DK Company Vejle A/S

Edisonvej 4, 7100 Vejle

CVR no. 76 18 01 13

Annual Report

2021

The Annual Report was presented and adopted at the_Annual General Meeting of the Company on 11 May 2022.

Chairman of the Meeting

CONTENTS

COMPANY INFORMATION

Company	DK Company Vejle A/S Edisonvej 4 DK-7100 Vejle	
	Telephone: Facsimile:	+45 79 43 30 00 +45 79 43 30 01
	CVR no. Founded: Registered office: Financial year:	76 18 01 13 2 January 1985 Vejle Municipality 1 January - 31 December
Board of Directors	Jens Poulsen, Chairman Kasper Toftekær Philipsen Søren Bak Lauritsen Jens Obel Jørgensen	
Executive Board	Kasper Toftekær Philipsen	
Subsidiaries	DK Company Vejle Switzerland AG, Switzerland DK Company Málaga S.L., Spain DK Company Norway AS, Norway DKC Retail Norway AS, Norway DKC Sweden AB, Sweden DKC Vejle Belgium NV, Belgium DKV Company Canada Inc., Canada DKV France SARL, France DKV Agency France SAS, France DKV Germany GmbH, Germany DKV Retail A/S, Denmark DKV Retail II A/S, Denmark DKV UK LTD, England	
Audit	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1, DK-8000 Aarhus	
Bankers	Jyske Bank A/S Vestergade 8-16 DK-8600 Silkeborg	
	BNP Paribas Factor A/S Stationsparken 21, 1 DK-2600 Glostrup	

FINANCIAL HIGHLIGHTS

Amounts in DKK ´000	2021	2020	2019*	2018*	2017*
Income Statement					
Revenue	1,099,708	890,629	963,388	937,475	885,905
Profit/loss before financial income and expenses	190,760	67,879	55,244	120,295	106,423
Financial income and expenses, net amounts	55,771	53,444	34,751	13,256	18,265
Profit/loss for the year	205,372	106,831	78,232	106,915	100,942
Balance Sheet					
Non-current assets	191,353	129,252	92,331	55,352	53,079
Current assets	452,148	419,076	344,923	430,440	338,793
Total assets	643,501	548,328	437,254	485,792	391,872
Equity	365,974	281,005	162,180	170,663	118,820
Non-current liabilities	4,092	14,109	5,506	2,555	1,317
Current liabilities	273,435	253,214	269,568	312,574	271,735
Investments in property, plant and equipment	15,778	2,887	3,437	3,437	4,246
Employees					
Average number of employees	255	262	266	261	250
Financial Ratios					
Solvency ratio	56.9%	51.2%	37.1%	35.1%	30.3%
Return on equity	63.5%	47.3%	42.0%	73.9%	72.9%

* The Companies DK Company Vejle A/S and DKV Mens Dept. A/S (CVR no 40 51 13 69) have merged effective from 1 January 2021. As a consequence the financial highlights for 2020 have been changed accordingly. The Financial highlights for 2019, 2018 and 2017 have not been changed.

The financial highlights have been calculated in accordance with the recommendations issued by the Danish Society of Financial Analysts. The financial ratios stated in the selected financial highlights have been calculated as follows:

$$\text{Solvency ratio (\%)} = \frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$$

$$\text{Return on equity (\%)} = \frac{\text{Profit/Loss after tax x 100}}{\text{Average equity}}$$

MANAGEMENT'S STATEMENT

The Executive Board and the Board of Directors have today considered and adopted the Annual Report of DK Company Vejle A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the Annual Report gives a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company operations for the financial year 1 January - 31 December 2021.

Moreover, in our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company.

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

Vejle, 11 May 2022

Executive Board

Kasper Toftekær Philipsen

Board of Directors

Jens Poulsen *Chairman*	Kasper Toftekær Philipsen
Søren Bak Lauritsen	Jens Obel Jørgensen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of DK Company Vejle A/S

Opinion

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

We have audited the Financial Statements of DK Company Vejle A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis of opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, 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 in Management's Review.

Management's responsibilities for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

Aarhus, 11 May 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Jens Weiersøe Jakobsen
State Authorised Public Accountant
mne30152

Christine Tveteraas
State Authorised Public Accountant
mne34341

MANAGEMENT'S REVIEW

Main activity

The Company's activity consists in the purchase and sale of goods for resale in the textile industry.

Development in activities and financial position

Revenue for the year amounts to DKK 1,099.7 million (DKK 762.7 million). Profit for the year totals 205.4 million (DKK 106.8 million), and the balance sheet of the Company shows equity of DKK 366.0 million (DKK 281.0 million).

Profit for the year is considered satisfactory, taking into account the COVID-19 impact on the Company's activities.

In 2021, the Company, accompanied by the other companies under DK Company A/S, chose to refinance its operations to the effect that the Company's main asset – trade receivables – will be partly divested and partly mortgaged. The financing structure are implemented in the first half of 2021.

Special risks

In Management's opinion, the Company is not affected by any special risks apart from those generally existing in the line of business.

Research and development activities

The Company's collections are developed continuously throughout the year. In addition thereto, the Company has no actual research and development activities.

Outlook

Profit forecasts for 2022 are subject to great uncertainty as the COVID crisis continues to impact the world, and many markets have closed down. As the Company took action and adjusted its business during 2021, the Company expects a profit for the financial year 2022 in line with 2021.

Subsequent events

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

Environmental aspects

According to section 99(1) of the Danish Financial Statements Act, no separate statutory report has been made on the Company's impact on the external environment and measures to prevent, reduce or remedy any damage to the environment for DK Company Vejle A/S, covering the reporting period 1 January to 31 December 2021, as this information is provided for the Group as a whole in the Responsibility Report for 2021. The information is provided under CSR on the Group's website: www.dkcompany.com. (DK Company CSR)

Corporate social responsibility

According to section 99a of the Danish Financial Statements Act, no separate statutory report has been made on corporate social responsibility for DK Company Vejle A/S, covering the reporting period 1 January to 31 December 2021, as such information is provided for the Group as a whole in the Responsibility Report for 2021. The information is provided under CSR on the Group's website: www.dkcompany.com. (DK Company CSR)

Targets and policies on the under-represented gender

According to the Danish Financial Statements Act section 99b the entity shall report on targets and policies on the under-represented gender.

The fashion industry, which traditionally employs many women, is challenged by a limited proportion of women in senior management. The proportion of women of managers positions in DK Company Vejle A/S is representative in terms of gender; however, this is not the case on the Executive Board and the Board of Directors.

Diversity in management and board	2020		2021	
	Women	Men	Women	Men
Board of Directors	0%	100%	0%	100%
Executive Board	0%	100%	0%	100%
Managers	31%	69%	29%	71%
Distribution	70%	30%	67%	33%

The Board of Directors has agreed on a target of equal gender representation of managers, with a representation of both genders of at least 40%. By 2021, the number of female leaders had dropped from 31% to 29%. However, we consider the difference in relation to our target of 40% to be acceptable.

We continue to work for gender balance and are very aware of any circumstances we can improve to achieve our goal.

The Board of Directors has agreed on a target of a minimum of 20% women on the Board of Directors within the next four years. As the Board of Directors currently has no female members, the target has not yet been achieved. The reason for not achieving the target is that the Board consists of the Group's owners, all of whom are men, and that no non-executive directors have been elected during the year.

Data ethics

According to section 99d of the Danish Financial Statements Act, no separate policy has been made for DK Company Vejle A/S as such information is provided for the Group as a whole. The information is provided under CSR on the Group's website: www.dkcompany.com. (Data Ethics)

ACCOUNTING POLICIES

The 2021 Annual Report of DK Company Vejle A/S has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (large enterprises). The accounting policies remain unchanged compared to last year.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The Company is included in the Consolidated Financial Statements of DK Company A/S, available on the Group's website: www.dkcompany.com under About us / Financial Information.
(DK Company Financial Information)

Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. Moreover, all expenses incurred are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts previously recognised in the income statement.

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the accumulated amortisation of any difference between cost and the nominal amount. Capital losses and gains are thus allocated over the terms of the asset or liability.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Financial Statements which concern affairs and conditions existing at the balance sheet date.

The annual report is presented in Danish kroner (DKK), which is also the functional currency of the Company. All other currencies are regarded as foreign currencies.

Translation policies

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in the income statement. If foreign exchange positions are considered hedges of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items denominated in foreign currency which have not been settled at the balance sheet date are translated at the closing rate. Any differences between the exchange rates at the balance sheet date and the rates at the dates when the receivables or the payables arose or at which they were recognised in the latest financial statements are recognised in the income statement.

Intangible assets and property, plant and equipment purchased in foreign currencies are translated at the exchange rates at the dates of transaction.

If the foreign group enterprises meet the criteria for legal entities, the income statements are converted at an average exchange rate for the month, and the balance sheet items are translated at the exchange rates on the balance sheet date. Currency translation differences arising on the translation of the opening equity of foreign group enterprises at the exchange rates on the balance sheet date and on the translation of income statements from average exchange rates to the exchange rates on the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in fair values of derivative financial instruments that are meant to hedge recognised assets or liabilities are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability.

Changes in fair values of derivative financial instruments that are meant to hedge recognised assets or liabilities are recognised in receivables or payables as well as in equity. If the future transaction results in the recognition of assets or liabilities, amounts recognised in equity are transferred from equity and recognised in the cost of the asset or the liability, respectively. If the future transaction results in income or expenses, amounts recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

In terms of derivative financial instruments that do not qualify as hedges, changes in fair value are recognised in the income statement.

INCOME STATEMENT

Revenue

The Company has decided to apply IFRS 15 as interpretation for the recognition of revenue.

The Company's revenue stems from the sale of goods for resale in the textile industry. Revenue is recognised when control of the individually identifiable performance obligation set out in the sales agreement passes to the customer, which according to the terms of sale occurs at the time of delivery.

The Company's sales agreements are divided into individually identifiable performance obligations, which are recognised and measured separately at fair value. Although sales agreements for the sale of goods for resale often set out multiple performance obligations, such obligations are treated as a single performance obligation owing to their concurrent delivery. If a sales agreement contains multiple performance obligations, the total sales value of the sales agreement is allocated proportionally to its individual performance obligations.

Recognised revenue is measured at the fair value of the consideration agreed, exclusive of VAT, charges, etc. collected on behalf of third parties. All types of discounts granted are recognised in revenue. Exchange differences in receivables from the sale of goods and services in foreign currencies are recognised in revenue. Fair value corresponds to the price agreed discounted to net present value, where the terms of payment exceed 12 months.

The part of total consideration that is variable, for example in the form of discounts, bonus payments, etc., is only recognised in revenue when it is reasonably certain that there will be no reversal thereof in subsequent periods. This also applies to the goods that are expected to be returned by fulfilling the Company's return obligations based on historical experience on actual return percentages and product mix. Customers are typically entitled to return online purchases within two weeks, but when returning Christmas presents purchased between 1 November and 23 December, they have 14-90 days.

ACCOUNTING POLICIES

Costs off goods for resale

Costs off goods for resale include expenses incurred to generate revenue for the year. Costs off goods for resale is recognised in line with revenue. This year's change in inventories is included in the cost off goods for resale. Exchange differences relating to suppliers of goods and services in foreign currencies are recognised in costs off goods for resale.

Other external expenses

Other external expenses include expenses for distribution and advertising, sale, administration, premises, losses on trade receivables and rental expenses under operating leases.

Staff costs

Staff costs include salaries, considerations, pensions and other staff costs related to the Company's employees.

Depreciation, amortisation and impairment losses on intangible assets as well as property, plant and equipment

Depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets include depreciation of property, plant and equipment and amortisation of intangible assets, as well as impairment losses for the year as a result of impairment.

Other operating income and operating expenses

Other operating income and expenses comprise income and expenses of a secondary nature to the activities of the Company, including gains or losses from current sale and replacement of intangible assets and property, plant and equipment. Gains or losses from the disposal of intangible assets and property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the time of disposal.

Income in the form of compensation received from public authorities

Compensation received from public authorities is recognised in other operating income in line with the costs associated with the compensation, once the Company has obtained final commitment from the compensation provider, it is likely that the Company will meet the conditions attached to the compensation and it is highly likely that the compensation will not have to be repaid.

Share of profit/loss after tax in group enterprises

According to the equity method, a proportion of profit or loss after tax in the underlying enterprises is to be recognised in the income statement. Shares of profit or loss after tax in subsidiaries and group enterprises are presented in the income statement as separate line items. Full elimination of intra-group profit/loss is made for investments in subsidiaries. For investments in group enterprises, only a proportionate elimination of intra-group profit/loss is made.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, the interest element of finance lease payments, realised and unrealised capital gains and losses in respect of securities, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as interest charges and interest reimbursement under the on-account taxation scheme. Financial items are recognised at the amounts relating to the financial year.

Tax on profit/loss for the year

The Company is jointly taxed with the Danish consolidated enterprises. The current Danish corporation tax is allocated to the jointly taxed companies in proportion to their taxable incomes. The jointly taxed Danish enterprises are included in the on-account taxation scheme.

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

BALANCE SHEET

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. The amortisation period is ten years. Management estimates a useful life of at least ten years for the Company's goodwill. Emphasis is placed on the Company's brands being well incorporated in the market and providing satisfactory earnings. Goodwill is written down to the lower of the recoverable amount or carrying amount. However, goodwill for agencies with a contractual term of 1-3 years is amortised over this period.

Property, plant and equipment

Leasehold improvements and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which are:

Leasehold improvements	3 - 7 years
Other fixtures and fittings, tools and equipment	2 - 7 years

The basis of depreciation is cost less estimated residual value at the end of the useful life and reduced by any impairment loss. The depreciation period and the residual value are determined at the date of acquisition and are reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

If the period of depreciation or the residual value changes, the effect on depreciation is recognised prospectively as a change in the accounting estimate.

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

ACCOUNTING POLICIES

Leases

The Company has chosen IAS 17 as interpretation for the classification and recognition of leases.

Leases in respect of assets in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are initially recognised in the balance sheet at the lower of the assets' fair value and the net present value of the future minimum lease payments. When computing the net present value, the interest rate implicit in the lease or the alternative borrowing rate is applied as the discount rate. After that, assets acquired under finance leases are treated in the same way as the other assets of the Company.

The capitalised lease obligation is recognised in the balance sheet under debt, and the interest element of the lease payment is charged over the lease term to the income statement under finance costs. After initial recognition, lease obligations are measured at amortised cost.

All other leases are considered operating leases. Payments made under operating leases and other rental agreements are recognised in the income statement over the lease term. The Company's total liability relating to operating leases and rental agreements is disclosed under contingent assets and liabilities, etc.

Other non-current assets

Investments in group enterprises

Investments in group enterprises are measured according to the equity method. The Company has chosen the equity method as its measurement method.

This implies that investments are measured at cost on initial recognition. Cost is allocated according to the purchase method.

Newly acquired or newly established enterprises are recognised in the financial statements from the date of acquisition or establishment. Enterprises sold or wound up are recognised until the date of disposal. Comparative figures are not restated for newly acquired, sold or wound-up enterprises.

The time of acquisition is the time when the Group obtains actual control of the entity acquired.

Acquisitions of new group enterprises are accounted for using the purchase method under which the identified assets and liabilities of the newly acquired enterprises acquired are measured at fair value at the time of acquisition. Identifiable intangible assets are recognised if they can be separated from or arise from a contractual right. Deferred tax is recognised on the revaluations.

Positive differences (goodwill) between the cost and fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised under investments in group enterprises. The difference is amortised systematically in the income statement over an individual estimation of the useful life determined on the basis of Management's experience with the individual business areas.

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

Costs incurred in connection with acquisitions (transaction costs) are recognised directly in the income statement under shares of profit or loss after tax of group enterprises in the year of incurrence. In contrast to the accounting policies applied in the Consolidated Financial Statements, where such costs are recognised directly in the income statement under special items, the parent discloses these special items only in a separate note to the income statement.

If, at the time of the acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the purchase consideration, initial recognition is made on the basis of provisionally determined values. If it subsequently turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was not correct on initial recognition, the statement is adjusted retrospectively. Goodwill and negative goodwill from acquired enterprises may be adjusted up to 12 months after acquisition.

Cost is adjusted for shares of profit or loss after tax deducting or adding unrealised intra-group profits and losses.

Dividends received are deducted from the carrying amount.

Investments in group enterprises that are measured at equity value are subject to impairment tests in case of indication of impairment.

On divestment of group enterprises in which control is no longer maintained, profits or losses are determined as the difference between the net selling price on the one hand and the proportion of the carrying amount of net assets on the other. Gains or losses are recognised in the income statement under financial income and expenses, net. If the enterprise continues to hold investments in the divested group enterprise, the remaining proportion of the carrying amount forms the basis for measurement of investments in group enterprises.

Other receivables

Deposits are measured at amortised cost.

Impairment of non-current assets

The carrying amounts of intangible assets and property, plant and equipment as well as investments in group enterprises are assessed annually to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

In the event of indications of impairment, an impairment test is carried out of each individual asset or group of assets. Write-down is made to the lower of the recoverable amount or carrying amount.

The recoverable amount used is the higher of net selling price and value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or asset group and expected net cash flows on the disposal of the asset or asset group on expiry of the useful life.

Previously recognised impairment losses are reversed when the basis for the impairment loss no longer exists. An impairment loss in respect of goodwill is not reversed.

Inventories

Inventories are measured at cost under the FIFO method. If the net realisable value of inventories is lower than cost, write-down is made to this lower value.

The cost of inventories equals landed cost.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to execute sales. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

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

Write-down to net realisable value is made for estimated bad debts. Assessment of write-downs for estimated bad debt is carried out at both individual and portfolio level using a provisions account.

Prepayments

Prepayments that are recognised under assets include expenses related to subsequent reporting periods.

ACCOUNTING POLICIES

Equity – reserve for net revaluation under the equity method

Reserve for net revaluation under the equity method includes net revaluation of investments in group enterprises relative to cost.

The reserve may be eliminated in case of loss, realisation of investments or changes in accounting estimates.

This reserve cannot be recognised at a negative amount.

Equity - dividend

Dividend expected to be paid for the year is disclosed as a separate equity item. Proposed dividend is recognised as a liability when a resolution approving the dividend has been adopted by the general meeting (the time of declaration).

Corporation tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on the taxable income of previous years and for taxes paid on account.

Deferred tax is measured under the balance sheet liability method on the basis of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, no deferred tax is recognised on temporary differences relating to goodwill not deductible for tax purposes, or other items where temporary differences – except in the case of business acquisitions – have arisen at the date of acquisition and affect neither the net profit for the year nor the taxable income. In cases where the computation of the tax base may be made according to different tax rules, deferred tax is measured on the basis of Management's intended use of the asset and settlement of the liability, respectively. Deferred tax assets as well as deferred tax liabilities are recognised.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is adjusted for eliminations of unrealised intra-group gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates of the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Liabilities

Financial liabilities are initially measured at fair value less any transaction costs. In subsequent periods, the liabilities are measured at amortised cost using "the effective interest method" so that the difference between the proceeds and the nominal value is recognised in the income statement as financial expenses over the loan term.

Other liabilities are measured at net realisable value.

OTHER DISCLOSURES

Cash flow statement

According to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the Company as such statement is included in the cash flow statement for the Group as a whole in the Consolidated Financial Statements of DK Company A/S.

Fee to auditors appointed at the Annual General Meeting

According to section 96(3) of the Danish Financial Statements Act, the fee to the auditors appointed at the Annual General Meeting has not been disclosed as such information is disclosed for the Group as a whole in the Consolidated Financial Statements of DK Company A/S.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

Note		2021	2020
1	Revenue	1,099,707,769	890,629,188
	Costs of goods for resale	-752,267,321	-680,677,997
	Other external expenses	-60,075,509	-57,852,667
2	Other operating income	9,566,605	18,041,182
	Gross profit	296,931,544	170,139,706
3	Staff costs	-98,720,379	-94,447,350
	Depreciation, amortisation and impairment losses on intangible assets as well as property, plant and equipment	-7,379,721	-6,935,287
4	Other operating expenses	-71,036	-878,313
	Profit/loss before financial income and expenses	190,760,408	67,878,756
9	Share of profit/loss after tax in group enterprises	59,684,005	55,770,615
5	Financial income	193,395	1,397,911
5	Financial expenses	-4,106,553	-3,724,833
	Financial income and expenses, net amounts	55,770,847	53,443,693
	Profit/loss before tax	246,531,255	121,322,449
6	Tax on profit/loss for the year	-41,159,347	-14,491,518
	PROFIT/LOSS FOR THE YEAR	205,371,908	106,830,931

BALANCE SHEET

Note		31/12 2021	31/12 2020
	ASSETS		
	NON-CURRENT ASSETS		
	Goodwill	4,385,029	6,331,722
	Trademark rights	1,289,475	1,465,319
7	Intangible assets	5,674,504	7,797,041
	Leasehold improvements	14,783,023	3,458,686
	Other fixtures and fittings, tools and equipment	7,758,846	8,909,546
8	Property, plant and equipment	22,541,869	12,368,232
9	Investments in group enterprises	159,810,162	99,519,498
10	Other receivables	3,326,261	3,283,195
11	Deferred tax assets	0	6,284,000
	Other non-current assets	163,136,423	109,086,693
	NON-CURRENT ASSETS	191,352,796	129,251,966
	CURRENT ASSETS		
	Goods for resale	148,957,146	155,381,104
	Goods in transit	96,933,956	56,415,630
	Inventories	245,891,102	211,796,734
	Trade receivables	26,879,821	53,449,909
	Receivables from group enterprises	141,991,687	146,192,200
	Corporation tax	7,421,748	879,058
	Other receivables	27,346,078	5,175,970
	Receivables	203,639,334	205,697,137
	Cash	2,618,002	1,582,484
	CURRENT ASSETS	452,148,438	419,076,355
	TOTAL ASSETS	643,501,234	548,328,321

BALANCE SHEET

Note		31/12 2021	31/12 2020
	EQUITY AND LIABILITIES		
	EQUITY		
12	Share capital	8,550,000	8,550,000
	Reserve for net revaluation under the equity method	113,920,711	53,630,047
	Hedging reserves	576,958	-27,149,738
	Retained earnings	2,926,760	245,974,722
	Proposed dividend	240,000,000	0
	EQUITY	365,974,429	281,005,031
	NON-CURRENT LIABILITIES		
11	Deferred tax	2,111,000	0
13	Credit institutions	1,916,365	1,580,839
13	Other payables	63,555	12,527,227
	NON-CURRENT LIABILITIES	4,090,920	14,108,066
	CURRENT LIABILITIES		
13	Credit institutions	846,082	885,810
	Trade payables	188,662,925	152,315,131
	Payables to group enterprises	46,228,146	29,785,422
	Corporation tax	0	4,877,606
	Other payables	37,698,732	65,351,255
	CURRENT LIABILITIES	273,435,885	253,215,224
	LIABILITIES	277,526,805	267,323,290
	TOTAL EQUITY AND LIABILITIES	643,501,234	548,328,321

14 Contingent assets and liabilities

15 Security

16 Related parties

17 Distribution of profit

18 Special items

STATEMENT OF CHANGES IN EQUITY

	2021	2020
Share capital	8,550,000	8,550,000
Reserve for net revaluation under the equity method at 1 January	53,630,047	24,505,855
Reclassification related to merger	0	-24,512,818
Exchange adjustments	1,870,794	-7,251,073
Transferred from distribution of net profit	58,419,870	60,888,083
Reserve for net revaluation under the equity method at 31 December	113,920,711	53,630,047
Hedging reserves at 1 January	-27,149,738	-11,546,025
Value adjustment of financial instruments	35,547,046	-20,004,761
Tax on financial instruments	-7,820,350	4,401,048
Hedging reserves at 31 December	576,958	-27,149,738
Retained earnings at 1 January	245,974,722	130,670,076
Reclassification related to merger	0	24,512,818
Capital contribution, parent	0	44,848,980
Transferred from distribution of net profit	-93,047,962	45,942,848
Extraordinary dividend	-150,000,000	0
Retained earnings at 31 December	2,926,760	245,974,722
Proposed dividend at 1 January	0	10,000,000
Dividend	0	-10,000,000
Transferred from distribution of net profit	240,000,000	0
Proposed dividend at 31 December	240,000,000	0
Equity at 31 December	365,974,429	281,005,031

Note		2021	2020
1	REVENUE		
	By geography		
	Denmark	222,112,555	168,449,180
	Norway	64,194,646	61,832,994
	Germany	269,695,994	195,787,813
	Sweden	47,864,527	49,095,917
	Benelux	85,966,282	79,274,980
	Spain	35,267,388	35,762,041
	Canada	18,055,383	11,912,629
	Italy	57,534,407	50,433,745
	Other markets in Europe	286,074,625	223,700,682
	Other markets outside Europe	12,941,963	14,379,208
		1,099,707,769	890,629,188
2	OTHER OPERATING INCOME		
	Gain on sale of equity investments	0	20,274
	Gain on disposal of property, plant and equipment	160,000	89,362
	Administration fee	9,406,605	8,673,338
	COVID-19 salary compensation	0	9,258,208
		9,566,605	18,041,182
3	STAFF COSTS		
	Wages and salaries	87,284,511	82,562,738
	Pensions	9,390,668	10,078,812
	Other social security expenses	2,045,200	1,805,800
		98,720,379	94,447,350

In accordance with section 98b(3) of the Danish Financial Statements Act, no disclosure is made as to management remuneration as the information covers only one member.

		2021	2020
	Average number of employees	255	282
4	OTHER OPERATING EXPENSES		
	Loss on disposal of intangible assets	17,605	228,313
	Loss on disposal of property, plant and equipment	53,431	0
		71,036	228,313

Note

5 FINANCIAL INCOME AND EXPENSES

Interest income from group enterprises constitutes DKK 0 of financial income compared to DKK 0 in 2020

Interest expensses from group enterprises constitute DKK 207k of financial expenses compared to DKK 705k in 2020 and translation adjustments of intercompany balances DKK 3298k compared to DKK 718k in 2020.

	2021	2020
6 TAX ON PROFIT/LOSS FOR THE YEAR		
Current tax for the year	40,578,252	14,298,548
Change in deferred tax for the year	574,649	193,048
Adjustment of tax relating to previous years	6,446	-78
	41,159,347	14,491,518

7 INTANGIBLE ASSETS	Goodwill	Trademark rights
Cost at 1 January 2021	16,869,657	500,000
Additions from merger	1,525,625	1,758,383
Disposals at cost	-5,629,585	0
Cost at 31 December 2021	12,765,697	2,258,383
Depreciation and impairment losses at 1 January 2021	10,537,935	500,000
Additions from merger	1,525,625	293,064
Depreciation for the year	1,946,693	175,844
Reversal of assets sold	-5,629,585	0
Depreciation and impairment losses at 31 December 2021	8,380,668	968,908
Carrying amount at 31 December 2021	4,385,029	1,289,475

Note

		Leasehold improvements	Other fixtures and fittings, tools and equipment
8	PROPERTY, PLANT AND EQUIPMENT		
	Cost at 1 January 2021	10,645,358	36,811,500
	Additions from merger	0	1,500,575
	Additions at cost	12,890,667	2,887,067
	Disposals at cost	-498,217	-5,200,963
	Cost at 31 December 2021	23,037,808	35,998,179
	Amortisation and impairment losses at 1 January 2021	7,186,672	28,780,543
	Additions from merger	0	621,986
	Amortisation for the year	1,548,725	3,708,459
	Reversal of assets sold	-480,612	-4,871,655
	Amortisation and impairment losses at 31 December 2021	8,254,785	28,239,333
	Carrying amount at 31 December 2021	14,783,023	7,758,846
	Carrying amount of leased assets		2,698,317

The leased assets relate primarily to inventory and photo copying machines. The leased assets are provided as security for lease liabilities.

Note		
9	INVESTMENTS IN GROUP ENTERPRISES	
	Cost at 1 January 2021	45,889,451
	Cost at 31 December 2021	45,889,451
	Value adjustments at 1 January 2021	78,142,865
	Disposal relating to merger	-24,512,818
	Exchange adjustments from translation of foreign entities	2,581,916
	Share of profit/loss for the year	63,213,044
	Adjustments to intercompany profits	-3,529,039
	Change in equity in group enterprises	-711,122
	Distribution from group enterprises	-1,264,135
	Value adjustments at 31 December 2021	113,920,711
	Carrying amount at 31 December 2021	159,810,162

	DK Company Vejle A/S' share	
Group enterprises are specified as follows:	Profit or loss	Equity
DK Company Vejle Switzerland AG, Baar, Switzerland, 100%	149,952	1,686,313
DK Company Málaga S.L., Málaga, Spain, 100%	1,379,080	1,988,367
DK Company Norway AS, Sem, Norway, 100%	5,640,882	13,678,824
DKC Retail Norway AS, Sem, Norway, 100%	7,939,395	31,689,260
DKC Sweden AB, Västra, Sweden, 100%	1,367,803	3,948,765
DKC Vejle Belgium NV, Antwerpen, Belgium, 100% (99.84%)	1,161,336	5,534,173
DKV Company Canada Inc., Québec, Canada, 100%	1,779,536	6,200,960
DKV France SARL, Paris, France, 100%	1,849,533	4,222,650
DKV Agency France SAS, Paris, France, 60%	1,465,125	1,988,834
DKV Germany GmbH, Neuss, Germany, 100%	37,614,618	85,977,697
DKV Retail A/S, Vejle, Denmark, 100%	1,586,963	3,563,136
DKV Retail II A/S, Vejle, Denmark, 100%	258,578	1,228,388
DKV UK LTD, London, England, 100%	1,020,243	3,954,046
	63,213,044	165,661,413
Adjustments to intercompany profits	-4,524,409	-7,501,604
Tax on adjustments to intercompany profits	995,370	1,650,353
	59,684,005	159,810,162

All subsidiaries are regarded as separate entities.

Note

10 OTHER NON-CURRENT ASSETS

OTHER RECEIVABLES	Deposits
Cost at 1 January 2021	3,203,195
Additions from merger	80,000
Additions at cost	43,066
Disposals at cost	0
Cost at 31 December 2021	3,326,261
Carrying amount at 31 December 2021	3,326,261

11 DEFERRED TAX

	2021	2020
Deferred tax at 1 January	6,284,000	2,076,000
Additions from merger	0	-25,000
Deferred tax for the year recognised in profit/loss for the year	-574,650	-168,048
Deferred tax for the year recognised in equity	-7,820,350	4,401,048
Deferred tax at 31 December	-2,111,000	6,284,000
Deferred tax is recognised as follows in the balance sheet:		
Deferred tax assets	0	6,504,000
Deferred tax liabilities	-2,111,000	0
	-2,111,000	6,504,000
Deferred tax relates to:		
Intangible assets	-25,000	157,000
Property, plant and equipment	1,074,000	1,466,000
Other liabilities	-3,160,000	4,661,000
	-2,111,000	6,284,000

The Company has prepared an impairment test of deferred tax assets which shows that the losses will with reasonable certainty/probability be realised in the foreseeable future (within five years), and thus the requirement of convincing evidence for the recognition of deferred tax assets is considered met.

Provision for deferred tax is made at the tax rate at which temporary differences are expected realised on the basis of the adopted corporation tax rate of 22%.

Note

12 SHARE CAPITAL

The share capital consists of 8,550 shares of DKK 1,000 each or multiples thereof. The capital is not divided into classes.

The share capital has changed as follows:

Share capital at formation on 2 January 1985	500,000
Cash capital increase 8 June 1993	10,000
Cash capital increase 29 May 1995	10,000
Cash capital increase 31 May 1996	10,000
Capital increase through merger on 12 December 2012	8,020,000
	8,550,000

13 DEBT

	31/12 2021	31/12 2020
Credit institutions	2,762,447	2,466,649
Other payables	63,555	12,527,227
	2,826,002	14,993,876

The debt is expected to fall due for payment as follows:

0-1 year	846,082	885,810
1-5 years	1,979,920	1,580,839
After 5 years	0	12,527,227
	2,826,002	14,993,876

14 CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities

The Company has entered into agreements (letters of credit) for the delivery of goods of DKK 124.5m (compared to DKK 114.7m last year.

The Company has entered into operating leases; as a result, total lease liabilities constitute DKK 5.5m (DKK 6.8m)

The Company has entered into operational rental agreements; as a result, total rental obligations constitute DKK 38.9m (DKK 48.6m)

The Company is jointly taxed with its parent Jens Poulsen Holding ApS as an administration company and is jointly and severally liable with other jointly taxed companies for payment of corporation tax as from the accounting period of 2013, as well as for withholding tax on interest, royalties and dividends falling due on or after 1 July 2012.

Note

14 CONTINGENT ASSETS AND LIABILITIES – continued

Financial instruments

The Company has entered into forward exchange contracts to hedge future purchases of goods in USD as well as future sale of goods in SEK, NOK, GBP, CHF and CAD. In relation to the market price at the balance sheet date, a capital loss is sustained in the amount of DKK 17,116k (a loss of DKK 23,822k), of which a positive DKK 15,364k (a loss of DKK 20,184k) is recognised directly in equity, while a positive DKK 1,752k (a loss of DKK 3,638k) is recognised in the income statement.

31.12.2021 (DKK 1,000)	Residual maturity	Value of currency	Fair value
Currency risks:			
USD	0-12 months	42,250	17,896
SEK	0-12 months	-60,500	539
NOK	0-14 months	-198,500	-980
GBP	0-8 months	-2,475	-201
CHF	0-19 months	-755	-127
CAD	0-9 months	-3,100	-11
		-223,080	17,116

31.12.2020 (DKK 1,000)	Residual maturity	Value of currency	Fair value
Currency risks:			
USD	0-12 months	50,150	-22,343
SEK	0-9 months	-33,253	-937
NOK	0-5 months	-42,500	-661
GBP	0-5 months	-550	70
CHF	0-10 months	-220	10
CAD	0-7 months	-700	39
		-27,073	-23,822

Positive contractual value refers to the purchase of the currency in question, and negative contractual value refers to such sale.

Assets and liabilities measured at fair value

The Group's derivative financial instruments exist only in the form of forward exchange contracts measured according to generally accepted valuation techniques based on relevant observable exchange rates (fair value hierarchy level 2). Both externally and internally calculated fair values based on discounting of future cash flows are applied. Where internally calculated fair values are applied, these are reconciled quarterly with the externally calculated fair values.

Derivative financial instruments are recognised in other receivables and other payables.

Note

CONTINGENT ASSETS AND LIABILITIES – continued

Financial instruments

The gains on derivative financial instruments recognised in the income statement in revenue, cost of sales, financial income and financial expenses appear from the statement of comprehensive income for 2021 and 2020, respectively.

15 SECURITY

The Company's shares in the amount of DKK 8,550k (DKK 8,550k) have been provided as security for the balances with banks of the Company, DK Company Cph A/S, DKC Wholesale A/S, DK Company Retail A/S, Miss O ApS, DK Company Online A/S, DKC Retail Norway AS and the parent DK Company A/S.

The Company has provided surety as security for the balances with banks of DK Company Cph A/S, DKC Wholesale A/S, Miss O ApS, DK Company Online A/S, DKC Retail Norway AS, DKV Retail A/S and the parent DK Company A/S.

The Company's total warranty commitments amount to DKK 13.1 million (DKK 13.2 million)

NOTES

Note

16 RELATED PARTIES

Ultimate parent

Jens Poulsen Holding ApS, Søbjergvej 56, 7430 Ikast, Denmark (CVR no. 20 67 66 71).

The ultimate parent is domiciled in the Municipality of Ikast-Brande.

Related party transactions

During the financial year, the Company's related party transactions were solely carried out on an arm's length basis.

The Company is included in the Consolidated Financial Statements of DK Company A/S, Ikast-Brande.

17 DISTRIBUTION OF NET PROFIT	2021	2020
Proposal for distribution of net profit		
Retained earnings	-93,047,962	45,942,848
Reserve for net revaluation under the equity method	58,419,870	60,888,083
Proposed dividend for the year	240,000,000	0
	205,371,908	106,830,931

18 SPECIAL ITEMS

Special items include material income and expenses of a special nature in relation to the parent's revenue-generating operating activities, including significant one-off amounts which, in Management's view, are not part of the parent's operating activities.

As stated in Management's Review, net profit/loss for the year is affected by a number of factors that deviate from what Management assesses as being part of the operating activities.

Special items for the year are specified below, including where these are recognised in the income statement.

Income	2021	2020
COVID-19 salary compensation	0	9,258,208
	0	9,258,208
Special items are included in the following line items of the financial statements		
Other operating income	0	9,258,208
Profit or loss on special items, net	0	9,258,208

Med min underskrift bekræfter jeg indhold og datoer i dette dokument

Kasper Toftekær Philipsen
(CPR validated)
På vegne af: Executive Board, DK Company Vejle A/S
PID: 9208-2002-2-900202574662
Dato: 2022-05-12 12:45 (UTC)

NEM ID

Jens Poulsen
(CPR validated)
På vegne af: Chairman, DK Company Vejle A/S
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Dato: 2022-05-12 13:11 (UTC)

NEM ID

Kasper Toftekær Philipsen
(CPR validated)
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