

Sæther Nordic A/S

Ryttermarken 11, 3520 Farum

CVR no. 70 33 34 14

Annual report 2022

Approved at the Company's annual general meeting on 2 May 2023

Chairman of the meeting:



.....
Søren Tyge Sørensen

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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 Sæther Nordic A/S for the financial year 1 January - 31 December 2022.

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 2022 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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


Farum, 2 May 2023
Executive Board:



Palle Pedersen
Chief Executive Officer

Daniel Cordsen
Chief Financial Officer

Board of Directors:



Søren Tyge Sørensen
Chairman

Kay Spangler

Lars Daugaard

Pernille Krogh-Meyer

Independent auditor's report

To the shareholders of Sæther Nordic A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Sæther Nordic A/S for the financial year 1 January - 31 December 2022, 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 2022, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 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" (hereinafter 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' 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.

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.

Copenhagen, 2 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen
State Authorised Public Accountant
mne33717

Tine Bugge Andersen
State Authorised Public Accountant
mne49047

Management's review

Company details

| | |
|----------------------------|--|
| Name | Sæther Nordic A/S |
| Address, Postal code, City | Ryttermarken 11, 3520 Farum |
| CVR no. | 70 33 34 14 |
| Registered office | Furesø |
| Financial year | 1 January - 31 December |
| Board of Directors | Søren Tyge Sørensen, Chairman Kay Spanger Lars Daugaard Pernille Krogh-Meyer |
| Executive Board | Palle Pedersen, Chief Executive Officer Daniel Cordsen, Chief Financial Officer |
| Auditors | EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark |
| Bankers | Nordea |

Management's review

Financial highlights for the Group

| DKK'000 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-----------|-----------|---------|---------|---------|
| Key figures | | | | | |
| Revenue | 1,378,779 | 1,192,153 | 911,685 | 879,295 | 643,591 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 61,137 | 102,071 | 76,784 | 39,510 | 25,015 |
| Operating profit/loss | 47,612 | 89,400 | 58,722 | 26,824 | 16,637 |
| Net financials | -4,064 | -3,040 | -2,893 | -2,950 | -2,167 |
| Profit for the year | 33,260 | 67,767 | 50,273 | 17,016 | 10,496 |
| Balance sheet | | | | | |
| Total assets | 488,210 | 426,917 | 310,933 | 274,163 | 284,533 |
| Investments in property, plant and equipment | -11,789 | -29,959 | -6,294 | -8,558 | -15,010 |
| Equity | 156,450 | 161,664 | 115,707 | 67,573 | 64,734 |
| Cash flows | | | | | |
| Cash flows from operating activities | -85,162 | 30,776 | 66,865 | 58,922 | -8,646 |
| Financial ratios | | | | | |
| Operating margin | 3.5% | 7.5% | 7.3% | 3.2% | 2.9% |
| Gross margin | 18.7% | 25.1% | 29.5% | 23.3% | 20.0% |
| Return on assets | 10.4% | 24.2% | 20.1% | 9.6% | 6.7% |
| Equity ratio | 32.0% | 37.9% | 37.2% | 24.6% | 22.8% |
| Return on equity | 20.9% | 48.9% | 54.9% | 25.7% | 14.7% |
| Employees | | | | | |
| Average number of full-time employees | 371 | 311 | 283 | 278 | 202 |

Financial ratios are calculated in accordance with the terms and definitions as described in the accounting policies.

Management's review

Business review

The Group's main activities are the sale and marketing of perfumes and cosmetic products to the Nordic market.

The main activities of the parent company are logistics, IT, procurement, finance and administration for the Group's subsidiaries.

Financial review

The income statement for 2022 shows a profit of DKK 33,260 thousand against a profit of DKK 67,767 last year, and the balance sheet at 31 December 2022 shows equity of DKK 156,450 thousand.

Developments during the year were less satisfactory. This is due to the failure to meet the outlook of 25% increase in turnover, which ended at 16%. The lack of fulfillment is mainly due to the Travel Retail market's stabilization after Covid-19, but is also affected by a decrease in SEK -4% of which affects the translation to DKK.

The result for the year is negatively affected by the fact that the Group has established a new structure in the organization, had a different product mix than expected and added an additional warehouse. Therefore the actual result is 46% lower than last year compared to an expected growth of 3-4%.

Financial review parent company

The parent company incurred a net profit after tax of DKK 33.260 thousand, affected by the same events as impacted group figures.

No facts or events occurred in the parent company during the financial year which are not reflected in the management report for the Group.

Financial risks and use of financial instruments

The Group's purchases are made essentially in EUR, while the Group's sales are essentially made in DKK, EUR, NOK and SEK. In addition, purchases are made to a lesser extent in USD.

Currency risks are therefore related to SEK, NOK and USD, as DKK essentially follows EUR. To mitigate the currency risk hedging, hedging of foreign exchange risks is carried out on the basis of an ongoing assessment of exposure for the next 12 months and hedging is carried out through forward exchange transactions.

Investments in subsidiaries are considered to be long-term and related exchange rate risks are generally not hedged.

Impact on the external environment

The company is a distributor of beauty products in the Nordic region. The company represents over 100 brands and is a leader in the Nordic market.

The company does not currently have policies for social responsibility, including human rights, climate impact, environmental, social and employee conditions and anti-corruption. However, it is assessed that, based on a risk assessment, no significant risks have been identified for specific conditions.

Management's review

Statutory CSR report

In 2022, the Sæther Group has been working to establish and implement sustainability policies for the entire Group. The final result of the work for 2022 will be presented in an ESG report in spring 2023.

Responsible issues regarding human rights, social responsibility and anti-corruption are an integral part of the Danish labour market and Danish corporate culture and are well incorporated into the company. This is reflected in the company's trade with both Danish and foreign companies. More precise policies are set out in the aforementioned planned ESG report.

Going forward, the company will continue its close collaboration with consultants in relation to mapping the company's current status in relation to sustainability and to establish concrete targets for the future.

Account of the gender composition of Management

Target figure for the Board of Directors

The Board of Directors has set a target figure for the underrepresented gender on the Board of Directors of at least 25%, corresponding to 1 out of 4 members. The board is working to keep the current level in the future.

Status for fulfilment of the target

At present, the company has one female board member elected by the general meeting out of the current four board members (25%). The current composition is therefore considered satisfactory.

Policy for increasing the ratio of the under-represented gender at other managerial levels

The company works to secure an equal (40/60) split between genders in the extended management group. The share of female members in the extended group management team is 40%, which is considered satisfactory.

The company strives for a balanced distribution between men and women in the company, but our recruitment policy is always to hire the best qualified person for a given job, and we also see diversity and diversity as a strength, and therefore continuously work to harmonize the gender distribution in the company, including among our senior employees. This is supported by the fact that in 2022 we have implemented a better maternity scheme as well as more flexibility, so that the Work-life balance can be improved.

Data ethics

The company does not consider it relevant to develop a policy on data ethics. In this connection, the Company emphasise importance to the fact that the Company only to a limited extent collects and processes data and does not use new technologies as part of the Company's main activity, and does not itself or through external suppliers carry out specific data analyses, evaluations or segmentations.

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 company expects revenue growth for 2023 of between 10-15% due to increased distribution rights while increasing earnings in the area of 7-12%.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

| Note | DKK'000 | Group | | Parent company | |
|------|--|----------------|----------------|----------------|----------------|
| | | 2022 | 2021 | 2022 | 2021 |
| 3 | Revenue | 1,378,779 | 1,192,153 | 956,638 | 825,623 |
| | Cost of sales | -794,663 | -686,346 | -882,093 | -705,632 |
| | Other operating income | 2 | 1 | 53,461 | 39,145 |
| 4 | Other external expenses | -326,728 | -206,401 | -85,953 | -56,017 |
| | Gross profit | 257,390 | 299,407 | 42,053 | 103,119 |
| 5 | Staff costs | -196,253 | -197,336 | -63,952 | -59,058 |
| 6 | Amortisation/depreciation of intangible assets and property, plant and equipment | -13,523 | -12,670 | -1,099 | -1,387 |
| | Profit/loss before net financials | 47,614 | 89,401 | -22,998 | 42,674 |
| | Income from investments in group entities | 0 | 0 | 55,218 | 37,665 |
| 7 | Financial income | 1,709 | 270 | 1,435 | 193 |
| 8 | Financial expenses | -5,773 | -3,310 | -6,223 | -4,183 |
| | Profit before tax | 43,550 | 86,361 | 27,432 | 76,349 |
| 9 | Tax for the year | -10,290 | -18,594 | 5,828 | -8,582 |
| | Profit for the year | 33,260 | 67,767 | 33,260 | 67,767 |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | Group | | Parent company | |
|------|--|---------------------|----------------|----------------|----------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | ASSETS | | | |
| | | Fixed assets | | | |
| 10 | Intangible assets | | | | |
| | Acquired intangible assets | 1,219 | 0 | 1,219 | 0 |
| | | <u>1,219</u> | <u>0</u> | <u>1,219</u> | <u>0</u> |
| 11 | Property, plant and equipment | | | | |
| | Other fixtures and fittings, tools and equipment | 19,260 | 26,650 | 1,039 | 1,253 |
| | Leasehold improvements | 3,731 | 3,822 | 3,731 | 3,822 |
| | Prepayments for property, plant and equipment | 2,035 | 827 | 1,735 | 514 |
| | | <u>25,026</u> | <u>31,299</u> | <u>6,505</u> | <u>5,589</u> |
| 12 | Investments | | | | |
| | Investments in group entities | 0 | 0 | 105,837 | 93,433 |
| | Deposits | 5,743 | 3,454 | 5,686 | 3,397 |
| | | <u>5,743</u> | <u>3,454</u> | <u>111,523</u> | <u>96,830</u> |
| | Total fixed assets | <u>31,988</u> | <u>34,753</u> | <u>119,247</u> | <u>102,419</u> |
| | Non-fixed assets | | | | |
| | Inventories | | | | |
| | Finished goods and goods for resale | 254,447 | 220,255 | 254,447 | 220,255 |
| | | <u>254,447</u> | <u>220,255</u> | <u>254,447</u> | <u>220,255</u> |
| | Receivables | | | | |
| | Trade receivables | 159,072 | 116,748 | 2,743 | 6,598 |
| | Receivables from group entities | 0 | 0 | 13,841 | 21,695 |
| 15 | Deferred tax assets | 3,963 | 7,317 | 0 | 1,725 |
| | Joint taxation contribution receivable | 0 | 0 | 4,876 | 0 |
| | Other receivables | 25,731 | 5,839 | 17,145 | 4,212 |
| 13 | Prepayments | 11,684 | 4,474 | 5,653 | 2,874 |
| | | <u>200,450</u> | <u>134,378</u> | <u>44,258</u> | <u>37,104</u> |
| | Cash | <u>1,325</u> | <u>37,531</u> | <u>0</u> | <u>0</u> |
| | Total non-fixed assets | <u>456,222</u> | <u>392,164</u> | <u>298,705</u> | <u>257,359</u> |
| | TOTAL ASSETS | <u>488,210</u> | <u>426,917</u> | <u>417,952</u> | <u>359,778</u> |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | Group | | Parent company | |
|------|--|-------------------------------|----------------|----------------|----------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | EQUITY AND LIABILITIES | | | |
| | | Equity | | | |
| 14 | Share capital | 1,500 | 1,500 | 1,500 | 1,500 |
| | Net revaluation reserve according to the equity method | 0 | 0 | 41,459 | 29,056 |
| | Translation reserve | -3,042 | 616 | -3,042 | 616 |
| | Hedging reserve | 9,197 | -987 | 9,197 | -987 |
| | Retained earnings | 148,795 | 115,535 | 107,336 | 86,479 |
| | Dividend proposed for the year | 0 | 45,000 | 0 | 45,000 |
| | Total equity | 156,450 | 161,664 | 156,450 | 161,664 |
| | Provisions | | | | |
| 15 | Deferred tax | 195 | 1,368 | 195 | 0 |
| | Other provisions | 8,295 | 15,486 | 0 | 0 |
| 17 | Total provisions | 8,490 | 16,854 | 195 | 0 |
| | Liabilities other than provisions | | | | |
| 16 | Non-current liabilities other than provisions | | | | |
| | Other payables | 9,580 | 17,986 | 4,020 | 10,774 |
| | | 9,580 | 17,986 | 4,020 | 10,774 |
| | Current liabilities other than provisions | | | | |
| | Other credit institutions | 106,146 | 23,802 | 106,834 | 21,456 |
| | Trade payables | 112,524 | 109,861 | 81,430 | 68,016 |
| | Payables to group entities | 27,500 | 0 | 55,371 | 71,362 |
| | Income taxes payable | 8,409 | 20,493 | 0 | 10,431 |
| | Other payables | 54,497 | 69,786 | 10,443 | 9,743 |
| 19 | Deferred income | 4,614 | 6,471 | 3,209 | 6,332 |
| | | 313,690 | 230,413 | 257,287 | 187,340 |
| | Total liabilities other than provisions | 323,270 | 248,399 | 261,307 | 198,114 |
| | TOTAL EQUITY AND LIABILITIES | 488,210 | 426,917 | 417,952 | 359,778 |

- 1 Accounting policies
- 2 Special items
- 20 Contractual obligations and contingencies, etc.
- 21 Collateral
- 22 Related parties
- 23 Appropriation of profit

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

| Note | DKK'000 | Group | | | | | |
|------|---|---------------|---------------------|-----------------|-------------------|--------------------------------|----------------|
| | | Share capital | Translation reserve | Hedging reserve | Retained earnings | Dividend proposed for the year | Total |
| | | 1,500 | 796 | -4,356 | 92,768 | 25,000 | 115,708 |
| | Equity at 1 January 2021 | 0 | 0 | 0 | 22,767 | 45,000 | 67,767 |
| | Transfer through appropriation of profit | 0 | -180 | 0 | 0 | 0 | -180 |
| | Exchange adjustment | 0 | 0 | 4,319 | 0 | 0 | 4,319 |
| | Adjustment of hedging instruments at fair value | 0 | 0 | -950 | 0 | 0 | -950 |
| | Tax on items recognised directly in equity | 0 | 0 | 0 | 0 | -25,000 | -25,000 |
| | Dividend distributed | | | | | | |
| | Equity at 1 January 2022 | 1,500 | 616 | -987 | 115,535 | 45,000 | 161,664 |
| | Transfer through appropriation of profit | 0 | 0 | 0 | 33,260 | 0 | 33,260 |
| | Exchange adjustment | 0 | -3,658 | 0 | 0 | 0 | -3,658 |
| | Adjustment of hedging instruments at fair value | 0 | 0 | 13,056 | 0 | 0 | 13,056 |
| | Tax on items recognised directly in equity | 0 | 0 | -2,872 | 0 | 0 | -2,872 |
| | Dividend distributed | 0 | 0 | 0 | 0 | -45,000 | -45,000 |
| | Equity at 31 December 2022 | 1,500 | -3,042 | 9,197 | 148,795 | 0 | 156,450 |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity (continued)

| Note | DKK'000 | Parent company | | | | | | |
|------|---|----------------|--|---------------------|-----------------|-------------------|--------------------------------|----------------|
| | | Share capital | Net revaluation reserve according to the equity method | Translation reserve | Hedging reserve | Retained earnings | Dividend proposed for the year | Total |
| | | 1,500 | 0 | 796 | -4,356 | 92,767 | 25,000 | 115,707 |
| 23 | Equity at 1 January 2021 | 0 | 29,056 | 0 | 0 | -6,288 | 45,000 | 67,768 |
| | Transfer, see "Appropriation of profit" | 0 | 0 | -180 | 0 | 0 | 0 | -180 |
| | Exchange adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Adjustment of hedging instruments at fair value | 0 | 0 | 0 | 4,319 | 0 | 0 | 4,319 |
| | Tax on items recognised directly in equity | 0 | 0 | 0 | -950 | 0 | 0 | -950 |
| | Dividend distributed | 0 | 0 | 0 | 0 | 0 | -25,000 | -25,000 |
| | Equity at 1 January 2022 | 1,500 | 29,056 | 616 | -987 | 86,479 | 45,000 | 161,664 |
| 23 | Transfer, see "Appropriation of profit" | 0 | 12,403 | 0 | 0 | 20,857 | 0 | 33,260 |
| | Exchange adjustment | 0 | 0 | -3,658 | 0 | 0 | 0 | -3,658 |
| | Adjustment of hedging instruments at fair value | 0 | 0 | 0 | 13,056 | 0 | 0 | 13,056 |
| | Tax on items recognised directly in equity | 0 | 0 | 0 | -2,872 | 0 | 0 | -2,872 |
| | Dividend distributed | 0 | 0 | 0 | 0 | 0 | -45,000 | -45,000 |
| | Equity at 31 December 2022 | 1,500 | 41,459 | -3,042 | 9,197 | 107,336 | 0 | 156,450 |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

| Note | DKK'000 | Group | |
|------|---|----------------|----------------|
| | | 2022 | 2021 |
| | Profit for the year | 33,260 | 67,767 |
| 24 | Adjustments | 20,849 | 40,382 |
| | Cash generated from operations (operating activities) | 54,109 | 108,149 |
| 25 | Changes in working capital | -117,355 | -63,569 |
| | Cash generated from operations (operating activities) | -63,246 | 44,580 |
| | Interest received, etc. | 1,709 | 270 |
| | Interest paid, etc. | -5,773 | -3,310 |
| | Income taxes paid | -17,852 | -10,764 |
| | Cash flows from operating activities | -85,162 | 30,776 |
| | Additions of intangible assets | -1,281 | 0 |
| | Acquisition of property, plant and equipment | -11,789 | -29,959 |
| | Addition of financial assets | -2,289 | -453 |
| | Cash flows to investing activities | -15,359 | -30,412 |
| | Dividends paid | -45,000 | -25,000 |
| | Proceeds of debt to credit institutions | 82,343 | 23,802 |
| | Incurrence of debt, group entities | 27,500 | 0 |
| | Cash flows from financing activities | 64,843 | -1,198 |
| | Net cash flow | -35,678 | -834 |
| | Cash and cash equivalents at 1 January | 37,531 | 38,246 |
| | Foreign exchange adjustments | -528 | 119 |
| | Cash and cash equivalents at 31 December | 1,325 | 37,531 |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Sæther Nordic A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

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.

The consolidated entities' financial statements have been prepared in accordance with the Parent Company's accounting policies. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by aggregating similar financial statement items. Intra-group income, expenses, gains, losses, ownership interest, dividends and balances are eliminated. Equity investments in consolidated entities are set off against the proportionate share of the consolidated entity's fair value of assets and liabilities at the acquisition date.

Newly acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Entities over which the Group exercises significant influence are considered associates. Significant influence is presumed to exist when the Group directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Exchange adjustments of balances with separate foreign entities that are considered to constitute an addition to or a deduction from the total investment in the separate foreign entity are taken directly to equity.

On the sale of an separate foreign entity, the accumulated exchange adjustment is re-classified from equity to the income statement together with the gain or the loss.

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 as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliable and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including sale of services to affiliates and gains or losses on the sale of non-current assets.

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.

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

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

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

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:

| | |
|--|------------|
| Acquired intangible assets | 5-10 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 10 years |

The residual value is determined at the time of acquisition and is reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Residual values are assessed to be DKK 0.

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in subsidiaries

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In subsidiaries, the full elimination of internal profit and loss is carried out without regard to ownership shares., only proportional elimination of profit and loss is carried out, taking into account ownership shares.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of 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 under operating leases are recognised in the income statement over the term of the lease.

Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the Parent Company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the Parent Company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the Parent Company has a legal or a constructive obligation to cover the subsidiary's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Gains or losses on disposal of subsidiaries are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of property, plant and equipment and investments in subsidiaries 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 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

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

Cash

Cash comprise cash.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

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 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.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to return commitments related to the sale of goods. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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.

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.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

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 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 geographical markets is disclosed. The segmentation is in accordance with the Company's internal financial management.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

| | |
|-----------------------|---|
| Operating profit/loss | Profit/loss before financial items adjusted for other operating income and other operating expenses |
| Operating margin | $\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$ |
| Gross margin | $\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$ |
| Equity ratio | $\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$ |
| Return on equity | $\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$ |

2 Special items

Special items include income and expenses not directly attributable to the Group's recurring operating activities such as restructuring costs and one-off impairment of inventories etc. In addition non recurring amounts are classified as special items including: Significant impairments of current and non-current assets; gains and losses on the disposal of activities and non-current assets.

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

| DKK'000 | Group | | Parent company | |
|--|----------|----------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Expenses | | | | |
| Return provision etc. | 0 | -11,052 | 0 | -1,045 |
| Compensation in resignation period | 0 | -4,647 | 0 | 0 |
| | 0 | -15,699 | 0 | -1,045 |
| Special items are recognised in the below items of the financial statements | | | | |
| Cost of sales | 0 | -11,052 | 0 | -1,045 |
| Staff costs | 0 | -4,647 | 0 | 0 |
| Net profit/loss on special items | 0 | -15,699 | 0 | -1,045 |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

| DKK'000 | Group | | Parent company | |
|---|------------------|------------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| 3 Segment information | | | | |
| Breakdown of revenue by geographical segment: | | | | |
| Revenue, Denmark | 593,894 | 560,854 | 451,260 | 398,396 |
| Revenue, Sweden | 501,374 | 397,431 | 335,627 | 265,472 |
| Revenue, Norway | 218,115 | 201,840 | 143,877 | 137,886 |
| Revenue, Other countries | 65,396 | 32,028 | 25,874 | 23,869 |
| | <u>1,378,779</u> | <u>1,192,153</u> | <u>956,638</u> | <u>825,623</u> |

| DKK'000 | Group | |
|---|------------|--------------|
| | 2022 | 2021 |
| 4 Fee to the auditors appointed in general meeting | | |
| Statutory audit | 703 | 747 |
| Tax assistance | 100 | 79 |
| Other assistance | 171 | 1,203 |
| | <u>974</u> | <u>2,029</u> |

In accordance with section 96(3) of the Danish Financial Statements Act, audit fees are not disclosed for the parent company as audit fees are disclosed for the Group as a whole in the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

| DKK'000 | Group | | Parent company | |
|---------------------------------------|----------------|----------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| 5 Staff costs | | | | |
| Wages/salaries | 156,540 | 163,439 | 55,732 | 53,368 |
| Pensions | 18,325 | 14,051 | 4,002 | 3,106 |
| Other social security costs | 14,847 | 12,713 | 1,938 | 752 |
| Other staff costs | 6,541 | 7,133 | 2,280 | 1,832 |
| | <u>196,253</u> | <u>197,336</u> | <u>63,952</u> | <u>59,058</u> |
| | | | | |
| Average number of full-time employees | <u>371</u> | <u>311</u> | <u>107</u> | <u>83</u> |

Total remuneration to group Management and board of directors: DKK 4,848 thousand (2021: DKK 4,350 thousand)

Parent company

Total remuneration to Management and board of directors: DKK 4,848 thousand (2021: DKK 4,350 thousand)

| DKK'000 | Group | | Parent company | |
|---|---------------|---------------|----------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| 6 Amortisation/depreciation of intangible assets and property, plant and equipment | | | | |
| Amortisation of intangible assets | 62 | 0 | 62 | 0 |
| Depreciation of property, plant and equipment | 13,461 | 12,670 | 1,037 | 1,387 |
| | <u>13,523</u> | <u>12,670</u> | <u>1,099</u> | <u>1,387</u> |
| | | | | |
| 7 Financial income | | | | |
| Interest receivable, group entities | 0 | 0 | 289 | 0 |
| Exchange adjustments | 1,054 | 63 | 1,054 | 0 |
| Other financial income | 655 | 207 | 92 | 193 |
| | <u>1,709</u> | <u>270</u> | <u>1,435</u> | <u>193</u> |
| | | | | |
| DKK'000 | Group | | Parent company | |
| | 2022 | 2021 | 2022 | 2021 |
| 8 Financial expenses | | | | |
| Interest expenses, group entities | 718 | 0 | 1,749 | 1,530 |
| Exchange adjustments | 154 | 806 | 0 | 736 |
| Other financial expenses | 4,901 | 2,504 | 4,474 | 1,917 |
| | <u>5,773</u> | <u>3,310</u> | <u>6,223</u> | <u>4,183</u> |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Tax for the year

| | | | | |
|--------------------------------------|---------------|---------------|---------------|--------------|
| Estimated tax charge for the year | 11,213 | 22,440 | 0 | 9,481 |
| Deferred tax adjustments in the year | -923 | -3,846 | -952 | -899 |
| Refund in joint taxation | 0 | 0 | -4,876 | 0 |
| | <u>10,290</u> | <u>18,594</u> | <u>-5,828</u> | <u>8,582</u> |

Specified as follows:

| | | | | |
|--|---------------|---------------|---------------|--------------|
| Tax for the year | 10,290 | 18,594 | -5,828 | 8,582 |
| Tax on items recognised directly in equity | 2,872 | 950 | 2,872 | 950 |
| | <u>13,162</u> | <u>19,544</u> | <u>-2,956</u> | <u>9,532</u> |

10 Intangible assets

| | <u>Group</u> |
|--|-----------------------------------|
| | <u>Acquired intangible assets</u> |
| DKK'000 | |
| Additions in the year | 1,281 |
| Disposals in the year | 0 |
| Cost at 31 December 2022 | 1,281 |
| Amortisation in the year | 62 |
| Impairment losses and amortisation at 31 December 2022 | 62 |
| Carrying amount at 31 December 2022 | <u>1,219</u> |
| | <u>Parent company</u> |
| | <u>Acquired intangible assets</u> |
| DKK'000 | |
| Additions in the year | 1,281 |
| Cost at 31 December 2022 | 1,281 |
| Amortisation in the year | 62 |
| Impairment losses and amortisation at 31 December 2022 | 62 |
| Carrying amount at 31 December 2022 | <u>1,219</u> |
| Amortised over | <u>5-10 years</u> |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

11 Property, plant and equipment

| DKK'000 | Group | | | |
|---|--|------------------------|---|---------------|
| | Other fixtures and fittings, tools and equipment | Leasehold improvements | Prepayments for property, plant and equipment | Total |
| Cost at 1 January 2022 | 72,593 | 10,168 | 827 | 83,588 |
| Exchange adjustment | -1,465 | 0 | 0 | -1,465 |
| Additions in the year | 6,066 | 488 | 5,235 | 11,789 |
| Disposals in the year | -2,659 | 0 | -3,714 | -6,373 |
| Transfer from other accounts | 313 | 0 | -313 | 0 |
| Cost at 31 December 2022 | 74,848 | 10,656 | 2,035 | 87,539 |
| Impairment losses and depreciation at 1 January 2022 | 45,943 | 6,346 | 0 | 52,289 |
| Exchange adjustment | -741 | 0 | 0 | -741 |
| Depreciation in the year | 12,882 | 579 | 0 | 13,461 |
| Reversal of depreciation and impairment of disposals | -2,496 | 0 | 0 | -2,496 |
| Impairment losses and depreciation at 31 December 2022 | 55,588 | 6,925 | 0 | 62,513 |
| Carrying amount at 31 December 2022 | 19,260 | 3,731 | 2,035 | 25,026 |

| DKK'000 | Parent company | | | |
|---|--|------------------------|---|---------------|
| | Other fixtures and fittings, tools and equipment | Leasehold improvements | Prepayments for property, plant and equipment | Total |
| Cost at 1 January 2022 | 18,820 | 10,168 | 514 | 29,502 |
| Additions in the year | 244 | 488 | 4,935 | 5,667 |
| Disposals in the year | 0 | 0 | -3,714 | -3,714 |
| Cost at 31 December 2022 | 19,064 | 10,656 | 1,735 | 31,455 |
| Impairment losses and depreciation at 1 January 2022 | 17,567 | 6,346 | 0 | 23,913 |
| Depreciation in the year | 458 | 579 | 0 | 1,037 |
| Impairment losses and depreciation at 31 December 2022 | 18,025 | 6,925 | 0 | 24,950 |
| Carrying amount at 31 December 2022 | 1,039 | 3,731 | 1,735 | 6,505 |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

12 Investments

| DKK'000 | Group | |
|-------------------------------------|----------|-------|
| | Deposits | |
| Cost at 1 January 2022 | | 3,454 |
| Additions in the year | | 2,289 |
| Cost at 31 December 2022 | | 5,743 |
| Carrying amount at 31 December 2022 | | 5,743 |

| DKK'000 | Parent company | | |
|---------------------------------------|-------------------------------|----------|---------|
| | Investments in group entities | Deposits | Total |
| Cost at 1 January 2022 | 64,378 | 3,397 | 67,775 |
| Additions in the year | 0 | 2,289 | 2,289 |
| Cost at 31 December 2022 | 64,378 | 5,686 | 70,064 |
| Value adjustments at 1 January 2022 | 29,055 | 0 | 29,055 |
| Exchange adjustment | -3,230 | 0 | -3,230 |
| Dividend distributed | -39,584 | 0 | -39,584 |
| Share of the profit/loss for the year | 55,218 | 0 | 55,218 |
| Value adjustments at 31 December 2022 | 41,459 | 0 | 41,459 |
| Carrying amount at 31 December 2022 | 105,837 | 5,686 | 111,523 |

Parent company

| Name | Legal form | Domicile | Interest |
|---------------|----------------|----------|----------|
| E. Sæther A/S | Aktieselskab | Danmark | 100.00% |
| E. Sæther AB | Kapitalselskab | Sverige | 100.00% |
| Sæther OY | Kapitalselskab | Finland | 100.00% |
| E. Sæther AS | Kapitalselskab | Norge | 100.00% |

13 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent, licence fees and other prepaid expenses.

Parent company

Prepayments include accrual of expenses relating to subsequent financial years, including rent, licence fees and other prepaid expenses.

| DKK'000 | Parent company | |
|---|----------------|-------|
| | 2022 | 2021 |
| 14 Share capital | | |
| Analysis of the share capital: | | |
| 1,000 A shares of DKK 1.00 nominal value each | 1 | 1 |
| 1,499,000 B shares of DKK 1.00 nominal value each | 1,499 | 1,499 |
| | 1,500 | 1,500 |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

| DKK'000 | Group | | Parent company | |
|-------------------------------------|---------------|---------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| 15 Deferred tax | | | | |
| Deferred tax at 1 January | -5,949 | -1,822 | -1,725 | -827 |
| Exchange adjustment | 77 | -28 | 0 | 0 |
| Deferred tax adjustment in the year | 2,258 | -3,846 | 1,920 | -898 |
| Currency adjustment to deferred tax | -154 | -253 | 0 | 0 |
| Deferred tax at 31 December | -3,768 | -5,949 | 195 | -1,725 |

Deferred tax relates to:

| DKK'000 | Group | | Parent company | |
|-------------------------------------|---------------|---------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Property, plant and equipment | -2,394 | -2,569 | 195 | -251 |
| Receivables | -93 | -77 | 0 | 0 |
| Provisions | 0 | 1,368 | 0 | 0 |
| Other taxable temporary differences | -1,281 | -4,671 | 0 | -1,474 |
| | -3,768 | -5,949 | 195 | -1,725 |

Analysis of the deferred tax

| | | | | |
|--------------------------|---------------|---------------|------------|---------------|
| Deferred tax assets | -3,963 | -7,317 | 0 | -1,725 |
| Deferred tax liabilities | 195 | 1,368 | 195 | 0 |
| | -3,768 | -5,949 | 195 | -1,725 |

At 31 December 2022, the Group had recognised a tax asset totalling DKK 3.963 thousand. The tax asset consists primarily of non-utilised tax deductions in the form of timing differences.

Based on the 2023 budget and future expectations, management has assessed it likely that future taxable profit will be available in which tax assets can be utilized.

16 Non-current liabilities other than provisions

| DKK'000 | Group | | | |
|----------------|--------------------------|----------------------|-------------------|--------------------------------|
| | Total debt at 31/12 2022 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
| Other payables | 9,580 | 0 | 9,580 | 8,917 |
| | 9,580 | 0 | 9,580 | 8,917 |
| DKK'000 | Parent company | | | |
| | Total debt at 31/12 2022 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
| Other payables | 4,020 | 0 | 4,020 | 3,691 |
| | 4,020 | 0 | 4,020 | 3,691 |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

17 Provisions

Group

Other provisions comprise provisions for return commitments related to the sale of goods. Return provisions relate to anticipated return expenses in accordance with agreements with customers. The obligation is expected to be settled over the return period, which is maximum one year.

18 Derivative financial instruments

Group

Forecast transactions

The Group's purchases are made essentially in EUR, while the Group's sales are essentially made in DKK, EUR, NOK and SEK. In addition, purchases are made to a lesser extent in USD.

Currency risks are therefore related to SEK, NOK and USD, as DKK essentially follows EUR. To mitigate the currency risk hedging, hedging of foreign exchange risks is carried out on the basis of an ongoing assessment of exposure for the next 12 months and hedging is carried out through forward exchange transactions.

There is not included any significant not observable input in the fair value assessment.

Fair value disclosures

The Group has the following assets and liabilities measured at fair value:

| DKK'000 | Forward contracts |
|--|-------------------|
| Group | |
| Fair value at year end | 13,816 |
| Unrealised fair value adjustments for the year, recognised in the income statement | 2,176 |
| Unrealised fair value adjustments for the year, recognised in hedging reserve | 11,641 |
| Fair value level | 2 |
| Parent Company | |
| Fair value at year end | 13,816 |
| Unrealised fair value adjustments for the year, recognised in the income statement | 2,176 |
| Unrealised fair value adjustments for the year, recognised in hedging reserve | 11,641 |
| Fair value level | 2 |

Parent company

Forecast transactions

Parent company

| DKK'000 | Period | Contractual value | | Gains and losses recognised in equity | |
|----------------|-------------|-------------------|---------|---------------------------------------|--------|
| | | 2022 | 2021 | 2022 | 2021 |
| Currency swaps | 1-12 months | 328,930 | 198,350 | 11,641 | -1,265 |

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

19 Deferred income

Group

Deferred income consists of prepaid marketing contributions that will not be recognised as income until the subsequent financial year once the recognition criteria are satisfied.

Parent company

Deferred income consists of prepaid marketing contributions that will not be recognised as income until the subsequent financial year once the recognition criteria are satisfied.

20 Contractual obligations and contingencies, etc.

Contingent liabilities

Group

Other financial obligations

Other rent and lease liabilities:

| DKK'000 | Group | | Parent company | |
|----------------------------|--------|--------|----------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Rent and lease liabilities | 63,424 | 62,467 | 51,266 | 48,614 |

Group

Rent and lease liabilities include a rent obligation totalling DKK 59,857 thousand (2021: DKK 58,337 thousand) in interminable rent agreements with remaining contract terms of 1-10 years. Furthermore, the Group has liabilities under operating leases for cars and IT equipment totalling DKK 3,567 thousand (2021: DKK 4,130 thousand) with remaining contract terms of 1-3 years.

Parent company

The Company is jointly taxed with other Danish group entities. As a jointly taxed group entity, the Company has joint and several unlimited liability, together with the other group entities, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities.

The Company is jointly registered for VAT with its subsidiary E. Sæther A/S. The Company is thus jointly and severally liable for all VAT liabilities under the joint registration. Total consolidated VAT payable for the jointly registered companies totalled DKK 3,394 thousand at 31 December 2022.

Rent and lease liabilities include a rent obligation totalling DKK 49,684 thousand (2021: DKK 47,470 thousand) in interminable rent agreements with remaining contract terms of 1-8 years. Furthermore, the Group has liabilities under operating leases for cars and IT equipment totalling DKK 1,582 thousand (2021: DKK 1,144 thousand) with remaining contract terms of 1-3 years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

21 Collateral

Group

A company charge of DKK 150 million, secured on Group trade receivables and inventories, has been provided as security for E. Sæther A/S' and Sæther Nordic A/S' debt to Nordea

A bank guarantee has been provided for rent liabilities totalling DKK 56 thousand.

Parent company

A company charge of DKK 125 million, secured on the Company's trade receivables and inventories, has been provided as security for the Company's debt to Nordea.

Furthermore, the Parent Company has provided a guarantee vis-à-vis Nordea in respect of the subsidiary E. Sæther A/S' debt to Nordea.

22 Related parties

Group

Information about consolidated financial statements

| Parent | Domicile |
|--|----------|
| Ultimate Parent Company, E. Sæther Holding A/S | Denmark |

Related party transactions

| DKK'000 | 2022 | 2021 |
|--|---------|---------|
| Group | | |
| Rent of owner-occupied property from shareholder | 4,300 | 4,075 |
| Interest expenses to group entities | 718 | 0 |
| Parent Company | | |
| Sale of goods to group entities | 912,709 | 816,905 |
| Sale of services to group entities | 53,459 | 101,212 |
| Interest allocations to group entities | 3,758 | 3,589 |
| Interest expenses to group entities | 1,749 | 1,530 |
| Rent of owner-occupied property from shareholder | 4,075 | 4,075 |
| Purchase of services from group entities | 0 | 360 |
| Sale of POS materials to group entities | 12,615 | 22,553 |

Receivables from and payables to group entities are specified in the balance sheet.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

22 Related parties (continued)

Information on the remuneration to management

Information on the remuneration to Management appears from note 5, "Staff costs".

Parent company

Parties exercising control

| Related party | Domicile | Basis for control |
|--------------------------------------|----------|---|
| Parent Company E. Sæther Holding A/S | Denmark | Participating interest Shareholders' agreement Participating interest |

Information about remuneration to Management

Information about remuneration to Management appears from note 5, "Staff costs".

| DKK'000 | Parent company | |
|--|-----------------|----------------|
| | 2022 | 2021 |
| 23 Appropriation of profit | | |
| Recommended appropriation of profit | | |
| Proposed dividend recognised under equity | 0 | 45,000 |
| Net revaluation reserve according to the equity method | 12,403 | 29,056 |
| Retained earnings/accumulated loss | 20,857 | -6,289 |
| | <u>33,260</u> | <u>67,767</u> |
| | | |
| | Group | |
| | 2022 | 2021 |
| 24 Adjustments | | |
| Amortisation/depreciation and impairment losses | 13,523 | 12,670 |
| Gain/loss on the sale of non-current assets | 163 | 56 |
| Provisions | -7,191 | 6,022 |
| Financial income | -1,709 | -270 |
| Financial expenses | 5,773 | 3,310 |
| Tax for the year | 10,290 | 18,594 |
| | <u>20,849</u> | <u>40,382</u> |
| | | |
| 25 Changes in working capital | | |
| Change in inventories | -34,192 | -86,093 |
| Change in receivables | -70,253 | -14,116 |
| Change in trade and other payables | -22,107 | 31,102 |
| Other changes in working capital | 9,197 | 5,538 |
| | <u>-117,355</u> | <u>-63,569</u> |

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