, sex toys, which can be perceived by the individual as a private matter. We make sure to secure the data we obtain from our customers, and only keep the data that is strictly necessary for the purpose being pursued. Please see the section on "Data Ethics" within this review. As a result of our continuous focus on mitigating the risk of data exposure, we have significantly lowered the risk of data breaches in 2021.

In 2022 we will continue to invest in improved IT security and train our employees on data processing activities to raise awareness of the relevant risks.

The focus on the right to health is also important to us and we make sure to inform our customers of the material the products are made of, and if there is any risk of chemical contact. As a result, we have made a reference guideline for our employees in our procurement department to make sure the products live up to the regulations and safety standards. In 2022 we will continuously train our customer service and procurement departments on safety and hazards information.

Environment and Climate

Sinful continuously works with product development to be able to accommodate the needs of our customers regarding safety and quality. We recognize that our products are not sustainable by nature, which leads to a risk of having an adverse negative impact on the environment and climate. Therefore, we work to ensure sustainable operations around our products and work closely with our suppliers to mitigate the risk. Sustainability in Sinful means ongoing development and focus on material selection in packaging and products. This entails e.g., reducing single-use batteries, working on sustainable certifications, and replacing virgin- and high-emission materials in packaging.

In 2021, Sinful decided to start researching and applying new ways of using more sustainable materials in our private label products. This we will continue. Consequently, we have started to phase out single-use batteries and minimize plastic in our private label packaging. This will be a continuous focus in the following years. We are committed to defining green principles for our product development and product selection.

We are planning to create transparency for our customers and enable end-users to make informed choices on sustainability when purchasing products from us. We will implement environmental awareness and options for a more sustainable purchase and delivery.

Management's review

Respect for economic sustainability – anticorruption

Responsible business conduct entails that Sinful also commits to due diligence in relation to economic sustainability, including anti-corruption. We have implemented the OECD Guidelines in all areas of our business. In our impact assessments, we identified no severe impacted risks related to economic sustainability, including corruption and bribery.

In 2021, we have conducted due diligence regarding anti-corruption. In the future, we will communicate our guidelines and expectations regarding anti-corruption to employees and business relations through our codes of conduct.

Social and Staff Matters

Our employees are the most important assets of our business, and we strive for diversity regarding gender, nationality, ethnicity, and age, and we have a zero-tolerance policy concerning discrimination and harassment. It is a place where every voice matters.

In 2021, Sinful invested significantly in preboarding and onboarding of new employees as well as staff retention by developing our HR department to include a whole department focusing on Recruitment and Development. The department shall continuously gain insights and secure improvement. We advocate for a strong social culture and family feeling amongst our employees. At Sinful we focus on protecting labor rights and ensuring that our employees have healthy and safe working conditions. We continuously work to improve our work environment and have increased efforts through our work environment committee and supplement the work with annual employee satisfaction surveys.

COVID-19

In 2021, the Covid-19 pandemic has put additional pressure on the physical and mental well-being of our employees, caused by health risks and lockdowns. Sinful has put great focus on protecting our employees during this time by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of our employees during the pandemic.

Employees in numbers

Employees constitute the most important asset of Sinful, which makes it important to ensure the required technical and human skills. During the year, Sinful has therefore held several courses e.g. in connection to onboarding. At management level, training in being a leader has been provided.

By the end of 2021, the number of employees within the Group was 205, compared to 140 by the end of 2020. This is a net increase of 65 persons during 2021.

Account of the gender composition of Management, cf. §99b

The Company's objective is to have both genders represented amongst the members of the Board of Directors by at least 25%by 2026. Currently, the Board of Directors of P-Sinful A/S has a 100%male representation. There were no changes in the board of directors in 2021, which means the goal has not been met in this legal entity.

P-Sinful A/S has less than 50 employees and are therefore not obliged to report on other managerial positions cf. the Danish Business Authorities guideline on §99b.

Considering the entire Sinful Group, however, females are represented by 33%at Board of Director level. Therefore, the goal for the board of the Group has been met for 2021.

The main activities behind the goal of increased female representation at management level are centered around internal and external recruiting as well as making sure that all female internal talents get the needed attention and support in their leadership development to compete for leadership positions.

We pursue a general policy for the Group that states everyone should have equal opportunities, regardless of gender. We believe that having diverse management strengthens our business and brings value for development and innovation. The Company believes that diversity among employees and management, including gender distribution, contributes positively to the working environment and strengthens the company's performance and competitiveness.

Management's review

Data ethics

This statement of data ethics for P-sinful 2021 A/S is a component of the management's report in the annual report for 2021 and covers the accounting period 1 March to 31 December 2021.

Data ethics, like other business considerations, will be included in the consideration of major strategic business decisions and support the company's business model, values, and vision. The data ethics policy has been prepared to guarantee the safety of our employees, business relations, and customers, and to ensure they are handled according to the current legislation regarding personal data.

Sinful processes personal data in connection with recruitment, employment, and for the fulfilment of an agreement with business relations and customers. Sinful ensures that personal data is collected solely for legitimate purposes and interests. Data must be processed lawfully, fairly, and in a transparent manner. Sinful will never collect more personal data than what is necessary for the fulfilment of the specified purpose.

It is stated exactly which personal data are collected directly from the customers, how it is collected, processed, and stored at our website, at www.sinful.dk/persondatapolitik.

Some of our business relations will store and process personal data on behalf of Sinful. When entering such an agreement, a data processing agreement is signed to make sure that the business relation handles the data in accordance with our policy. As data controller, we have the responsibility to ensure that our business relations comply with our required level of security. Sinful does not sell any personal data to third parties. When investing in new technologies which contain the collection and processing of personal data, data ethics must always be considered.

The data policies are assessed and updated on an ongoing basis which the board and executives are responsible for. The executives are responsible for the implementation hereof.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The Group’s activity for 2022 is expected to increase up to 10%due to the continued growth in the Group’s core markets in Northern Europe as well as the initiation of further gradual expansion into new European markets.

As a result of increased investments in the organization, IT platform and marketing activities to build the platform for future growth, Management expects a decrease in net profit for 2022 compared to 2021.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Income statement

Note	DKK'000	Group 2021 10 months	Parent company 2021 10 months
2	**Revenue**	280,235	0
	Cost of sales	-137,470	0
	Other external expenses	-78,180	-1,192
	Gross profit	64,585	-1,192
3	Staff costs	-32,763	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-46,780	0
	Profit/loss before net financials	-14,958	-1,192
	Income from investments in group enterprises	0	-18,462
	Financial income	126	0
	Financial expenses	-20,648	-5
	Profit/loss before tax	-35,480	-19,659
4	Tax for the year	601	7
	Profit/loss for the year	-34,879	-19,652
	Specification of the Group's results of operations:		
	Shareholders in P-Sinful 2021 A/S	-19,652	
	Non-controlling interests	-15,227	
		-34,879	

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Balance sheet

Note	DKK'000	Group 2021	Parent company 2021
	ASSETS		
	Fixed assets		
5	**Intangible assets**		
	Patents and brand	359,674	0
	Customer relationships	20,628	0
	Acquired rights and other assets	1,737	0
	Goodwill	331,081	0
		713,120	0
6	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	1,552	0
	Leasehold improvements	309	0
		1,861	0
7	**Investments**		
	Investments in group enterprises	0	192,699
	Deposits, investments	1,564	0
		1,564	192,699
	Total fixed assets	716,545	192,699
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	64,510	0
		64,510	0
	Receivables		
	Trade receivables	3,604	0
	Joint taxation contribution receivable	0	2,456
	Other receivables	1,798	0
8	Prepayments	914	0
		6,316	2,456
	Cash	47,588	698
	Total non-fixed assets	118,414	3,154
	TOTAL ASSETS	834,959	195,853

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Balance sheet

Note	DKK'000	Group 2021	Parent company 2021
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	22,189	22,189
	Net revaluation reserve according to the equity method	0	0
	Retained earnings	171,188	171,188
	Shareholders in P-Sinful 2021 A/S' share of equity	193,377	193,377
	Non-controlling interests	158,933	0
	Total equity	352,310	193,377
	Provisions		
10	Deferred tax	83,658	0
	Total provisions	83,658	0
	Liabilities other than provisions		
11	**Non-current liabilities other than provisions**		
	Other credit institutions	296,721	0
	Payables to shareholders and Management	52,014	0
		348,735	0
	Current liabilities other than provisions		
	Trade payables	25,291	27
	Corporation tax payable	2,449	2,449
	Other payables	22,516	0
		50,256	2,476
	Total liabilities other than provisions	398,991	2,476
	TOTAL EQUITY AND LIABILITIES	834,959	195,853

1 Accounting policies
12 Contractual obligations and contingencies, etc.
13 Collateral
14 Related parties
15 Fee to the auditors appointed by the Company in general meeting
16 Appropriation of profit/loss

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Statement of changes in equity

		Group				
Note	**DKK'000**	**Share capital**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	Cash payments concerning formation of enterprise	504	0	504	24	528
	Capital increase	21,685	190,623	212,308	173,958	386,266
	Transfer through appropriation of loss	0	-19,652	-19,652	-15,227	-34,879
	Other value adjustments of equity	0	158	158	130	288
	Adjustment of hedging instruments at fair value	0	75	75	62	137
	Tax on items recognised directly in equity	0	-16	-16	-14	-30
	Equity at 31 December 2021	22,189	171,188	193,377	158,933	352,310

		Parent company			
Note	**DKK'000**	**Share capital**	**Net revaluation reserve according to the equity method**	**Retained earnings**	**Total**
	Cash payments concerning formation of enterprise	504	0	0	504
	Capital increase	21,685	0	190,623	212,308
16	Transfer, see "Appropriation of profit/loss"	0	-18,462	-1,190	-19,652
	Equity transfers to reserves	0	18,245	-18,245	0
	Other value adjustments of equity	0	217	0	217
	Equity at 31 December 2021	22,189	0	171,188	193,377

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Cash flow statement

Note	DKK'000	Group 2021 10 months
	Profit/loss for the year	-34,879
17	Adjustments	66,701
	Cash generated from operations (operating activities)	31,822
18	Changes in working capital	2,383
	Cash generated from operations (operating activities)	34,205
	Interest received, etc.	126
	Interest paid, etc.	-26,913
	Income taxes paid	-19,093
	Cash flows from operating activities	-11,675
	Additions of intangible assets	-620
	Additions of property, plant and equipment	-360
	Acquisition of companies	-681,839
	Cash flows to investing activities	-682,819
	Proceeds of debt to other credit institutions	305,000
	Proceeds of debt to shareholders and Management	50,000
	Cash payments concerning formation of enterprise	528
	Cash capital increase	386,266
	Other cash flows from financing activities	288
	Cash flows from financing activities	742,082
	Net cash flow	47,588
	Cash and cash equivalents at 1 March	0
	Cash and cash equivalents at 31 December	47,588

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

1 Accounting policies

The annual report of P-Sinful 2021 A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

1 Accounting policies (continued)

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

1 **Accounting policies (continued)**

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Patents and brand	15 years
Customer relationships	3 years
Acquired rights and other assets	3-10 years
Goodwill	10 years
Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5 years

The residual value amounts to DKK 0.

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, exchange gains and losses and service charge offset against recived payments from card companies.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

1 Accounting policies (continued)

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management’s experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

Other intangible assets include customer relationships, patents and brand and other acquired intangible rights, including domain.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

2 Segment information

The Company has not disclosed the breakdown of revenue by geographical and business segments, see section 96(1) of the Danish Financial Statements Act, as the Company's activities and markets do not differ significantly in the organisation of sales of goods. The Company primarily operates in the Nordic countries.

		Group	Parent company
	DKK'000	2021 10 months	2021 10 months
3	**Staff costs**		
	Wages/salaries	31,055	0
	Pensions	908	0
	Other social security costs	800	0
		32,763	0
	Average number of full-time employees	107	0
	Remuneration to members of Management:		
	Executive Board	1,573	0
	Board of Directors	650	0
		2,223	0

Parent company

The parent company did not pay any remuneration to Management during the financial year.

		Group	Parent company
	DKK'000	2021 10 months	2021 10 months
4	**Tax for the year**		
	Estimated tax charge for the year	4,440	-7
	Deferred tax	-5,041	0
		-601	-7

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

5 Intangible assets

	Group				
DKK'000	Patents and brand	Customer relationships	Acquired rights and other assets	Goodwill	Total
Cost at 1 March 2021	0	0	0	0	0
Additions on corporate acquisition	376,403	26,522	1,199	354,730	758,854
Additions	0	0	658	0	658
Cost at 31 December 2021	376,403	26,522	1,857	354,730	759,512
Impairment losses and amortisation at 1 March 2021	0	0	0	0	0
Amortisation of additions through corporate acquisition	0	0	38	0	38
Amortisation for the year	16,729	5,894	82	23,649	46,354
Impairment losses and amortisation at 31 December 2021	16,729	5,894	120	23,649	46,392
Carrying amount at 31 December 2021	359,674	20,628	1,737	331,081	713,120
Amortised over	15 years	3 years	3-10 years	10 years	

6 Property, plant and equipment

	Group		
DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 March 2021	0	0	0
Additions on corporate acquisition	2,327	788	3,115
Additions	360	0	360
Cost at 31 December 2021	2,687	788	3,475
Impairment losses and depreciation at 1 March 2021	0	0	0
Accumulated depreciation of additions on corporate acquisition	815	373	1,188
Depreciation	320	106	426
Impairment losses and depreciation at 31 December 2021	1,135	479	1,614
Carrying amount at 31 December 2021	1,552	309	1,861
Depreciated over	3-5 years	5 years	

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

7 Investments

DKK'000	Group Deposits, investments
Cost at 1 March 2021	0
Additions on corporate acquisition	1,373
Additions	342
Disposals	-151
Cost at 31 December 2021	1,564
Carrying amount at 31 December 2021	1,564

DKK'000	Parent company Investments in group enterprises
Cost at 1 March 2021	0
Additions on corporate acquisition	210,944
Cost at 31 December 2021	210,944
Value adjustments at 1 March 2021	0
Profit/loss for the year	-18,462
Changes in equity	217
Value adjustments at 31 December 2021	-18,245
Carrying amount at 31 December 2021	192,699

Parent company

Name	Legal form	Domicile	Interest
Subsidiaries			
Sinful HoldCo	A/S	Højberg, Denmark	54.80%
Sinful BidCo	A/S	Højberg, Denmark	54.80%
Sinful	ApS	Højberg, Denmark	54.80%
Sinful Asia	ApS	Højberg, Denmark	54.80%

8 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent,insurance policies, etc.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

9 Share capital

Changes in the share capital in the past year:

DKK'000	2021
Establishment	504
Capital increase	21,685
	22,189

DKK'000	Group 2021	Parent company 2021
10 Deferred tax		
Additions on corporate acquisition	88,699	0
Adjustment for the year in the income statement	-5,041	0
Deferred tax at 31 December	83,658	0
Deferred tax relates to:		
Intangible assets	83,666	0
Other taxable temporary differences	-8	0
	83,658	0

11 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other credit institutions	296,721	0	296,721	296,721
Payables to shareholders and Management	52,014	0	52,014	52,014
	348,735	0	348,735	348,735

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

12 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent liabilities:

DKK'000	Group 2021	Parent company 2021
Rent liabilities	11,556	0

Group

Rent and lease liabilities include a rent obligation totalling DKK 11,556 thousand in interminable rent agreements with remaining contract terms of 40 and 14 months, respectively.

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company has joint and several liability with other jointly taxed group entities for payment of income taxes for the income year 2021 and withholding taxes falling due for payment on or after 1 May 2021 in the group of jointly taxed entities.

13 Collateral

Group

As security for the Group's debt to other credit institutions, totalling DKK 305,000 thousand, the Company Sinful BidCo A/S has provided security in the shares in Sinful ApS, which is fullly consolidated into the consolidated financial statements.

The Group has not provided any other security or collateral in assets at 31 December 2021.

Parent company

The Parent Company has not placed any assets or other as security for loans at 31 December 2021.

14 Related parties

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Consolidated financial statements and parent company financial statements for the period 1 March - 31 December 2021

Notes to the financial statements

	DKK'000	Group 2021 10 months	Parent company 2021 10 months
15	**Fee to the auditors appointed by the Company in general meeting**		
	Total fees to EY	4,415	20
	Statutory audit	250	20
	Other assistance	4,165	0
		4,415	20

	DKK'000	Parent company 2021 10 months
16	**Appropriation of profit/loss**	
	Recommended appropriation of profit/loss	
	Net revaluation reserve according to the equity method	-18,462
	Retained earnings/accumulated loss	-1,190
		-19,652

	DKK'000	Group 2021 10 months
17	**Adjustments**	
	Amortisation/depreciation and impairment losses	46,780
	Financial income	-126
	Financial expenses	20,648
	Tax for the year	-601
		66,701
18	**Changes in working capital**	
	Change in inventories	-18,567
	Change in receivables	-3,003
	Change in trade and other payables	14,654
	Other changes in working capital	9,299
		2,383

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

René Lyngs Houmøller
Other
På vegne af: P-Sinful 2021 A/S
Serienummer: PID:9208-2002-2-819284531844
IP: 85.191.xxx.xxx
2022-04-25 12:36:54 UTC
NEM ID

Jan Johan Kühl
Executive Board
På vegne af: P-Sinful 2021 A/S
Serienummer: PID:9208-2002-2-736123138219
IP: 188.120.xxx.xxx
2022-04-26 08:25:19 UTC
NEM ID

Jan Johan Kühl
Board of Directors
På vegne af: P-Sinful 2021 A/S
Serienummer: PID:9208-2002-2-736123138219
IP: 188.120.xxx.xxx
2022-04-26 08:29:44 UTC
NEM ID

Henrik Bonnerup
Board of Directors
På vegne af: P-Sinful 2021 A/S
Serienummer: PID:9208-2002-2-631711917336
IP: 188.120.xxx.xxx
2022-04-26 08:30:03 UTC
NEM ID

Niels-Christian Worning
Chair
På vegne af: P-Sinful 2021 A/S
Serienummer: PID:9208-2002-2-714648032139
IP: 188.120.xxx.xxx
2022-04-26 11:19:10 UTC
NEM ID

Jonas Busk
State Authorised Public Accountant
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: CVR:30700228-RID:11937890
IP: 145.62.xxx.xxx
2022-04-26 12:27:32 UTC
NEM ID

Claus Hammer-Pedersen
State Authorised Public Accountant
På vegne af: EY Godkendt Revisionsanpartsselskab
Serienummer: CVR:30700228-RID:49314062
IP: 145.62.xxx.xxx
2022-04-26 16:40:29 UTC
NEM ID

René Lyngs Houmøller
Chairman
På vegne af: P-Sinful 2021 A/S
Serienummer: PID:9208-2002-2-819284531844
IP: 85.191.xxx.xxx
2022-04-26 17:36:31 UTC
NEM ID