# ANNUAL REPORT 2021

dk company

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

DK Company A/S, La Cours Vej 6, DK-7430 Ikast, CVR-no. 24 43 11 18

# Contents



# MANAGEMENT'S REVIEW

# DK Company celebrates its 20th anniversary with a record result

DK Company A/S was founded in 2001 and was in 2021able to celebrate its 20th anniversary with a record result of DKK 612 million before tax, which is a significant increase compared to 2020's record profit of DKK 335 million before tax. The result is based on record revenue of DKK 3.9 billion against last year's revenue of DKK 3.3 billion, a growth rate of 20%. The profit is in line with expectations.

Founder and CEO Jens Poulsen states: *"Based on the four-month Covid-19 closure of many stores in Europe, we are both grateful, humble and extremely satisfied with the results for the year. It is a fantastic team performance, under the leadership of the three co-owners Kasper Philipsen, Jens Obel and Søren Lauritsen, where our employees' flexibility, willingness to change and fight have made the difference. I am pleased that we have a strong wholesale business based on all three domiciles in Ikast, Copenhagen and Vejle as well as healthy growth in both online and retail"*.

Furthermore, Jens Poulsen says that: *"Despite the record result, it has been the most challenging year in our 20 years of history. First, we struggled with closedowns in Europe, followed by historic chaos in logistics and freight systems around the world, while facing significant supply chain challenges for the entire textile industry. It is with great satisfaction that we have managed to find constructive solutions with our partners and customers based on our philosophy of creating win-win for everyone."*

**OUTLOOK FOR 2022**

Looking into 2022. DK Company sees a solid increase in the order backlog and expects 10% top line growth with a profit before tax on a par with 2021.

DK Company has a positive outlook on the coming years and assesses that it is time to invest further in our market and brand positioning. In addition, a doubling of the storage and administration capacity in Ikast has been initiated and is expected to be completed this summer. Significant amounts have, moreover, been set aside for investments in IT and digitisation.

Our ESG work continues with undiminished intensity in collaboration with our many international partners as well as focus on and expansion of initiatives that minimise empty revenue.

*Jens Poulsen*
*Founder and Majority shareholder in DK Company Group*
*Group CEO*

*Jens Obel Jørgensen*
*Shareholder DK Company Group*
*CEO Ikast and Copenhagen*

*Søren Lauritsen*
*Shareholder DK Company Group*
*CFO*

*Kasper Philipsen*
*Shareholder and CEO DK Company Vejle A/S*

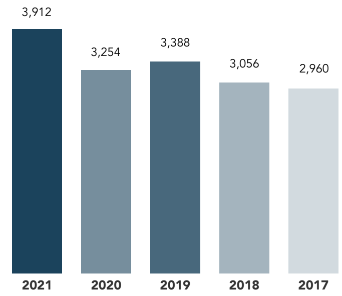
# Financial Highlights of the Group

| (DKK 1,000) | 2021 | 2020 | 2019 [2] | 2018 [3] | 2017 [3] |
|---|---|---|---|---|---|
| Revenue | 3,911,731 | 3,254,339 | 3,388,058 | 3,056,871 | 2,959,694 |
| Expenses | -3,132,575 | -2,753,003 | -3,042,742 | -2,783,303 | -2,658,000 |
| Other operating income | 0 | 1,150 | 6,195 | 461 | 699 |
| Other operating expenses | -272 | -4,079 | -2,921 | -3,450 | -3,313 |
| **Profit/Loss before depreciation, amortisation and financial income and expenses** | **778,884** | **498,407** | **348,590** | **270,579** | **299,080** |
| Depreciation, amortisation and impairment losses on intangible assets as well as property, plant and equipment | -150,233 | -165,648 | -153,692 | -30,301 | -33,649 |
| **Operating profit/loss before special items** | **628,651** | **332,759** | **194,898** | **240,278** | **265,431** |
| Special items | 0 | 14,656 | 3,618 | -1,961 | -14,167 |
| **Operating profit/loss** | **628,651** | **347,415** | **198,516** | **238,317** | **251,264** |
| Financial income and expenses, net amounts | -16,882 | -12,605 | -16,179 | 2,124 | -14,659 |
| **Profit/Loss before tax** | **611,769** | **334,810** | **182,337** | **240,441** | **236,605** |
| Tax on profit/loss for the year | -137,791 | -50,413 | -34,193 | -49,251 | -55,010 |
| **Profit/Loss for the year incl. minority interests** | **473,978** | **284,397** | **148,144** | **191,190** | **181,595** |
| Profit/Loss attributable to shareholders of the parent | 430,144 | 262,147 | 136,692 | 175,426 | 165,848 |
| Non-current assets | 538,525 | 604,378 | 736,840 | 293,116 | 309,160 |
| Current assets | 1,495,168 | 1,279,217 | 1,043,361 | 1,049,502 | 952,906 |
| **Total assets** | **2,033,693** | **1,883,595** | **1,780,201** | **1,342,618** | **1,262,066** |
| Equity of shareholders of the parent | 925,068 | 718,991 | 549,582 | 497,123 | 421,597 |
| Minority interests | 76,620 | 53,121 | 25,757 | 27,887 | 22,618 |
| **Total equity** | **1,001,688** | **772,112** | **575,339** | **525,010** | **444,215** |
| Non-current liabilities | 173,357 | 261,438 | 537,943 | 227,080 | 113,847 |
| Current liabilities | 858,648 | 850,045 | 666,920 | 590,528 | 704,004 |
| **Total equity and liabilities** | **2,033,693** | **1,883,595** | **1,780,202** | **1,342,618** | **1,262,066** |
| Cash flows from operating activities | 691,841 | 656,197 | 360,667 | 93,091 | 190,450 |
| Cash flows for investing activities | -53,149 | -37,381 | -54,478 | -20,191 | -77,255 |
| Cash flows from financing activities | -457,441 | -426,369 | -291,413 | -77,597 | -110,818 |
| **Total cash flows** | **181,251** | **192,447** | **14,776** | **-4,697** | **2,377** |
| Investments in property, plant and equipment | -101,408 | -75,175 | -27,140 | -25,823 | -36,555 |
| Depreciation on property, plant and equipment | 145,149 | 160,943 | 146,178 | 27,701 | 30,041 |
| Average number of employees | 1,464 | 1,523 | 1,677 | 1,550 | 1,496 |
| **Financial ratios** | | | | | |
| Revenue growth (%) | 20.2 | -3.9 | 10.8 | 3.3 | 6.7 |
| Gross margin (%) | 57.3 | 54.9 | 53.0 | 54.8 | 55.8 |
| Profit margin (%) | 16.1 | 10.7 | 5.9 | 7.8 | 8.5 |
| Solvency ratio (%) | 45.5 | 38.2 | 30.9 | 37.0 | 33.4 |
| Return on equity (%) [1] | 52.3 | 41.3 | 26.1 | 38.2 | 41.5 |
| Dividend per share, DKK | 46.7 | 8.1 | 10.9 | 77.7 | 8.0 |

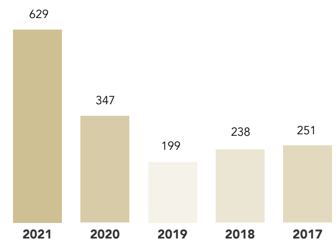
1) Ratios are calculated on the profit for the year distributed to the parent's shareholders.
2) The figures are restated to reflect the effect of implementation of IFRS 16.
3) ) The comparatives have not been restated to reflect the effect of implementing IFRS 16 according to the transitional provisions of this standard.

Unless otherwise defined above, the financial highlights have been defined and calculated in accordance with the recommendations issued by the Danish Society of Financial Analysts. Reference is made to the definition of financial ratios page at the end of the Annual Report.

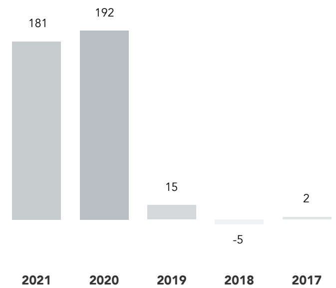
## REVENUE (DKK MILLION)



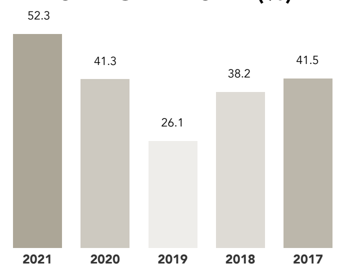

## OPERATING PROFIT-LOSS (DKK MILLION)




## TOTAL CASH FLOW (DKK MILLION)




## RETURN ON EQUITY (%)

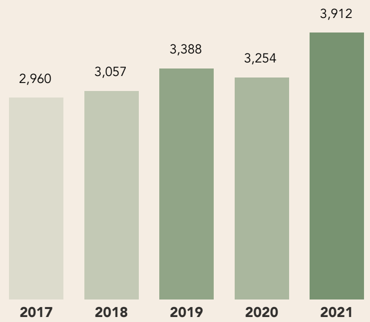


# CELEBRATE 20TH ANNIVERSARY

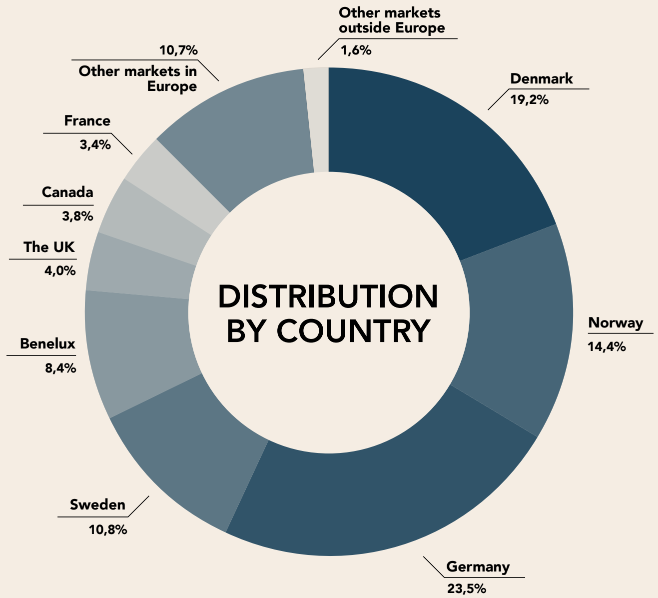
# 20.2%

The record result for 2021 is based on

## Organic growth




## Development in revenue (DKK MILLION)




## 25 BRANDS

MY ESSENTIAL WARDROBE
GESTUZ
KAREN BY SIMONSEN
CULTURE
Saint Tropez
BON'A PARTE
fransa
FQ1924
KAFFE
BLEND
b.young
ATELIER RÊVE
ICHI
CASUAL FRIDAY
cream MIND THE DETAILS
Matinique
PULZ JEANS
InWear
SOAKED IN LUXURY
!SOLID
LOUNGE NINE
TAILORED ORIGINALS
KAFFE curve
Part Two
TheJoggConcept

1. DK Company has based the business on selling to more than 16,500 selling points.

Selling points
**16,500**

2. One of DK Company's strengths is its strong geographical presence in more than 35 countries worldwide.

Countries
**35**

3. DK Company's portfolio consists of 433 shops: fully and partly owned, franchises, consession and consignment.

Shops
**433**

"We believe in **the magic** of win win"

# The Blooming Concept

*DK Company is a fashion group with the will and courage to stand out. Believing in soft values and being willing to follow the Blooming Concept*

DK Company's strategy is to be among the leading multi-brand suppliers in Europe in the mid-market. This strategy has proven strong, as the diversification into 25 brands has ensured increased earnings and revenue over the past 20 years. Moreover, DK Company's collections are represented in 35 markets, which reduces dependence on individual markets, thus providing the DK Company Group with considerable risk diversification, which helps to ensure continuous growth.

DK Company's sales channels are divided into wholesale, retail and e-commerce. The main activities of wholesale are the design, marketing, sale and distribution of brands to both women and men. The retail segment consists of 165 shops, which are wholly or partly owned by DK Company or operated on a franchise basis.

A number of brands have a total of 268 concession and consignment agreements with a number of European department stores. All the Group's brands are sold on the Group's e-commerce platforms. In addition, several brands are sold through partners' web shops.

The Group has its own designers and buyers in Denmark, and the collections are mainly produced in China, India, Bangladesh and Turkey. In China, Bangladesh and Turkey, DK Company has its own purchasing departments. Most of the collections are delivered to warehouses in Denmark, from where they are distributed to customers. A minor part of the collections is delivered directly to customers. Fulfilment centres in Poland and Germany handles e-commerce distribution.

DK Company sees more opportunities for growth in all business areas. Being present in 35 markets means there is untapped potential for additional sales in the markets already established.

Having 25 well-established brands provides the foundation for implementation of the strategic ambition of being able to offer different retail concepts. The individual concepts, primarily designed for women and based on the Group's most distinctive brands, are: b.young, Fransa and !Solid. The retail concepts Companys and Designers Market embrace most of the Group's remaining women's brands and constitute the Group's primary multi-brand concepts.

DK Company offers its partners several exciting single or multi-brand concepts and a variety of brands which may be adapted to the needs and customer base of the individual shop.
The partner concept is defined as a close collaboration with partners each selling several of the Group's brands.

**BUSINESS CONCEPT AND MISSION**

DK Company is a fashion group with the will and courage to stand out. Believing in soft values and being willing to follow the Blooming Concept are the hallmarks of our corporate culture. DK Company's dedicated staff know that growth and a healthy economy depend on the Group's values and the active day-to-day efforts of the staff.

DK Company's multi-brand strategy is primarily based on brands providing 'value for money'. However, brands such as InWear, Part Two, Karen by Simonsen and Gestuz put DK Company in the high-end part of the mid-market, where focus is on 'luxury for less'. In both cases, the consumers should feel they get more than they spend.

DK Company aims to build long-term 'win-win' relationships between the Company, its employees, customers and suppliers – it is from here, the strategic concept of '4 x win' has emerged. The relationships are based on trust, proximity and mutual respect for the entire value chain.

## THE BLOOMING CONCEPT

The strategy is based on 'The Blooming Concept' visualised by a flower. The flower is a living, organic symbol of growth. It has healthy roots and a stem, which is strong enough to support and nourish the colourful flowers.

The retail flower is raised slightly above the other three flowers of the Group's brands. This is an illustration of how all brands must be able to think and act as retailers to contribute to the development of the overall business.

The flower requires care, attention and constant development to maintain its unique attraction, and to stay strong and straight, which will enable us to make the most any advantages and stand up to any adversity. The stem is a symbol of corporate functions such as business solutions, IT, HR, logistics, warehouses and the finance department. The root system is the foundation of the flower, which is made up of DK Company's suppliers and purchasing departments.

This foundation constitutes the competitive nourishment for the petals, illustrating the individual brands which must flourish for the benefit of shops and customers worldwide. Customers are illustrated by bees buzzing around the flowers. The bees should be attracted to the many different brands of the flower, which are also meant to make the Group an attractive partner.

The purpose of the Blooming Concept is for the entire value chain from root system to bees to experience 'the magic of win-win'. The primary resources in this context are people, networks and relationships. Without these, the flower loses both energy and attraction, and thus risks losing earnings and growth. People, networks and long-term relationships are therefore crucial to the Group.

## STRENGTH OF THE BLOOMING CONCEPT

Several years of experience have provided DK Company with considerable expertise in the integration and consolidation of acquisitions. This has been made possible by the root system and the corporate functions of the flower, which have provided the foundation of and been adaptable to the increased activity. Consequently, the foundation has strengthened existing and new petals alike by providing greater bargaining power over suppliers in addition to the cost-effective systems which help create success for the individual brands.

While integrating and consolidating its acquisitions, DK Company has managed to adapt the overall portfolio of brands. When, for various reasons, a brand cannot be further developed or it no longer matches the Group strategically, it will be discontinued. This provides room for further attention to existing brands or introducing a new brand which can be easily integrated into the Group.

By means of its support functions and root system, the Group is able to acquire and integrate complementary enterprises and/or brands which benefit from the stability of the stem, thus enabling the individual brands to maintain focus on developing products for the sales channels. Likewise, the work on harmonising the Group's IT platform, finance function and purchasing procedures has contributed to establishing a plug-and-play set-up, which makes future integrations more effective both in terms of cost and time.

Through the development and acquisition of retail concepts, the Group has strengthened the sales channels of the individual brands, and in combination with the partnership agreements, the wide range of brands allows customers to do business with a significant partner, thus creating a win-win situation.

By applying the knowledge brought to the individual brands by retail, wholesale is drawn closer to the market development, which enables the supply of the right products at the right time.

The establishment of the Group's own e-commerce platform, which may be used by all the Group's brands, has strengthened this particular sales channel in recent years.

The collaboration with external e-commerce partners has been increasing in the past couple of years.

This experience forms the basis of DK Company's business concept – that is the ability to integrate and develop brands in a structured and cost-effective way.

# Multi-Brand Strategy

DK Company's multi-brand strategy is based on a portfolio of 25 brands with a broad geographical presence in 35 markets. The Blooming Concept ensures that all brands retain their unique identity and design DNA. Synergies are created by using a number of corporate functions. The realised synergies have made the Group more resilient with respect to generating positive results.

**STRONG GEOGRAPHICAL PRESENCE**

One of DK Company's strengths is its strong geographical presence. Our collections are sold to 35 countries worldwide. The strategic acquisitions of reputable brands in recent years, including InWear, PartTwo, Matinique, Saint Tropez and !Solid, have strengthened DK Company's position especially in Norway and Germany, which are also the Group's largest growth markets.

In addition, DK Company have realised rather significant revenues in the other European markets, where a major part of the revenue related to, for example, Blend was generated in Southern Europe. This contributes to a geographical revenue diversification, which makes DK Company less vulnerable to fluctuations in the individual markets.

**RETAIL**

Historically speaking, most of the Group's shops have been run in collaboration with a third party, either on a franchise basis or through shared ownership with DK Company.

DK Company's portfolio consists of 165 shops, the majority of which is located in Norway, primarily in large shopping centres. In Norway, b.young is the prevailing concept. A number of brands have entered into a total of 268 concession and consignment agreements with a number of European department stores.

When cooperating with a third party on the operation of a shop, DK Company uses one of two types of partnership agreements defined as follows:

- Partly owned shops, where DK Company participates by holding a controlling share and running the shop in cooperation with a local retailer.

- The franchise model, where partners run shops in the local area through presence and local knowledge.

The day-to-day business is supported by DK Company's retail organisation, for example via initiatives such as a customer club, advertising campaigns as well as accounting and other finance services.

**PARTNERSHIP AGREEMENTS**

Historically, DK Company has based its business on wholesale and is selling its goods to more than 16,500 selling points primarily in Europe. Most of the Group's revenue originates from such business.

In order to create maximum synergy in the collaboration with external distributors, DK Company has entered into partnership agreements with the Group's distributors. The purpose of such agreements is to ensure a close collaboration and create win-win situations between DK Company and its distributors. The agreements support the collaboration by affiliating several brands through a multi-brand agreement.

It is DK Company's ambition to become the preferred partner in the mid-segment. Our goal is therefore to expand the number of multi-brand agreements with the Group's wholesale customers to create unique opportunities for both parties.

# Strategy Summary

- Increased cooperation with the Group's wholesale customers.

- It is DK Company's ambition to become the preferred partner in the mid-segment. Our goal is therefore to expand the number of multi-brand agreements with the Group's wholesale customers to create unique opportunities for both parties.

- Strengthening and expansion of the Group's retail concepts.

- The Group intends to develop retail concepts and establish more shops in strategically important markets.

- Development of existing markets and establishment in new markets. DK Company will continue to generate growth through development of the individual brands in the Company's brand portfolio. In recent years, DK Company has established sales activities in several new markets. DK Company primarily intends to develop its sales activities in the existing markets, but also to enter new markets when the opportunity arises. DK Company has launched several brands on the Canadian market, thus commencing sales activities in this market.

- Acquisition of enterprises, brands and retail chains. Acquisition of enterprises, brands and retail chains is part of DK Company's DNA. DK Company therefore always pays attention to any opportunities arising in the market. Based on the experience gained through recent years' acquisitions, DK Company has created a set-up which facilitates an efficient and fast process for acquisitions. The Group intends to continue creating growth through acquisition of complementary enterprises, brands and major retail chains.

- Expansion via e-commerce. Through the DK Company Online Group, DK Company has an e-commerce platform which comprises all the brands of the DK Company Group. As a consequence, the Group has the option of expanding its e-commerce activities in the future. In addition, the ambition is to expand the collaboration with leading e-commerce partners both through partnerships and through Meinemarkenmode GmbH.



# Brands

According to its strategy, the Group will concentrate on brands offering value for money and luxury for less, as well as offer retail concepts matching these criteria.

Each brand has its own DNA, identity, unique characteristics and functions as a separate entity. The individual brands are continuously developed, in part to avoid overlap resulting in internal competition, and in part to create brands and collections which complement and support each other. This increases the opportunity for complementary sales.

The Group's brands are; Atelier Rêve, Blend, b.young, Bon'A Parte, Casual Friday, Cream, Culture, Fransa, FQ1924, Gestuz, Ichi, InWear, Kaffe, Kaffe Curve, Karen by Simonsen, Lounge Nine, Matinique, My Essential Wardrobe, Part Two, Pulz Jeans, Soaked In Luxury, Saint Tropez, !Solid, Tailor & Originals and The JoggConcept.

The Group's retail concepts are: !Solid, b-young, Fransa and the multi-brand concepts COMPANYS and Designers Market.

All brands and retail concepts are described in detail at: www.dkcompany.com under "Brands" while the retail concepts are found under "Retail".

MY ESSENTIAL WARDROBE | GESTUZ | KAREN BY SIMONSEN | CULTURE
Saint Tropez | BON'A PARTE | fransa | FQ1924
KAFFE | BLEND | b.young | ATELIER RÊVE
ICHI | CASUAL FRIDAY | cream MIND THE DETAILS | Matinique
PULZ JEANS | InWear | SOAKED IN LUXURY | !SOLID
LOUNGE NINE | TAILORED ORIGINALS | KAFFE curve | PART TWO
TheJoggConcept

MANAGEMENT'S REVIEW
CONSOLIDATED FINANCIAL STATEMENTS
PARENT COMPANY FINANCIAL STATEMENTS
GROUP CHART AND FINANCIAL RATIOS
MANAGEMENT'S STATEMENT AND AUDITOR'S REPORT

# Report on Profit and Loss

In 2021, DK Company's revenue totalled DKK 3.9 billion compared to last year's revenue of DKK 3.3 billion. Profit before tax was DKK 612 million (DKK 335 million), corresponding to a profit margin of 16.1% (10.7%).

## REVENUE

The Group's revenue was DKK 3.9 billion (DKK 3.3 billion), which is an increase of DKK 657 million on 2021. The increase was generated from organic growth.

## GROSS PROFIT

Gross profit was DKK 2.2 billion (DKK 1.8 billion). The Group realised a higher profit due to a focus on 'empty' revenue with an ensuing lower profit.

## COSTS

Other external expenses constituted DKK 788 million (DKK 646 million). The increase is due to a higher level of activity of the Group.

Depreciation, amortisation and impairment losses for the year were DKK 150 million (DKK 166 million).

## SPECIAL ITEMS

In 2021, the Group generated revenue of DKK 0 million (DKK 15 million) related to special items, which primarily consist of recognising negative goodwill arising from the acquisition of a new activity as income.

## FINANCIAL INCOME AND EXPENSES

Financial income and expenses represent a net cost of DKK 17 million (a net cost of DKK 13 million).

## PROFIT FOR THE YEAR

Profit before tax was DKK 612 million (DKK 335 million).

## TAX

In the financial year, tax of DKK 138 million (DKK 50 million) was recognised in the income statement.

## INVESTMENTS

In 2021, DK Company invested DKK 51 million (DKK 26 million) in non-current assets.

## CASH FLOWS

In 2021, the Group improved its total liquidity by DKK 181 million after a dividend off DKK 280 million paid out in 2021.

The Group generated cash flows from operating activities of DKK 692 million in 2021 compared to DKK 656 million in 2020. The cash flow development in 2021 is in part attributable to improved earnings.

Cash flows from investing activities constituted an expense of DKK 53 million compared to an expense of DKK 37 million in 2020.

Cash flows from financing activities were DKK 457 million compared to DKK 426 million in 2020. In 2021, the Group distributed dividends of DKK 304 million (DKK 52 million).

The total cash flow changes for the year are positive by DKK 181 million compared to DKK 192 million for 2020.

## SUBSEQUENT EVENTS

No subsequent events have occured which have an impact on the Financial Statement.

## TOTAL EQUITY

The Group's total equity, exclusive of minority interests, is determined at DKK 1,002 million (DKK 772 million). The solvency ratio is 45,5% (38.2%).

### TOTAL EQUITY

2020
**772**
DKK MILLION

2021
**1,002**
DKK MILLION

## PENDING LAWSUITS

The Group has appealed a decision by the Norwegian customs authorities in a case concerning the customs clearance of goods in Norway.
The Group has recognised the preliminary decision of the authorities but expects to win the appeal.

The Group has no other pending cases of significance, except ongoing collection proceedings.

## PARENT

In 2021, the company realised revenue of DKK 519 million (DKK 397 million). Profit before tax was DKK 436 million (DKK 255 million).
The results are considered satisfactory.

Proposal for distribution of profit:

Net profit for the year of DKK 416 million (DKK 251 million) is proposed distributed as follows:

| DKK MIILLION | 2021 | 2020 |
|---|---|---|
| Reserve for net revaluation according to the equity method | -175 | 186 |
| Retained earnings | 123 | 65 |
| Proposed dividend for the year | 468 | 0 |
| **Total** | **416** | **251** |

# Risk Management

The following contains a description of general risk factors related to conducting business, risks associated with the fashion industry and special risks of the DK Company Group. The risk factors and uncertainties mentioned include those currently assessed by Management to be the most significant risks. Effective tools have been implemented to manage and address the various risks. The risk factors are not listed in order of priority.

## CORE RISKS

DK Company has defined the following core risks: fashion risk, risk of loss of brand value, risk of loss of intellectual property rights, supplier risk, risks related to logistics and inventories, insurance risk, debtor risk and employee risk. These risk factors are defined as inherent in the Group's operations.

DK Company manages the stated risks by means of tools developed based on the Group's experience and competencies.

## FASHION RISK

In the fashion industry, it is a basic condition that a single collection may fail from a fashion point of view.
DK Company diversifies such risk by annually designing 6 to 12 collections for 25 different brands. In addition, the individual brands appeal to different target groups, both in terms of gender, style, price and age. Moreover, DK Company's collections are currently sold in 35 markets.

The Group's brands also vary in terms of fashionability. In general, DK Company's collections are developed on a commercial and market-oriented basis, as it is crucial for the Group's profitability that the individual brands can be produced in quantities sufficient to provide economies of scale.

Experience shows that DK Company has been good at responding in time to changes in consumer preferences as a result of shifting fashion trends.
DK Company's success is closely related to its ability to respond quickly and be flexible about changes in the market.

## RISK OF LOSS OF BRAND VALUE

Another basic condition of the fashion industry is the risk of losing brand value, that consumers lose interest in the brand and that the brand loses status.
DK Company's brands have all been around for a number of years, and over time, the individual brands have developed a rather significant intangible value. As the collections are continually developed, the loss of brand value is a constant risk if such development does not follow market trends.
DK Company has therefore put systems in place to ensure that the Group will respond promptly to market signals indicating that its brand development is not on track. As an example, the sales department is actively involved in the development of collections. Analyses of sales in own shops are also used as input for design development.

Negative media coverage or bad publicity among core consumers may result in a significant loss of brand value. Therefore, DK Company has prepared corporate responsibility policies.
These policies reduce the risk of loss of brand value. The policies are described in detail in the CSR section of the webside.
It is crucial to the brand value that consumers maintain the belief that our products provide value for money and luxury for less.

DK Company gives priority to quality control areas, as the Group depends on its continuous delivery of high-quality products.



## RISK OF LOSS OF INTELLECTUAL PROPERTY RIGHTS

For historical reasons, the DK Company A/S Group does not own all the trademark rights to the individual brands. Therefore, DK Company has defined a number of procedures which ensure the continued right to use the trademarks.

DK Company A/S has entered into non-terminable agreements on the right of use of the following trademarks and figurative marks: Kaffe, Cream and Karen by Simonsen. These trademarks belong to Jens Poulsen Holding ApS, which is controlled 100% by CEO Jens Poulsen. Jens Poulsen Holding ApS makes the trademark rights available to the Company for a small fee on the condition that the Company incurs all costs related to maintaining and protecting the registration of the trademarks and figurative marks.

The right of use agreements between DK Company A/S and Jens Poulsen Holding ApS are independent from Jens Poulsen's affiliation with the Company. Should a change of control take place in Jens Poulsen Holding ApS as a result of Jens Poulsen's transfer of shares in this company, whereby Jens Poulsen will hold less than 51% of the shares in Jens Poulsen Holding ApS, DK Company A/S has an option to acquire the registered trademarks at a price assessed by an independent valuer.

The DK Company A/S Group owns the trademark rights to Atelier Rêve, Blend, Bon'A Parte, b.young, Casual Friday, Culture, Gestuz, Fransa, FQ1924, ICHI, InWear, Kaffe Curve, Lounge Nine, Matinique, My Essential Wardrobe, Part Two, Pulz Jeans, Saint Tropez, Soaked in Luxury, Solid, Tailor & Originals and The JoggConcept.

DK Company has an agreement with a trademark agent regarding the monitoring of any infringement of the brands sold on the market.

## SUPPLIER RISK

DK Company's production is outsourced to external suppliers, ensuring flexibility and risk diversification. DK Company is extremely experienced in international sourcing.

By using suppliers in different countries, the risk of failing supplies is further diversified, as the Group is not dependent on the conditions and developments in a single production country. It is the Group's policy that a single supplier must account for a maximum of 30% of the Group's total production.

DK Company ensures proximity to the factories by means of the Group's purchasing departments in Turkey, China and Bangladesh. The employees of the local purchasing departments contribute with extensive experience, knowledge and competencies, which means that the Group achieves the most optimal combination of price, quality and delivery reliability. This mitigates DK Company's operational risks.

## RISKS RELATED TO LOGISTICS AND INVENTORIES

A significant part of DK Company's goods are ordered in advance by the Group's distributors, which minimises risks related to inventories. However, when the industry is under pressure, orders may be cancelled.

Fashion clothes have limited useful life, and reliability of delivery is therefore a core area for DK Company. According to the agreements, the collections must be delivered to the shops within certain deadlines. If the products are not delivered on time, there is a risk that they will be returned, resulting in an increased amount of excess goods and write-downs. DK Company has logistical procedures in place, limiting the risk of capital being tied up in inventory of excess goods.

The collections are delivered either on hangers or in flat packages. Most of the production from Asia is transported by sea freight, and a minor part is shipped by air freight and rail to Europe. Products from European countries are transported by truck. The geographical distribution and the flexibility of the option of transferring the cargo from ship to air freight and rail reduce risks related to logistics.

DK Company has modern warehouse and logistics facilities suitable for both flat packages and ready-made clothing on hangers in the Danish cities Ikast, Brande, Kolding and Vejle.

In terms of managing revenue related to e-commerce, the Group moreover has agreements with third parties on warehouse and logistics facilities in Germany and Poland.

Most of the Group's goods are sold continuously during the season. At the end of a season, the goods are transferred to the Group's own physical outlet shops in Denmark, Sweden, Norway and Switzerland or to DK Company's online outlet. Additional excess goods are sold through brokers in markets where DK Company is not represented.

In their entirety, DK Company's planning tools, warehouse facilities, know-how and experience significantly reduce the risks related to logistics and inventories.

## INSURANCE RISK

Based on the Group's increased geographical distribution and, hence, its growing need to take out local insurance in areas where the Group's companies are located, DK Company has entered into an agreement with the international insurance partner AON.

In cooperation with AON, the Executive Board conducts an annual review and assessment of risks and cover.
In the Executive Board's assessment, the insurance taken out is estimated to provide reasonable insurance cover to the Group's assets and operational base in case of damage.

## DEBTOR RISK

DK Company has entered into an insurance contract for credit insurance of the Group's customers. The contract implies that approximately 60-70% of the Group's total net sales are made to customers covered by credit insurance. The sum insured is 90% of the Group's receivables from insured customers.
The remaining part of the Group's revenue is distributed on customers from whom the Group has historically received payments on time, or where prepayment has been agreed for the orders placed. This mitigates the risk of losses.

## EMPLOYEE RISK

When key employees leave the Group or become unable to discharge their duties, DK Company is exposed to risk, since the success of the Group, among other things, depends on the efforts, industry knowledge and qualifications of the employees.

The Group is subject to risk if DK Company is unable to keep recruiting, developing and retaining the right employees.

DK Company embraces the value of the whole person and work-life balance. Human resources are therefore a priority area for DK Company's management. The employees constitute essential knowledge resources to the Group. The HR department has developed policies and guidelines for the development and supplementary training of the staff.

DK Company invests time and resources in the personal and professional development alike of employees, for example by offering coaching.
The above holistic initiatives minimise the risk of losing employees, including key personnel.

## NON-CORE RISKS LITIGATION AND ARBITRATION

DK Company may become a party to litigation and arbitration proceedings. Although DK Company follows a common transfer pricing practice, it is not guaranteed that tax authorities around the world will adopt the same interpretations when considering the Group's pricing in relation to intercompany trade. Should DK Company's intercompany transfer pricing policies be questioned, it may have a significantly negative impact on the operating profit.

## FINANCIAL RISKS

The financial risks of the Group are defined as currency, interest rate and liquidity risks.

## CURRENCY RISK

The Group has prepared a corporate currency policy to ensure that currency risks are minimised. All material transaction risks are hedged. DK Company's currency risks are primarily hedged by forward exchange contracts. Exchange rate and interest rate fluctuations may have a negative impact on the results.

DK Company's financial statements are presented in Danish kroner (DKK), meanwhile, a significant portion of the Group's income and expenses are in other currencies, including NOK, SEK, GBP, CHF, EUR, CAD and USD, which means that DK Company may be exposed to adverse fluctuations in foreign exchange rates.

Exchange rate fluctuations affect the translated value of the operating results generated outside Denmark. Fluctuations may also affect the translation of the value of assets and liabilities in foreign currencies.

DK Company buys many of its products from suppliers whose products are priced in currencies other than DKK, especially USD and EUR. In addition, DK Company sells many products in currencies other than DKK, especially NOK, SEK, GBP, CHF, CAD and EUR. Unfavourable exchange rate fluctuations may therefore result in lower earnings.

## INTEREST RATE RISK

DK Company's interest rate risks are related to the Group's interest-bearing assets and liabilities.

The Group's interest rate risks are managed by obtaining floating rate debt and financial instruments adapted to the interest rate risk of the underlying investment.

## LIQUIDITY RISK

The Group organises its cash resources and capital structure to safeguard planned investments and ensure that the Group may continue as a going concern. Reference is made to note 30 to the Consolidated Financial Statements for further information on the Group's financial risks on the balance sheet date.

## POLITICAL RISKS

DK Company may be affected by new trade restrictions or changed customs tariffs and quotas.

There is a risk that such changes may increase DK Company's expenses, which in turn may have an adverse effect on future profit from operating activities and the Group's financial position.

Management is not in a position to anticipate whether any of DK Company's production countries will become subject to change, and therefore, it is not possible to assess the specific impact of any changes.

DK Company conducts business in several jurisdictions worldwide.
Local tax rules and interpretations thereof are changed on an ongoing basis, and such changes may be implemented retroactively. A risk exists that changes to tax rules or the interpretation of those rules, in one or more jurisdictions, may result in an increased effective tax rate of the Group or otherwise affect the Group's profit from operating activities.

## IT RISK

DK Company has developed reliable IT systems, which ensure reliable performance of day-to-day operations, including strengthening of the delivery reliability and an efficient supply chain. Work is ongoing to cover IT risks, including virus attacks, system crashes, etc.

Today, DK Company has a corporate IT platform. The platform provides overview, focus and effectivity while simplifying the day-to-day tasks. In addition, the platform ensures consistency when benchmarking the 25 brands.

*Despite the record result, it has been the most challenging year in our* ***20 years of history.*** *First, we struggled with closedowns in Europe, followed by historic chaos in logistics and freight systems around the world, while facing significant supply chain challenges for the entire textile industry. It is with great satisfaction that we have managed to find* ***constructive solutions*** *with our partners and customers based on our philosophy of creating* ***win-win for everyone.***

# Statement on Responsibility

In accordance with sections 99a, 99b and 99d of the Danish Financial Statements Act for the financial year 2021 the annual report must contain a statutory statement on corporate social responsibility, diversity and data ethics.

The statement is included in DK Company's Responsibility Report, which is a summary and provides insight into how the DK Company Group works with responsibility. The journey to become more responsible is an ongoing process during which we continuously learn from experience and find new ways to make an impact and improve our processes.

The responsibility report makes it possible to dive into our work on the UN's global goals. The statement contains excerpts from our policies on corporate social responsibility, which relate to human rights, social issues, employee relations, environment, climate, and anti-corruption.
The report can be downloaded from the company's website.

# CONSOLIDATED FINANCIAL STATEMENTS

# Consolidated Financial Statements



# Income Statement (DKK 1,000)

| Note | | 2021 | 2020 |
|---|---|---|---|
| 3 | Revenue | 3,911,731 | 3,254,339 |
| | Cost of sales | -1,669,454 | -1,469,115 |
| | **Gross profit** | **2,242,277** | **1,785,224** |
| | Other external expenses | -788,221 | -646,333 |
| 4 | Staff costs | -674,900 | -637,555 |
| 5 | Other operating income | 0 | 1,150 |
| 6 | Other operating expenses | -272 | -4,079 |
| | **Profit/Loss before depreciation, amortisation and financial income and expenses** | **778,884** | **498,407** |
| 7 | Depreciation, amortisation and impairment losses on intangible assets as well as property, plant and equipment | -150,233 | -165,648 |
| | **Operating profit/loss before special items** | **628,651** | **332,759** |
| 8 | Special items | 0 | 14,656 |
| | **Operating profit/loss** | **628,651** | **347,415** |
| 9 | Financial income | 14,130 | 12,184 |
| 10 | Financial expenses | -31,012 | -24,789 |
| | **Financial income and expenses, net amounts** | **-16,882** | **-12,605** |
| | **Profit/loss before tax** | **611,769** | **334,810** |
| 11 | Tax on profit/loss for the year | -137,791 | -50,413 |
| | **PROFIT/LOSS FOR THE YEAR** | **473,978** | **284,397** |
| | **Profit is attributable to:** | | |
| | Shareholders of the parent | 430,144 | 262,147 |
| | Minority interests | 43,834 | 22,250 |
| | | **473,978** | **284,397** |

# Statement of Comprehensive Income (DKK 1,000)

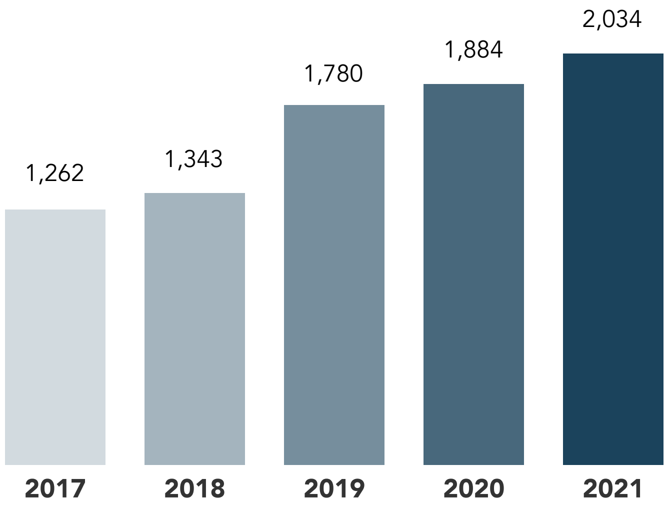
| | 2021 | 2020 |
|---|---|---|
| **Profit/Loss for the year** | **473,978** | **284,397** |
| Items that may be reclassified to the income statement: | | |
| Exchange adjustments from translation of foreign entities | 6,057 | -7,685 |
| Fair value adjustments of hedging instruments: | | |
| Value adjustment for the year | -140,643 | -165,941 |
| Any value adjustments reclassified to the income statement | 210,562 | 128,964 |
| Tax on other comprehensive income | -15,382 | 8,135 |
| **Other comprehensive income** | **60,594** | **-36,527** |
| **Total comprehensive income** | **534,572** | **247,870** |
| **Profit is attributable to:** | | |
| Shareholders of the parent | 486,569 | 228,154 |
| Minority interests | 48,003 | 19,716 |
| | **534,572** | **247,870** |

# Balance Sheet

## Assets (DKK 1,000)

| Note | | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| | **NON-CURRENT ASSETS** | | |
| 12 | Intangible assets | 197,453 | 202,848 |
| 13 | Property, plant and equipment | 83,730 | 59,846 |
| 14 | Leased assets | 233,361 | 313,403 |
| | Other receivables | 23,001 | 20,034 |
| | Receivables from group enterprises | 980 | 980 |
| 16 | Deferred tax assets | 0 | 7,268 |
| | **NON-CURRENT ASSETS** | **538,525** | **604,379** |
| | **CURRENT ASSETS** | | |
| 17 | Inventories | 658,122 | 600,404 |
| 18 | Trade receivables | 236,243 | 321,324 |
| 19 | Other contract assets | 17,689 | 15,030 |
| | Receivables from associates | 3,287 | 0 |
| | Corporation tax receivable | 0 | 5,359 |
| 20 | Other receivables | 110,932 | 55,135 |
| | Prepaid expenses | 20,976 | 15,297 |
| | Cash | 447,919 | 266,668 |
| | **CURRENT ASSETS** | **1,495,168** | **1,279,217** |
| | **TOTAL ASSETS** | **2,033,693** | **1,883,595** |

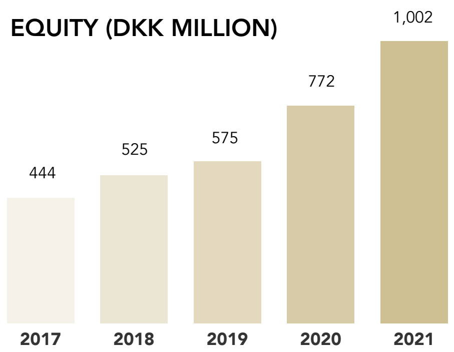
**TOTAL ASSETS (DKK MILLION)**




## Liabilities and equity (DKK 1,000)

| Note | | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| 21 | **EQUITY** | | |
| | Share capital | 60,000 | 60,000 |
| | Foreign currency translation reserves | -13,141 | -18,710 |
| | Hedging reserves | 22,828 | -28,076 |
| | Retained comprehensive income | 386,821 | 705,777 |
| | Proposed dividend | 468,560 | 0 |
| | **Equity of shareholders of the parent** | **925,068** | **718,991** |
| | Minority interests | 76,620 | 53,121 |
| | **EQUITY** | **1,001,688** | **772,112** |
| | **LIABILITIES** | | |
| | **NON-CURRENT LIABILITIES** | | |
| 16 | Deferred tax liabilities | 19,948 | 10,590 |
| 14 | Lease liabilities | 152,794 | 214,026 |
| 23 | Other payables | 615 | 36,822 |
| | **NON-CURRENT LIABILITIES** | **173,357** | **261,438** |
| | **CURRENT LIABILITIES** | | |
| 14 | Lease liabilities | 94,429 | 109,872 |
| | Prepayments received from customers | 2,435 | 2,788 |
| 19 | Other contract liabilities | 37,750 | 31,165 |
| | Trade payables | 464,147 | 414,301 |
| | Corporation tax | 15,903 | 18,408 |
| 23 | Other payables | 243,984 | 273,511 |
| | **CURRENT LIABILITIES** | **858,648** | **850,045** |
| | **LIABILITIES** | **1,032,005** | **1,111,483** |
| | **TOTAL EQUITY AND LIABILITIES** | **2,033,693** | **1,883,595** |

**EQUITY (DKK MILLION)**



## STATEMENT OF CHANGES IN EQUITY (DKK 1,000)

| | Share capital | Foreign currency translation reserves | Hedging reserves | Retained comprehensive income | Proposed dividend | Equity of shareholders of the parent | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Equity at 1 January 2021** | **60,000** | **-18,710** | **-28,076** | **705,777** | **0** | **718,991** | **53,121** | **772,112** |
| Profit or loss for the year | 0 | 0 | 0 | -38,416 | 468,560 | 430,144 | 43,834 | 473,978 |
| Exchange adjustments from translation of foreign entities | 0 | 5,569 | 0 | -48 | 0 | 5,521 | 536 | 6,057 |
| Fair value adjustments of hedging instruments: | | | | | | | | |
| Value adjustment for the year | 0 | 0 | -130,626 | 0 | 0 | -130,626 | -10,017 | -140,643 |
| Value adjustments reclassified to the income statement | 0 | 0 | 195,888 | 0 | 0 | 195,888 | 14,674 | 210,562 |
| Tax on other comprehensive income | 0 | 0 | -14,358 | 0 | 0 | -14,358 | -1,024 | -15,382 |
| Other comprehensive income | 0 | 5,569 | 50,904 | -48 | 0 | 56,425 | 4,169 | 60,594 |
| **Comprehensive income for 2021** | **0** | **5,569** | **50,904** | **-38,464** | **468,560** | **486,569** | **48,003** | **534,572** |
| Adjustment, beginning of year | 0 | 0 | 0 | 60 | 0 | 60 | 0 | 60 |
| Capital contribution to subsidiary | 0 | 0 | 0 | -618 | 0 | -618 | -130 | -748 |
| Acquisition and sale of minority interests | 0 | 0 | 0 | 416 | 0 | 416 | -340 | 76 |
| Dividend | 0 | 0 | 0 | -280,350 | 0 | -280,350 | -24,034 | -304,384 |
| **Changes in equity for 2021** | **0** | **0** | **0** | **-280,492** | **0** | **-280,492** | **-24,504** | **-304.996** |
| **Equity at 31 December 2021** | **60,000** | **-13,141** | **22,828** | **386,821** | **468,560** | **925,068** | **76,620** | **1,001,688** |
| | | | | | | | | |
| **Equity at 1 January 2020** | **60,000** | **-11,796** | **-1,278** | **502,656** | **0** | **549,582** | **25,756** | **575,338** |
| Profit or loss for the year | 0 | 0 | 0 | 262,147 | 0 | 262,147 | 22,250 | 284,397 |
| Exchange adjustments from translation of foreign entities | 0 | -6,914 | 0 | -281 | 0 | -7,195 | -490 | -7,685 |
| Fair value adjustments of hedging instruments: | | | | | | | | |
| Value adjustment for the year | 0 | 0 | -148,646 | 0 | 0 | -148,646 | -17,295 | -165,941 |
| Value adjustments reclassified to the income statement | 0 | 0 | 114,290 | 0 | 0 | 114,290 | 14,674 | 128,964 |
| Tax on other comprehensive income | 0 | 0 | 7,558 | 0 | 0 | 7,558 | 577 | 8,135 |
| Other comprehensive income | 0 | -6,914 | -26,798 | -281 | 0 | -33,993 | -2,534 | -36,527 |
| **Comprehensive income for 2020** | **0** | **-6,914** | **-26,798** | **261,866** | **0** | **228,154** | **19,716** | **247,870** |
| Adjustment, beginning of year | 0 | 0 | 0 | 32 | 0 | 32 | 4 | 36 |
| Capital contribution to subsidiary | 0 | 0 | 0 | -5,875 | 0 | -5,875 | 5,875 | 0 |
| Acquisition and sale of minority interests | 0 | 0 | 0 | -4,212 | 0 | -4,212 | 5,467 | 1,255 |
| Dividend | 0 | 0 | 0 | -48,690 | 0 | -48,690 | -3,697 | -52,387 |
| **Changes in equity for 2020** | **0** | **0** | **0** | **-58,745** | **0** | **-58,745** | **7,649** | **-51,096** |
| **Equity at 31 December 2020** | **60,000** | **-18,710** | **-28,076** | **705,777** | **0** | **718,991** | **53,121** | **772,112** |

# Cash Flow Statement (DKK 1,000)

| Note | | 2021 | 2020 |
|---|---|---|---|
| | Profit/Loss before tax | 611,769 | 334,810 |
| 24 | Adjustments and non-cash transactions | 169,923 | 157,733 |
| 25 | Change in working capital | 51,753 | 211,341 |
| | **Cash flows from operating activities before financial income and expenses** | **833,445** | **703,884** |
| | Interest income received | 7,817 | 1,355 |
| | Interest expenses paid | -15,070 | -15,315 |
| | **Cash flows from operating activities before tax** | **826,192** | **689,924** |
| | Corporation tax reimbursed/paid | -134,351 | -33,727 |
| | **CASH FLOWS FROM OPERATING ACTIVITIES** | **691,841** | **656,197** |
| 26 | Acquisitions of enterprises | 0 | -12,255 |
| | Acquisition of intangible assets | -83 | -545 |
| | Acquisition of property, plant and equipment | -51,040 | -26,224 |
| | Disposal of property, plant and equipment | 832 | 478 |
| | Acquisition of financial assets | -3,788 | -1,280 |
| | Sale of financial assets | 930 | 2,445 |
| | **CASH FLOWS FOR INVESTING ACTIVITIES** | **-53,149** | **-37,381** |
| | Changes in other long-term debt | -36,207 | 22,733 |
| | Repayment of debt to credit institutions | 0 | -200,000 |
| | Repayment of lease liabilities | -116,850 | -126,087 |
| | Changes in short-term bank debt | 0 | -70,628 |
| | Dividend paid to minority interests | -24,034 | -3,697 |
| | Dividend paid to shareholders of the parent | -280,350 | -48,690 |
| | **CASH FLOWS FROM FINANCING ACTIVITIES** | **-457,441** | **-426,369** |
| | **CASH FLOW FOR THE YEAR** | **181,251** | **192,447** |
| | Cash and cash equivalents, beginning of year | 266,668 | 53,571 |
| | Additions of cash related to acquisitions | 0 | 20,650 |
| | | **266,668** | **74,221** |
| | **CASH AND CASH EQUIVALENTS, END OF YEAR** | **447,919** | **266,668** |
| | Cash and cash equivalents include: | | |
| | Cash | 447,919 | 266,668 |
| | | **447,919** | **266,668** |

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

# Notes to the Consolidated Financial Statements

# Note 1 - Accounting policies

The Consolidated Financial Statements of DK Company A/S for 2021 are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports prepared in accordance with the provisions applying to reporting class C (large enterprises), cf the Danish Executive Order on Adoption of IFRS issued pursuant to the Danish Financial State-ments Act. DK Company A/S is a public limited company domiciled in Denmark.

The Parent Company Financial State-ments have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (large enterprises).

The accounting policies of the parent are described separately in Note 1 to the Parent Company Financial Statements.

The Consolidated Financial Statements are presented in Danish kroner (DKK), which is the presentation currency for the Group's activities and the functional currency of the parent.

The Consolidated Financial Statements are presented based on historical cost, with the exception of derivative financial instruments measured at fair value. The accounting policies of the Group are described further below.

The accounting policies remain unchanged from last year.

**CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements comprise DK Company A/S (parent) and the companies (subsidiaries) over which the parent has control.

The parent is considered to have control of an entity if the Group is exposed, or has a right, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has control, de facto control and any potential voting rights of substance actually existing at the balance sheet date are taken into account.

Entities in respect of which the Group exercises significant influence, but not control, over operational and financial policies are classified as associates. Significant influence exists where the Group directly or indirectly holds or controls more than 20% of the voting rights but less than 50%.

The Group chart is shown at the end of the annual report, to which reference is made.

**CONSOLIDATION PRINCIPLES**

The Consolidated Financial Statements are prepared on the basis of financial statements of DK Company A/S and its subsidiaries. The Consolidated Financial Statements are prepared by combining items of a uniform nature. The financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

Upon consolidation, elimination is made of intercompany income and expenses, intercompany balances and dividends as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The subsidiaries' items are fully consol-idated in the Consolidated Financial Statements. Minority interests' share of profit/loss for the year and of equity in subsidiaries that are not fully owned is included as part of the consolidated profit and equity, respectively, but is presented separately.

**MINORITY INTERESTS**

Minority interests are initially measured at fair value or their proportionate share of the fair value of the acquired entity's identifiable assets, liabilities and contin-gent liabilities.

In the first case, goodwill relating to the minority interests' ownership shares in the acquired entity is recognised, while in the latter case no goodwill is recognised in relation to minority interests' owner-ship shares. The method is determined for each transaction and disclosed in the notes in connection with the description of acquired entities.

Minority interests are subsequently adjusted for their proportionate share of changes in the subsidiary's equity. Comprehensive income is allocated to the minority interests, even where the minority interest becomes negative as a result.

The acquisition or sale of minority interests in a subsidiary which does not result in the cessation of control is treated as an equity transaction in the Consolidated Financial Statements, and the difference between the consideration and carrying amount is allocated to the parent's share of equity.

**BUSINESS COMBINATIONS**

Newly acquired or newly established entities are recognised in the Consoli-dated Financial Statements from the date of acquisition or establishment, respectively. The date of acquisition is the time when actual control of the entity acquired is taken over. Comparative figures are not restated for newly acquired entities. Entities sold or wound up are recognised in the consolidated comprehensive income statement up to the date of disposal or date of winding-up, respectively. The date of disposal is the time when actual control of the entity acquired is taken over by a third party. Discontinued operations and assets held for sale are presented separately.

Acquisitions of new entities of which the Group obtains control are accounted for using the purchase method under which the identified assets, liabilities and contingent liabilities of the newly acquired entities 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. However, non-current assets acquired for resale purposes are measured at fair value less expected selling expenses.

Restructuring costs are recognised in the pre-acquisition balance sheet only if they constitute an obligation for the acquired entity. Deferred tax is recognised on the revaluations.

Positive differences (goodwill) between, on the one hand, the purchase consideration, the value of minority interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangible assets. Goodwill is not amortised but is tested for impairment at least once a year. The first impairment test is carried out before the end of the year of acquisition.

On acquisition, goodwill is allocated to the cash-generating units which subsequently provide the basis for the impairment test. Goodwill and fair value adjustments related to the acquisition of a foreign entity with a different functional currency than the Group's presentation currency are treated as assets and liabilities of the foreign entity and, on initial recognition, translated into the functional currency of the foreign entity at the exchange rate of the date of transaction.

Negative differences (negative goodwill) are recognised in the profit for the year at the time of acquisition.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If the final determination of the consideration is subject to one or more future events or to the fulfilment of conditions agreed, these will be recognised at fair value at the time of acquisition. Subsequently, contingent purchase consideration, which is not an equity instrument, is measured at fair value through the income statement.

Costs incurred in connection with acquisitions of entities are recognised in special items during the year of incurrence.

If, at the time of the acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities or 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 liabili-ties was not correct on initial recognition, the statement is adjusted retrospectively, including goodwill, for 12 months after the acquisition, and any comparative figures are restated. After that, goodwill is not adjusted. Changes in estimates of contingent purchase consideration are recognised in profit for the year.

Gains or losses on disposal or winding-up of subsidiaries are calculated as the difference between the consideration received and the carrying amount of net assets including goodwill at the time of sale and expenses to sell or wind up. The profit or loss calculated is recognised in profit for the year, with accumulated exchange adjustments previously recognised in other comprehensive income.

**TRANSLATION POLICIES**

A functional currency is determined for each of the Group's reporting entities. The functional currency is the currency used in the primary economic environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of transaction. Trade receivables, payables and other monetary items denominated in foreign currency which have not been settled at the balance sheet date are translated to the functional currency at the closing rate. Property, plant and equipment, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historical cost are translated to the functional currency at the exchange rate of the date of transaction.
Exchange rate differences arising between the transaction date and the date of payment and the balance sheet date, respectively, are recognised in the profit or loss as revenue and costs of sale, respectively, in respect of exchange differences relating to trade receivables and trade payables. Other exchange differences are recognised as financial income and expenses.

On recognition in the Consolidated Financial Statements of entities with a functional currency other than Danish kroner (DKK), the statements of comprehensive income are converted using average exchange rates for the months, unless these differ materially from the actual exchange rates at the time of the transactions. In case of the latter, the actual exchange rates will be used. Balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange differences arising from the translation of the opening equity and balance sheet items of foreign entities at closing rates and exchange differences from the translation of comprehensive income from average rates to closing rates are recognised in other comprehensive income in a separate foreign currency translation reserve under equity. The exchange adjustment is divided between the parent's and the minority shareholders' shares of equity.

The reserve for foreign currency translation adjustments includes all exchange adjustments resulting from the translation of financial statements of entities using a functional currency other than DKK. With respect to full or partial disposal of wholly-owned foreign entities, for which control is ceded, exchange adjustments which are recognised on an accumulated basis in other comprehensive income and which are attributable to the entity will be reclassified from other comprehensive income to profit/loss for the year with any gains or losses generated on the disposal. In respect of disposal of partially owned foreign subsidiaries for which control is ceded, the part of the foreign currency translation reserve relating to minority interests is not transferred to the income statement. In case of a partial disposal of foreign subsidiaries for which control is not ceded, a proportion of the foreign currency translation reserve is transferred from the parent company shareholders to the minority shareholders' share of equity.

**DERIVATIVE FINANCIAL INSTRUMENTS**
Derivative financial instruments are recognised in the balance sheet as from the trade date and are measured at fair value at the date of settlement. Subsequently, derivative financial instruments are measured at fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are included in other receivables and other debt, respectively.

**CASH FLOW HEDGE**
The share of fair value adjustments of derivative financial instruments classified as and meeting the requirements for hedges of expected future cash flows and which ensure efficient changes to future cash flows are recognised in other comprehensive income in equity under a separate hedging reserve until the hedged cash flows affect results.
At this time, gains and losses relating to such hedging transactions from other comprehensive income are reclassified and recognised in the same item as the hedged transactions.

If the hedging instrument no longer meets the hedge accounting criteria, the hedging relationship will be discontinued. The accumulated value change recognised in other comprehensive income is reclassified to the income statement when the hedged cash flows affect the results or are no longer probable.

The share of the value adjustment of a derivative financial instrument which is not part of a hedging relationship is presented under financial income and expenses.

**OTHER DERIVATIVE FINANCIAL INSTRUMENTS**
Other derivative financial instruments that do not meet the criteria for treatment as hedging instruments are considered trading portfolios and measured at fair value with current recognition of fair value adjustments in financial income and expenses in the income statement.

**TAX**
**Tax on profit/loss for the year**
DK Company A/S is taxed jointly with all its Danish subsidiaries and the parent Jens Poulsen Holding ApS as administration company. The current corporation tax is allocated to the jointly taxed enterprises in proportion to their taxable incomes. The jointly taxed companies 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. In addition, tax for the year consists of changes to tax of previous years and changes in the assessment of provisions for uncertain tax positions. Tax for the year is recognised in profit for the year, in other comprehensive income or directly in equity, depending on where the transaction to which tax for the year relates is recognised.

**Tax payable 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.

The tax rates and tax rules in force on the balance sheet date will be applied when calculating current tax for the year.

Deferred tax is measured under the balance sheet liability method on the basis of all temporary differences between the carrying amounts and the tax bases 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 combinations – have arisen at the date of acquisition and affect neither the net profit or loss nor the taxable income.

Deferred tax on temporary differences associated with investments in subsidiaries is recognised, unless the parent is able to control when deferred tax is realised and it is likely that deferred tax will not be triggered as current tax in the foreseeable future.

Deferred tax is determined on the basis of the contemplated use of the individual asset and settlement of the individual liability.

Deferred tax is measured on the basis of the tax rules and tax rates of the respective countries that under the laws adopted or in reality adopted at the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates or tax rules are recognised in the profit or loss, unless the deferred tax is attributable to transactions previously recognised in other comprehensive income or directly in equity. If the latter is the case, the change is also recognised in other comprehensive income or directly in equity.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other non-current assets at the values at which the assets are expected to be realised, either by set-off against deferred tax liabilities or as net tax assets by set-off against future positive taxable income. It will be assessed on each balance sheet date whether it is probable that in future, sufficient taxable income will be generated for the deferred tax asset to be utilised.

Uncertain tax positions are measured, depending on the type, either as a probability-weighted average of possible outcomes or as the most likely outcome. Uncertain tax positions are recognised in the tax items to which they relate, i.e. under current tax payable/receivable and/or deferred tax liabilities/assets, respectively.

**INCOME STATEMENT**
**Revenue**
The Group'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 Group's sales agreements are divided into individually identifiable performance obligations, which are recognised and measured separately at the fair value of the agreed consideration. 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 Group'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.

The terms of payment in the Group's sales agreements with customers depend in part on the underlying performance obligation and in part on the underlying customer relationship. The Group's payment terms are typically net 30 days, but up to 90 days for large customers.

The Group does not typically enter into sales agreements under which the credit period exceeds 12 months. As a result, the Group does not adjust the contract price with a financing element.

Recognition of revenue is not associated with significant estimates and judgements.

**Cost of sales**
Cost of sales include direct expenses incurred to generate revenue for the year. Cost of sales is recognised in line with revenue. Change in inventories for the year is included in the cost of sales. Exchange differences relating to trade payables in foreign currencies are recognised in cost of sales.

**Other external expenses**
Other external expenses include other expenses incurred in the year for procurement, sales, including commission to external sales agents, distribution and advertising, administration, costs for the retention of patent rights and bad debts, etc. Lease payments made under operat-ing leases are recognised in other external expenses on a straight-line basis over the lease term. Development costs which do not qualify for recognition in the balance sheet are recognised in other external expenses

**Staff costs**
Staff costs include salaries, considerations, pensions and other staff costs related to the Group's employees, including the Executive Board and Board of Directors.

**Income in the form of compensation received from public authorities**
Compensation received from public authorities is recognised and set off against other external expenses and staff costs in line with the costs associated with the compensation, once the Group has obtained final commitment from the compensation provider that it is likely that the Group will meet the conditions attached to the compensation and it is highly likely that the compensation will not have to be repaid.

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

**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.

**Special items**
Special items include major revenue and one-off costs, e.g. transaction costs, incurred in connection with the acquisition of subsidiaries and activities, restructuring costs and negative goodwill recognised upon acquisition. These items are presented separately for the sake of com-parability in the income statement, including to give a clearer view of the profit/loss from operating activities.

**Financial income and expenses**
Financial income and expenses include interest income and expenses, the interest element of finance lease payments, realised and unrealised gains and losses, including amortisation additions or deductions on liabilities and transactions in foreign currencies other than exchange differences in trade receivables and trade payables recognised under revenue and cost of sales, respectively. Moreover, interest charges and reimbursements under the on-account tax scheme are recognised as financial income and expenses.

Interest income and expenses are accrued based on the principal and the effective interest rate. The effective interest rate is the discount rate to be used to discount the expected future payments linked to the financial asset or liability in order for the net present value of these to correspond to the carrying amounts of the asset and the liability, respectively.

**BALANCE SHEET**
**Goodwill**
Goodwill is initially recognised and measured as the difference between, on the one hand, the cost of the acquired entity, the value of minority interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired, see the description in the consolidated financial statements section.

When recognised, goodwill is allocated to the activities of the Group that generate independent income (cash-generating units). The definition of cash-generating units follows the management structure and the internal financial management policy and Group reporting.

Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but is tested for impairment at least once a year, see below.

**Other intangible assets**
Other intangible assets with indefinite useful lives are initially recognised and measured as the difference between, on the one hand, the cost of the acquired entity, the value of minority interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired, see the description in the consolidated financial statements section.

When recognised, the amount related to trademark rights is allocated to the activities of the Group that generate independent income (cash-generating units). The definition of cash-generating units follows the management structure and the internal financial management policy and Group reporting. Subsequently, trademark rights are measured at cost less accumulated impairment losses. Trademark rights are not amortised but tested for impairment at least once a year, see below.

Development projects relating to products and processes that are clearly defined and identifiable are recognised as intangible assets if it is likely that the product or process will generate future economic benefits to the Group, and the development costs of each asset can be measured reliably. Other development costs are recognised in the income statement as incurred. The Group has no development projects that meet the criteria for recognition of intangible assets in the balance sheet.

Software that is not an integral part of the associated hardware is considered intangible assets, while other software without which the computer cannot operate is included as property, plant and equipment. Software under intangible assets is measured at cost less accumulated amortisation and impairment losses. Software under intangible assets is amortised on a straight-line basis over its expected useful life, which is up to three years.

**Property, plant and equipment**
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

Subsequent costs for, e.g., the replacement of a component of a tangible asset are recognised in the carrying amount of the asset concerned when it is probable that the costs incurred will lead to future economic benefits for the Group. The replaced components are no longer recognised in the balance sheet, and the carrying amount is transferred to the income statement. All other costs of ordinary repair and maintenance are recognised in the income statement as incurred.

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:

| | |
|---|---|
| Buildings | 20 - 30 years |
| Leasehold improvements | 2 - 10 years |
| Plant and machinery | 5 - 15 years |
| Other fixtures and fittings, tools and equipment | 2 - 7 years |

Land is not depreciated

The basis of depreciation is the cost of the asset less the residual value and any depreciation. The residual value is the amount expected to be obtained from the sale of the asset today after deduction of selling costs if the asset was already of the age and condition expected after its useful life.
The depreciation method, useful life and residual value are determined at the date of acquisition and 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.

Property, plant and equipment are written down to the lower of the recoverable amount or carrying amount, see the section on impairment below.

**Leases**
Leased assets and lease liabilities are recognised in the balance sheet when, under a lease agreement for a specific identifiable asset, the Group is provided with the leased asset during the lease period, and when the Group acquires the right to virtually all the economic benefits of the use of the identified asset and the right to make decisions regarding the use of the identified asset.

Lease liabilities are initially measured at the net present value of future lease payments discounted at an alternative borrowing rate. The following lease payments are recognised as part of the lease liability:

- Fixed payments.
- Variable payments that fluctuate in step with changes to an index or interest rate, based on the index or interest rate applicable.
- Amounts due under a residual value guarantee.
- The exercise price of call options that, with high probability, Management expects to exercise.
- Payments covered by an extension option that, with high probability, the Group expects to exercise.
- Penalties related to a termination option unless, with high probability, the Group expects not to exercise the option.

The lease liability is measured at amortised cost using the effective interest methodology. The lease liability is reassessed when changes in the underlying contractual cash flows arise owing to changes in an index or interest rate, if there are changes in the Group's estimate of a residual value guarantee, or if the Group changes its assessment of whether the exercise of a purchase, extension or termination option is regarded as reasonably certain.

The leased asset is initially measured at cost, which corresponds to the value of the lease liability adjusted for prepaid lease payments, plus directly related costs and estimated costs for demolition, refurbishment or the like and less discounts received or other types of incentive pay from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation is recognised on a straight-line basis in the income statement.

The leased asset is adjusted for changes in the lease liability as a result of changes in the terms of the lease or changes in the contract's cash flows in line with changes in an index or interest rate.

Leased assets are depreciated on a straight-line basis over the expected lease terms which are as follows:

| | |
|---|---|
| Operating equipment, etc. | 2 - 5 years |
| Shop leases and showroom | 2 - 6 years |
| Owner-occupied properties | 5 - 10 years |
| Warehouse properties | 2 - 5 years |

The Group presents leased assets and lease liabilities separately in the balance sheet.

The Group has chosen not to include low-value leased assets and short-term leases in the balance sheet. Instead, lease payments made under such leases are recognised in the income statement on a straight-line basis.

The Group has decided to apply the relief adopted in 2020 regarding temporary rent concession resulting from COVID-19. As a result, no remeasurement has been made of contracts for which temporary rent concessions or rent postponement have been granted.

**Impairment test of non-current assets**
**Goodwill and intangible assets with indefinite useful lives**

For goodwill and intangible assets with indefinite useful lives, the recoverable amount is determined annually regardless of any indications of impairment. The first assessment is carried out before the end of the year of acquisition.

The carrying amount of goodwill is tested for impairment together with other non-current assets in the cash-generating unit or the group of cash-generating units to which the goodwill has been allocated and is written down to the recoverable amount over the income statement in case of a higher carrying amount. As a main rule, the recoverable amount is calculated as the net present value of expected future net cash flows from the enterprise or activity (cash-generating unit) to which the goodwill relates.

**Other non-current assets**

The carrying amounts of other non-current assets with definite useful lives are assessed annually to determine whether there is any indication of impairment. If this is the case, the recoverable amount of the asset should be calculated in order to determine the need for impairment and the extent thereof. The recoverable value is determined as the higher value of the fair value of the asset and the fair value of the cash-generating unit, less expected selling costs or value in use.

The value in use is calculated as the net present value of expected future cash flows from the asset or the cash-generating unit to which the asset relates.

**Recognition of impairment loss in the income statement**

If the recoverable amount of the asset and the cash-generating unit, respectively, is lower than the carrying amount, the carrying amount is written down to the recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss in respect of goodwill is not reversed. Impairment of other assets is reversed to the extent that changes occur in assumptions and estimates leading to the impairment losses. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount that the asset would have had after depreciation/amortisation had the asset not been im-paired.

**Inventories**

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

The cost of goods for resale, raw materials and consumables consists of purchase price plus direct delivery costs. The cost of finished goods comprises the cost of raw materials, consumables, external production costs and delivery costs.

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

**Receivables**

Receivables include trade receivables and other receivables. Receivables are included in the category of loans and receivables, which are financial assets with fixed or determinable payments not listed in an active market and which are not derivative financial instruments.

Receivables are initially measured at fair value and subsequently at amortised cost, usually corresponding to nominal value less provisions for bad debts. Impairment allowances are made under the simplified expected credit loss model under which the total loss is recognised immediately in profit/loss at the time of recognition in the balance sheet based on the expected loss over the lifetime of the receivable. The financial asset relating to trade receivables is monitored continuously in accordance with the Group's risk management until realisation. Write-down is calculated on the basis of the expected loss rate computed from historical data adjusted for estimates of the impact of expected changes in relevant parameters. Assessment of writedowns for estimated bad debt is carried out using a provisions account.

The revenue recognition of interest on impaired receivables is calculated on the basis of the impaired balance at the effective interest rate of the individual receivable or portfolio.

**Other contract assets**
Other contract assets include refund assets.
Refund assets include the goods that are expected to be returned by fulfilling the Group's return obligations based on historical experience on actual return percentages and product mix. Refund assets are determined as cost of the underlying items, minus any necessary writedowns.

**Prepaid expenses**
Prepayments, recognised under assets, include costs incurred relating to subsequent financial years. Prepaid expenses are measured at cost.

**Dividends**
Dividend is recognised as a liability when a resolution approving the dividend has been adopted by the Annual General Meeting of shareholders (the time of declaration).

**Provisions**
Provisions are recognised when, in consequence of events occurring in the financial year or previous years, the Group is under a legal or constructive obligation, and it is probable that the financial resources of the Group will be drawn on to settle the obligation. Provisions are measured as best estimate of the expenses necessary to settle the obligations on the balance sheet date. Provisions with expected maturity more than one year after the balance sheet date are measured at net present value.

**Other contract liabilities**
Other contract liabilities cover return obligations concerning goods that are expected to be returned based on historical experience on actual return percentages and product mix. Return obligations are measured as the sales price of the underlying items.

**Other financial liabilities**
Other financial liabilities include debt to credit institutions, trade payables and other debt to public authorities, etc. Other 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.

**Pension obligations, etc.**
The Group has entered into pension agreements and similar agreements with the main part of its employees.

As regards defined contribution plans, fixed contributions are paid regularly to independent pension companies, etc. Contributions are recognised in the income statement for the period in which the employees have performed the service entitling them to the pension contribution. Amounts due are recognised in the balance sheet under other liabilities.
The Group has no defined benefit plans.

**Deferred income**
Deferred income, recognised under liabilities, includes received income relating to subsequent financial years. Deferred income is measured at cost.

**Fair value measurement**
The Group applies the fair value concept in connection with certain disclosure requirements and for the recognition of financial instruments. Fair value is defined as the price obtainable by selling an asset or payable for transferring a liability in a normal transaction between market participants ('exit price').

Fair value is a market-based and not an entity-specific measurement. The entity applies the assumptions that market participants would make use of when pricing the asset or liability on the basis of existing market conditions, including assumptions regarding risks. Thus, when calculating fair value, the entity's intention of owning the asset or settling the liability is not taken into account.
The fair value assessment is based on the primary market. If no primary market exists, the assessment is based on the most advantageous market, being the market that maximises the price of the asset or liability less transaction and transport costs.

All assets and liabilities measured at fair value or for which fair value is disclosed, are categorised by the fair value hierarchy, as described below:

- Level 1: Value based on the market value of similar assets/liabilities in a well-functioning market.
- Level 2: Value based on generally accepted valuation methods on the basis of observable market information.
- Level 3: Value based on generally accepted valuation methods and reasonable estimates (non-observable market information).

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

The cash flow effect of acquiring and selling entities is shown separately under cash flows for investing activities.
The cash flow statement includes cash flows related to business acquisitions as from the date of acquisition, and cash flows from businesses sold are recognised up until the time of the sale.

Cash flows from operating activities are presented according to the indirect method and are calculated on the basis of the profit/loss before tax adjusted for non-cash operating items, change in working capital, interest received and paid, including the interest element on recog-nised lease liabilities, as well as any refunded and paid corporation tax.

Cash flows for investing activities include payments in connection with purchases and sales of enterprises and activities, purchases and sales of intangible assets, property, plant and equipment, and other non-current assets, dividends received and securities not presented as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the parent's share capital and related costs, as well as the raising and repayment of loans, repayments on interest-bearing debt and lease commitments, purchases and sales of treasury shares and minority interests, and payment of dividend to shareholders and minority shareholders.

Cash and cash equivalents include cash at bank and in hand.

Cash flows in other currencies than the functional currency are recognised in the cash flow statement by using average exchange rates for the months, unless these differ materially from the actual exchange rates at the time of the transactions. In case of the latter, the actual exchange rates will be used.

## FINANCIAL RATIOS

The financial highlights have been defined and calculated in accordance with the recommendations issued by the Danish Society of Financial Analysts.

Reference is made to the 'Definition of Financial Ratios'.

# Note 2 -
## Significant accounting estimates, assumptions and adjustements

In applying the Group's accounting policies described in note 1, Management needs to make assessments and estimates of, as well as prepare assumptions for, the carrying amounts of assets and liabilities that cannot be immediately derived from other sources.

The estimates and assumptions made are based on historical experience and other relevant factors which Management considers appropriate in the circumstances and which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected incidents or circumstances may arise. As a result of the risks and uncertainties to which the Group is exposed, actual results may differ from the estimates made. Special risks for the Group are discussed in Management's Review in the 'Risk management' section and note 29 'Financial risks' to the Consolidated Financial Statements.

The estimates made and the underlying assumptions are continuously reassessed. Changes to accounting estimates made are recognised in the accounting period in which the change takes place and in future accounting periods if the change affects both the period in which the change takes place and subsequent accounting periods.

**SIGNIFICANT ACCOUNTING ASSESSMENTS ASSOCIATED WITH THE APPLICATION OF ACCOUNTING POLICIES**
In applying the Group's accounting policies, Management has not only carried out the estimates described below but also the following accounting assessments, which have had a material impact on the amounts recognised in the Consolidated Financial Statements:

**Determining lease terms**
The lease term covers the non-terminable period of the lease agreement, periods subject to an extension option that the Group reasonably expects to exercise, and periods subject to a termination option that the Group reasonably expects not to exercise.

A number of the Group's property leases are subject to options that entitle the Group to an extension of the agreement for an additional lease term of an average of three to four years.
On initial recognition of the leased asset, the Group assesses whether the exercise of the extension option is reasonably certain. The Group will reassess this estimate in the event of significant events or significant changes in circumstances within the Group's control.

The assessment of the property lease term is carried out individually for each lease entered into. The assessment of the lease term for retail properties includes an assessment of the location, including whether it is deemed a strategically important location. It also includes an assessment of the expected development of the business environment at the location.

**Determination of discount rate of leases**
The Group uses its alternative borrowing rate to measure future lease payments at net present value. When assessing the alternative borrowing rate, the Group divided its portfolio of leased assets into two categories; the Group considers the leases and the underlying assets of each category to have the same characteristics and risk profile. The categories are as follows:

- Operating equipment, etc.
- Properties.

The Group sets the alternative borrowing rate for the above categories of leases in connection with the initial recognition of a lease. Moreover, the rate is fixed in connection with subsequent changes to the underlying contractual cash flows arising from changes to the Group's assessment of whether the exercise of a purchase, extension or termination option is regarded as reasonably certain, or where a lease agreement is modified.

When assessing the Group's alternative borrowing rate, the Group has calculated its alternative borrowing rate for its leases of properties located in Denmark on the basis of the interest rate on a mortgage bond with a maturity corresponding to the term of the lease. The interest rate on the financed part for which a mortgage cannot be used is estimated on the basis of a reference interest rate plus a credit margin derived from the Group's existing credit facilities.

The Group has calculated its alternative borrowing rate for leases of operating equipment, etc. based on a reference interest rate plus a credit margin derived from the Group's existing credit facilities.

**SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES**
Recognition and measurement of assets and liabilities are often dependent on future events subject to some uncertainty. In this context, it is necessary to assume a course of events, etc. that reflects Management's assessment of what the most likely course of events will be. In par-ticular, the assumptions and uncertainties set out below are significant in the Consolidated Financial Statements for 2021 as they have had a significant impact on the assets and liabilities recognised in the Financial State-ments and may require adjustments in subsequent financial years if the courses of events assumed are not realised as expected. No major changes have been made to the Group's assessment methods.

**Goodwill**

In connection with the annual impairment test of goodwill, or when there is an indication of impairment, estimates are made of whether the parts of the enterprise (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill and other net assets in that part of the enterprise.

Given the nature of the business, expected cash flows have to be estimated for many years into the future, which naturally leads to some uncertainty. The uncertainty is reflected in the selected discount rate. The value has not been subject to impairment in relation to the acquisition cost for the financial year. Reference is made to note 12.

2021

**61.9**

DKK MILLION

2020

**61.2**

DKK MILLION

**Trademark rights**

In connection with the annual impairment test of trademark rights, or when there is an indication of impairment, estimates are made of whether the parts of the enterprise (cash-generating units) to which the trademarks relate will be able to generate sufficient positive net cash flows in the future to support the value of the trademark rights and other net assets in that part of the enterprise.

Given the nature of the business, expected cash flows have to be estimated for many years into the future, which naturally leads to some uncertainty. The uncertainty is reflected in the selected discount rate.

Due to impairment of the trademark Blend She the value of the trademark of DKK 1 million has been impaired and written down to DKK 0. The value of the other trademark rights has not been subject to impairment in relation to the acquisition cost for the financial year. Reference is made to note 12.

2020

**136.6**

DKK MILLION

2021

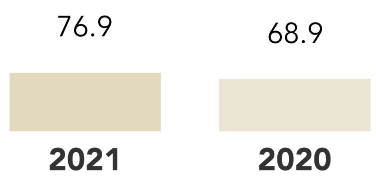
**135.6**

DKK MILLION

**Inventories**
Measurement of the Group's inventories is significantly influenced by estimates regarding the need for writedown to a lower net realisable value and the assumptions used to calculate it. Measurement of inventories is based on an individual assessment of seasonality and age and the risk of realisation assessed for the individual product groups.

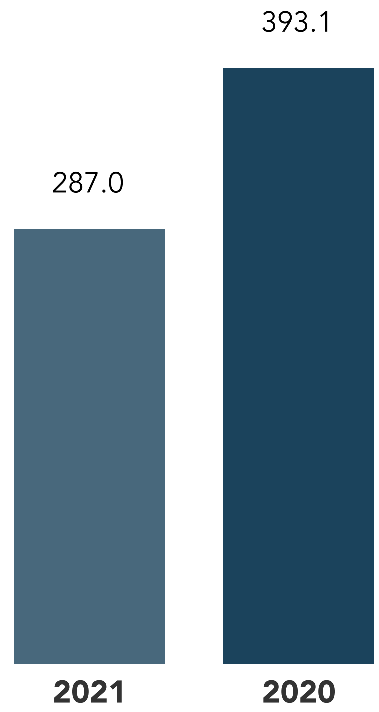
**VALUE (DKK MILLION)**


**DEPRECIATION (DKK MILLION)**

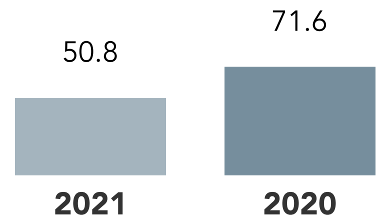



**Receivables**
Measurement of the Group's trade receivables is associated with accounting estimates of indications of impairment. The indication of impairment is based on the simplified expected credit loss model under which the total loss is recognised immediately in the income statement at the time of recognition in the balance sheet. The impairment in particular implies an estimate of the expected loss rate calculated on the basis of historical data adjusted for estimates of the impact of expected changes in relevant parameters.

**VALUE (DKK MILLION)**




**DEPRECIATION (DKK MILLION)**



## NOTE 3 - REVENUE (DKK 1,000)

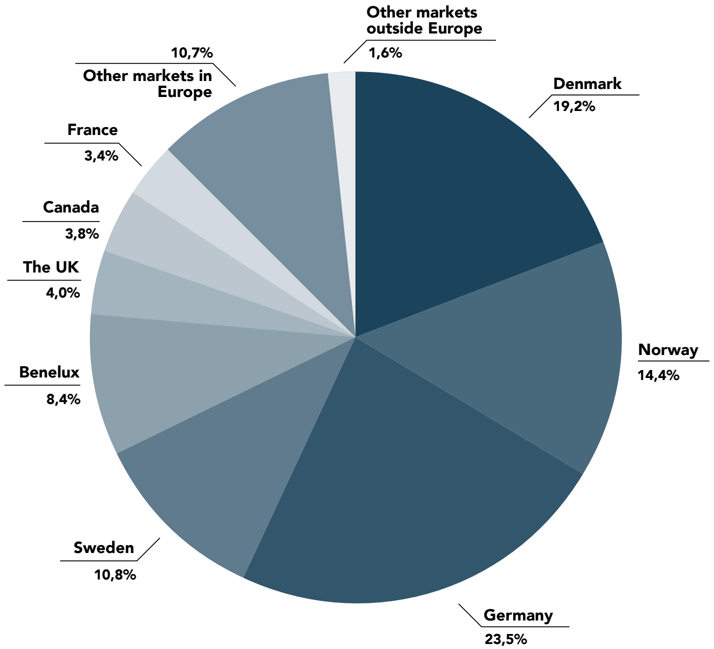
In terms of geography, consolidated revenue may essentially be broken down as follows:

| Revenue | 2021 | 2020 | Growth 2021 | Growth 2020 | Share 2021 | Share 2020 |
|---|---|---|---|---|---|---|
| Denmark | 754,186 | 583,893 | 29.2% | -26.5% | 19.2% | 17.8% |
| Norway | 562,264 | 479,930 | 17.2% | -15.9% | 14.4% | 14.7% |
| Germany | 919,706 | 766,781 | 19.9% | 56.3% | 23.5% | 23.6% |
| Sweden | 422,316 | 358,043 | 18.0% | -6.4% | 10.8% | 11.0% |
| Benelux | 329,837 | 286,534 | 15.1% | -14.7% | 8.4% | 8.8% |
| The UK | 157,403 | 135,905 | 15.8% | -3.1% | 4.0% | 4.2% |
| Canada | 150,278 | 97,347 | 54.4% | -16.6% | 3.8% | 3.0% |
| France | 134,115 | 100,946 | 32.9% | -9.9% | 3.4% | 3.1% |
| Other markets in Europe | 417,634 | 410,506 | 1.7% | -1.0% | 10.7% | 12.6% |
| Other markets outside Europe | 63,992 | 34,454 | 85.7% | 13.3% | 1.6% | 1.1% |
| | **3,911,731** | **3,254,339** | **20.2%** | **-3.9%** | **100.0%** | **100.0%** |

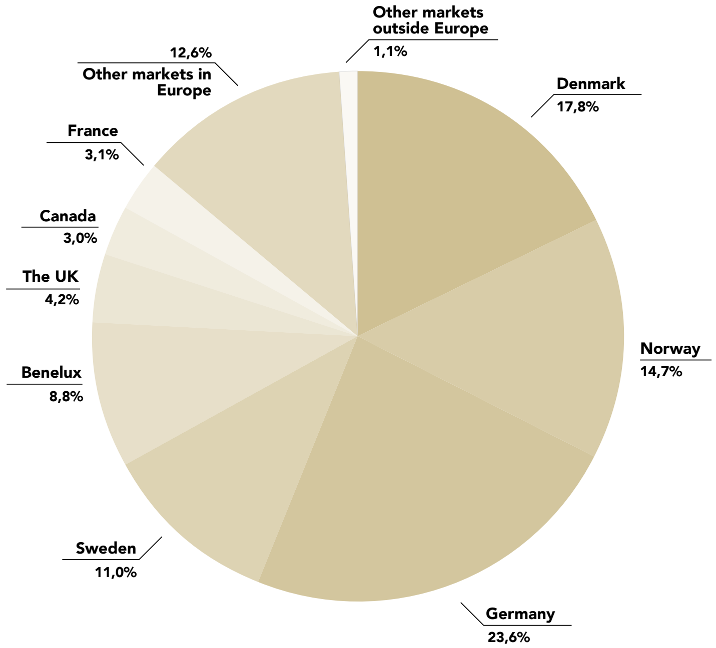
The reported growth rates are calculated including the effect of acquired entities.
The Group is engaged in the sale of clothing within a number of brands, all of which are categorised as 'Fashion Clothing'. Thus, the Group has no products or services that differ significantly from each other, and therefore no separate information is provided about individual products or services.
The entire Group revenue relates to the sale of goods and is recognised at a specific time.

**Primary customers**
No single customer accounts for more than 10% of the consolidated revenue.

### 2021




### 2020



MANAGEMENT'S REVIEW
CONSOLIDATED FINANCIAL STATEMENTS
PARENT COMPANY FINANCIAL STATEMENTS
GROUP CHART AND FINANCIAL RATIOS
MANAGEMENT'S STATEMENT AND AUDITOR'S REPORT

| NOTE 4 - STAFF COSTS (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 601,279 | 575,309 |
| Defined contribution plans | 47,033 | 36,648 |
| Other social security expenses | 26,588 | 25,598 |
| | **674,900** | **637,555** |
| Average number of employees | 1,464 | 1,523 |

The above includes the Group's costs for furloughed employees during COVID-19 in the amount of DKK 24 million (DKK 63 million) less compensation in the amount of DKK 7 million (DKK 37 million).

Remuneration to the Board of Directors and Executive Board:

| 2021 | Board of Directors | Executive Board | Total |
|---|---|---|---|
| Wages and salaries | 475 | 6,243 | 6,718 |
| Defined contribution plans | 0 | 529 | 529 |
| | **475** | **6,772** | **7,247** |

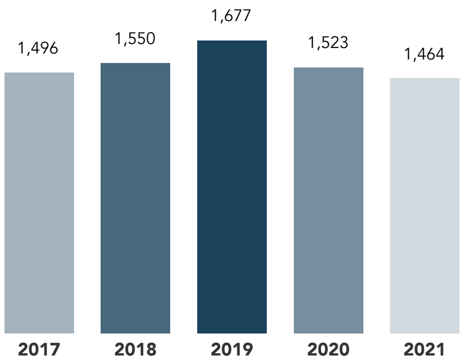
| 2020 | Board of Directors | Executive Board | Total |
|---|---|---|---|
| Wages and salaries | 625 | 6,325 | 6,950 |
| Defined contribution plans | 0 | 528 | 528 |
| | **625** | **6,853** | **7,478** |

The above amounts include the value of employee benefits.

| NOTE 5 - OTHER OPERATING INCOME (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Gain on disposal of intangible assets and property, plant and equipment | 0 | 1,150 |
| | **0** | **1,150** |

| NOTE 6 - OTHER OPERATING EXPENSES (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Loss on disposal of intangible assets and property, plant and equipment | 272 | 4,079 |
| | **272** | **4,079** |

## AVERAGE NUMBERS OF EMPLOYEES




| NOTE 7 - DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Software | 5,083 | 4,705 |
| Buildings | 476 | 359 |
| Leasehold improvements | 12,791 | 14,778 |
| Other fixtures and fittings, tools and equipment | 11,693 | 12,740 |
| Leased assets | 120,189 | 133,066 |
| **Total depreciation and amortisation** | **150,232** | **165,648** |

| NOTE 8 - SPECIAL ITEMS (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Negative goodwill related to acquisitions | 0 | 14,656 |
| | **0** | **14,656** |

| NOTE 9 - FINANCIAL INCOME (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Other interest income | 7,817 | 1,354 |
| **Interest income from financial assets not measured at fair value through profit or loss** | **7,817** | **1,354** |
| Foreign exchange gains and fair value adjustment of financial instruments | 6,313 | 10,830 |
| | **14,130** | **12,184** |

| NOTE 10 - FINANCIAL EXPENSES (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Interest expenses, lease liabilities | 4,721 | 6,594 |
| Other interest expenses | 10,349 | 8,721 |
| **Interest expenses from financial liabilities not measured at fair value through profit or loss** | **15,070** | **15,315** |
| Foreign exchange loss and fair value adjustment of financial instruments | 15,942 | 9,474 |
| | **31,012** | **24,789** |

| NOTE 11 - TAX ON PROFIT FOR THE YEAR (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Current tax for the year | 139,025 | 50,790 |
| Change in deferred tax for the year | 2,730 | 1,484 |
| Adjustment of tax relating to previous years | -3,964 | -1,861 |
| **Tax on profit for the year** | **137,791** | **50,413** |
| **The tax on profit (loss) for the year can be explained as follows:** | | |
| Tax rate of 22.0% on the profit/loss before tax | 134,589 | 73,658 |
| Adjustment of calculated tax in foreign group enterprises in relation to 22.0% and profit from associates | 14,033 | 4,362 |
| Tax effect of: | | |
| Non-taxable income | -124 | -4,522 |
| Non-deductible expenses | 487 | 566 |
| Deferred tax asset not recognised | -7,230 | -21,790 |
| Adjustment of tax relating to previous years | -3,964 | -1,861 |
| **Tax on profit for the year** | **137,791** | **50.413** |
| Effective tax rate | 22.5% | 15.1% |
| Total tax for the year includes the following: | | |
| Tax on profit/loss for the year, see above | 137,791 | 50,413 |
| Tax on other comprehensive income, see below | 15,382 | -8,135 |
| | **153,173** | **42,278** |
| Tax on fair value adjustments of hedging instruments | 15,382 | -8,135 |
| **Tax on other comprehensive income** | **15,382** | **-8,135** |

## NOTE 12 - INTANGIBLE ASSETS (DKK 1,000)

| NOTE 12 - INTANGIBLE ASSETS (DKK 1,000) | Goodwill | Trademark rights | Software |
|---|---|---|---|
| Cost at 1 January 2021 | 61,734 | 136,591 | 11,853 |
| Foreign currency translation adjustments | 688 | 0 | 0 |
| Additions at cost | 0 | 0 | 83 |
| Disposals at cost | 0 | 0 | -99 |
| **Cost at 31 December 2021** | **62,422** | **135,591** | **11,837** |
| Amortisation and impairment losses at 1 January 2021 | 560 | 0 | 6,770 |
| Amortisation for the year | 0 | 1,000 | 5,083 |
| Reversal of assets sold | 0 | 0 | -16 |
| **Amortisation and impairment losses at 31 December 2021** | **560** | **1,000** | **11,837** |
| **Carrying amount at 31 December 2021** | **61,862** | **135,591** | **0** |
| Cost at 1 January 2020 | 62,919 | 136,591 | 23,942 |
| Foreign currency translation adjustments | -59 | 0 | -1 |
| Additions relating to acquisitions | 0 | 0 | 0 |
| Additions at cost | 545 | 0 | 0 |
| Disposals at cost | -1,671 | 0 | -12,088 |
| **Cost at 31 December 2020** | **61,734** | **136,591** | **11,853** |
| Amortisation and impairment losses at 1 January 2020 | 560 | 0 | 14,146 |
| Amortisation for the year | 0 | 0 | 4,705 |
| Reversal of assets sold | 0 | 0 | -12,081 |
| **Amortisation and impairment losses at 31 December 2020** | **560** | **0** | **6,770** |
| **Carrying amount at 31 December 2020** | **61,174** | **136,591** | **5,083** |

### Goodwill:
Goodwill relating to acquisitions is, at the time of the acquisition, allocated to the cash-generating units which are expected to achieve economic benefits from the acquisition.

The total carrying amount of goodwill is allocated to the following cash-generating units:

| | Carrying amount | |
|---|---|---|
| | 31.12.2021 | 31.12.2020 |
| DK Company Cph Group incl. DK Company Canada Inc. | 32,515 | 32,498 |
| DK Company Con A/S | 953 | 953 |
| Earnest money, retail | 3,187 | 3,187 |
| Companys Retail AG | 14,867 | 14,196 |
| Agencies and customer relations | 10,340 | 10,340 |
| **Carrying amount of goodwill** | **61,862** | **61,174** |

The recoverable amounts of each cash-generating unit to which the goodwill amounts are allocated are determined on the basis of the calculation of the units' value in use, i.e. discounting of expected future cash flows that are compared with the carrying amounts. Future cash flows are based on the Company's business plans and budgets/forecasts for the financial years 2022 - 2025 (2020: 2021 - 2024). The main parameters when calculating the value in use are revenue, EBITDA and the discount rate. In calculating the value in use, a growth factor has been used during the terminal period of 2% at 31 December 2021 and 2% at 31 December 2020 and a discount rate before tax of 11.9% at 31 December 2021 and 15.26% at 31 December 2020.

### DK Company Cph Group incl. DK Company Canada Inc.:
The cash-generating unit 'DK Company Cph Group including DK Company Canada Inc.' holds the four brands: InWear, Matinique, Part Two and Soaked in Luxury each of which are individual cash-generating units. Determination of the recoverable value of this cash-generating unit is based on a positive development of the activity owing to continued focus on and positioning of the brands in the market In addition, an expectation of improved cost-effectiveness has been incorporated over the period as a result of continued optimisation in connection with increasing integration of the Group's strategy in the form of 'The Blooming Concept'.

### Companys Retail AG:
The cash-generating unit 'Companys Retail AG' covers the operation of the Companys chain's retail activities in Switzerland. Determination of the recoverable value of this cash-generating unit is based on a positive development of the activity owing to continued focus in the market. The Company is intended to play a central role in the marketing of the Group's brands to the Swiss end user.

The impairment test has not given rise to any indications of impairment for neither 2021 nor 2020.

## NOTE 12 - INTANGIBLE ASSETS, CONTINUED (DKK 1,000)

**Trademark rights:**
Trademark rights relating to acquisitions are, at the time of the acquisition, allocated to the cash-generating units which are expected to achieve economic benefits from the acquisition. Trademark rights are considered to have an indefinite useful life as the collections prepared for the individual brands are being developed continuously taking into account the unique DNA of the brands to which the trademark rights relate. Thus, no multi-year amortisation is provided on those trademarks, but solely impairment to the extent that the calculated recoverable value does not at least match the carrying amount.

The carrying amount of the trademark rights is thus allocated to the following cash-generating units:

| | Carrying amount | |
|---|---|---|
| | 31.12.2021 | 31.12.2020 |
| Blend He | 23,000 | 23,000 |
| ICHI | 5,000 | 5,000 |
| Blend She | 0 | 1,000 |
| Fransa | 23,000 | 23,000 |
| b.young | 23,000 | 23,000 |
| InWear | 10,000 | 10,000 |
| Matinique | 8,000 | 8,000 |
| Part Two | 7,500 | 7,500 |
| Soaked in Luxury | 4,500 | 4,500 |
| Bon'A Parte | 8,932 | 8,932 |
| Culture | 8,400 | 8,400 |
| Pulz | 9,000 | 9,000 |
| Saint Tropez | 3,500 | 3,500 |
| Solid | 1,759 | 1,759 |
| **Carrying amount of trademark rights** | **135,591** | **136,591** |

The recoverable amounts of each cash-generating unit to which the trademark rights are allocated are determined on the basis of the calculation of the units' value in use, i.e. discounting of expected future cash flows that are compared with the carrying amounts. Future cash flows are based on the Company's business plans and budgets/forecasts for the financial years 2022-2025 (2020: 2021-2024). The main parameters when calculating the value in use are revenue, estimated royalty rate and the discount rate. Overall, due to continued focus and positioning, a positive development of the activity in the coming years is expected. In addition, a positive development in costs is expected in step with the expansion of and compliance with 'The Blooming Concept', which has a positive effect on the royalty rate applied. In calculating the value in use, a growth factor has been used during the terminal period of 1.2% at 31 December 2021 and 1.96% at 31 December 2020 and a discount rate before tax of 11.9% at 31 December 2021 and 15.26% at 31 December 2020.

During 2021, the Group chose to shut down Blend She as an independent unit, resulting in an impairment loss of DKK 1 million in 2021.

Besides this, the impairment test did not give rise to any indications of impairment for neither 2021 nor 2020.

**Other intangible assets:**
Neither in 2021 nor in 2020 did Management identify a need for impairment of other intangible assets.

## NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (DKK 1,000)

| | Land and buildings | Leasehold improvements | Other fixtures and fittings, tools and equipment |
|---|---|---|---|
| Cost at 1 January 2021 | 16,340 | 77,759 | 54,263 |
| Foreign currency translation adjustments | 0 | 2,683 | 2,859 |
| Additions relating to acquisitions | 0 | 5 | 21 |
| Additions at cost | 11,500 | 32,709 | 6,805 |
| Disposals at cost | 0 | -12,499 | -13,997 |
| Transfer between categories | 0 | 10 | -10 |
| **Cost at 31 December 2021** | **27,840** | **100,667** | **49,941** |
| Depreciation and impairment losses at 1 January 2021 | 7,052 | 48,717 | 32,747 |
| Foreign currency translation adjustments | 0 | 2,036 | 2,690 |
| Depreciation for the year | 476 | 12,791 | 11,693 |
| Reversal of assets sold | 0 | -10,509 | -12,975 |
| Transfer between categories | 0 | 0 | 0 |
| **Depreciation and impairment losses at 31 December 2021** | **7,528** | **53,035** | **34,155** |
| **Carrying amount at 31 December 2021** | **20,312** | **47,632** | **15,786** |
| Cost at 1 January 2020 | 16,340 | 72,683 | 57,210 |
| Foreign currency translation adjustments | 0 | -2,784 | -3,730 |
| Additions relating to acquisitions | 0 | 0 | 681 |
| Additions at cost | 0 | 15,296 | 10,928 |
| Disposals at cost | 0 | -7,472 | -10,790 |
| Transfer between categories | 0 | 36 | -36 |
| **Cost at 31 December 2020** | **16,340** | **77,759** | **54,263** |
| Depreciation and impairment losses at 1 January 2020 | 6,693 | 41,565 | 33,185 |
| Foreign currency translation adjustments | 0 | -1,832 | -3,429 |
| Depreciation for the year | 359 | 14,778 | 12,740 |
| Reversal of assets sold | 0 | -5,830 | -9,713 |
| Transfer between categories | 0 | 36 | -36 |
| **Depreciation and impairment losses at 31 December 2020** | **7,052** | **48,717** | **32,747** |
| **Carrying amount at 31 December 2020** | **9,288** | **29,042** | **21,516** |

## NOTE 14 - LEASES (DKK 1,000)

| LEASED ASSETS | Properties | Operating equipment, etc. | Total |
|---|---|---|---|
| Carrying amount at 1 January 2021 | 290,235 | 23,168 | 313,403 |
| Foreign currency translation adjustments | 5,306 | 141 | 5,446 |
| Additions | 43,593 | 6,801 | 50,394 |
| Re-measurement of lease liability | 2,067 | 0 | 2,067 |
| Depreciation for the year | -108,557 | -11,632 | -120,189 |
| Disposals | -17,269 | -491 | -17,760 |
| **Carrying amount at 31 December 2021** | **215,375** | **17,986** | **233,361** |
| Carrying amount at 1 January 2020 | 409,811 | 25,092 | 434,903 |
| Foreign currency translation adjustments | -8,687 | -250 | -8,937 |
| Additions relating to acquisitions | 3,289 | 0 | 3,289 |
| Additions | 36,876 | 12,075 | 48,951 |
| Re-measurement of lease liability | 16,732 | 0 | 16,732 |
| Depreciation for the year | -119,879 | -13,187 | -133,066 |
| Disposals | -47,670 | -799 | -48,469 |
| **Carrying amount at 31 December 2020** | **290,472** | **22,931** | **313,403** |

**We refer to note 2 for further details on:**
- The scope of the Group's leases.
- Exposure to potential cash flows.
- Process for determining the discount rate.

### LEASE LIABILITIES

| Expected maturity: | 2021 | 2020 |
|---|---|---|
| 0-1 years | 98,917 | 114,413 |
| 1-5 years | 144,907 | 203,674 |
| Over 5 years | 11,752 | 16,178 |
| **Total non-discounted lease liability** | **255,576** | **334,265** |
| **Lease liability recognised in the balance sheet** | **247,223** | **323,898** |
| Short-term | 94,429 | 109,872 |
| Long-term | 152,794 | 214,026 |

### AMOUNT RECOGNISED IN THE INCOME STATEMENT

| | 2021 | 2020 |
|---|---|---|
| Interest expenses relating to lease liabilities | 4,721 | 6,594 |
| Lease payments not recognised as part of the lease liability | 12,591 | 8,802 |
| | **17,312** | **15,396** |

For 2021, the Group has paid DKK 121.5 million in relation to leases, of which interest payments related to recognised lease liabilities of DKK 4.7 million, and repayments of recognised lease liabilities of DKK 116.9 million.

For 2020, the Group has paid DKK 132.7 million in relation to leases, of which interest payments related to recognised lease liabilities of DKK 6.6 million, and repayments of recognised lease liabilities of DKK 126.1 million.

## NOTE 15 - INVESTMENTS IN OTHER ENTITIES (DKK 1,000)

### INVESTMENTS IN SUBSIDIARIES

Disclosures on investments in subsidiaries appear from the group chart at the end of the Annual Report.
Information on the Group's subsidiaries with significant minority interests:

| Statement of Comprehensive Income, etc. 2021 | Revenue | Profit/Loss for the year | Total comprehensive income | Minority interests' share of profit/loss for the year | Dividend paid to minority interests' |
|---|---|---|---|---|---|
| Østfold Mote AS (DK Company Vejle Group) (Norway, 50% ownership, minority interest) | 44,770 | 3,869 | 3,869 | 1,935 | 1,641 |
| DSM CPH 1 ApS (DK Company Retail Group) (Ikast, Denmark, 19,5% ownership, minority interest) | 44,629 | 5,753 | 5,753 | 1,122 | 0 |
| DK Company Vejle A/S (Vejle, Denmark, 13.1% ownership, minority interest) | 1,087,981 | 228,036 | 263,583 | 27,366 | 19,650 |
| Meinemarkenmode GmbH (DK Company Vejle Group) (Germany, 24.9% ownership, minority interest) | 481,527 | 46,967 | 46,967 | 11,695 | 2,037 |
| Other subsidiaries that are individually immaterial | | | | 1,716 | 706 |
| | | | | **43,834** | **24,034** |

| Balance Sheet 2021 | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Carrying amount of minority interests |
|---|---|---|---|---|---|
| Østfold Mote AS (DK Company Vejle Group) (Norway, 50% ownership, minority interest) | 1,516 | 9,822 | 0 | 6,893 | 2,223 |
| DSM CPH 1 ApS (DK Company Retail Group) (Ikast, Denmark, 19.5% ownership, minority interest) | 3,710 | 17,754 | 69 | 7,700 | 2,670 |
| DK Company Vejle A/S (Vejle, Denmark, 13.1% ownership, minority interest) | 203,275 | 244,586 | 4,937 | 65,028 | 49,504 |
| Meinemarkenmode GmbH (DK Company Vejle Group) (Germany, 24.9% ownership, minority interest) | 291 | 121,703 | 0 | 43,163 | 16,226 |
| Other subsidiaries that are individually immaterial | | | | | 5,997 |
| | | | | | **76,620** |

| Statement of Comprehensive Income, etc. 2020 | Revenue | Profit/Loss for the year | Total comprehensive income | Minority interests' share of profit/loss for the year | Dividend paid to minority interests' |
|---|---|---|---|---|---|
| Østfold Mote AS (DK Company Vejle Group) (Norway, 50% ownership, minority interest) | 36,176 | 3,060 | 3,060 | 1,530 | 1,622 |
| DSM CPH 1 ApS (DK Company Retail Group) (Ikast, Denmark, 29.99% ownership, minority interest) | 39,944 | 2,362 | 2,362 | 708 | 720 |
| DK Company Vejle A/S (Vejle, Denmark, 13.1% ownership, minority interest) | 822,762 | 107,332 | 87,327 | 12,525 | 1,310 |
| DKV Mens Dept. A/S (Vejle, Denmark, 13.1% ownership, minority interest) | 141,509 | 11,219 | 11,219 | 1,470 | 0 |
| Meinemarkenmode GmbH - acquired on 29 February 2020 (Germany, 24.9% ownership, minority interest) | 481,527 | 46,967 | 46,967 | 11,695 | 0 |
| Other subsidiaries that are individually immaterial | | | | -191 | 45 |
| | | | | **27,737** | **3,697** |

| Balance Sheet 2020 | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Carrying amount of minority interests |
|---|---|---|---|---|---|
| Østfold Mote AS (DK Company Vejle Group) (Norway, 50% ownership, minority interest) | 2,090 | 8,221 | 0 | 6,708 | 1,802 |
| DSM CPH 1 ApS (DK Company Retail Group) (Ikast, Denmark, 29.99% ownership, minority interest) | 3,842 | 15,009 | 688 | 10,033 | 2,438 |
| DK Company Vejle A/S (Vejle, Denmark, 13.1% ownership, minority interest) | 147,378 | 290,974 | 7,917 | 147,109 | 34,489 |
| DKV Mens Dept. A/S (Vejle, Denmark, 13.1% ownership, minority interest) | 3,783 | 43,924 | 793 | 14,281 | 2,332 |
| Meinemarkenmode GmbH - acquired on 29 February 2020 (Germany, 24.9% ownership, minority interest) | 137 | 94,859 | 0 | 41,933 | 9,809 |
| Other subsidiaries that are individually immaterial | | | | | 2,251 |
| | | | | | **53,121** |

| **NOTE 16 – DEFERRED TAX (DKK 1,000)** | **2021** | **2020** |
|---|---|---|
| Deferred tax at 1 January | -3,322 | -10,385 |
| Correction beginning of year | 388 | 1,014 |
| Foreign currency translation adjustments | 1,538 | -725 |
| Additions relating to acquisitions | 8 | 0 |
| Deferred tax for the year recognised in profit/loss for the year | -3,178 | -1,361 |
| Deferred tax for the year recognised in other comprehensive income | -15,382 | 8,135 |
| **Deferred tax at 31 December** | **-19,948** | **-3,322** |
| Deferred tax is recognised as follows in the balance sheet: | **31.12.2021** | **31.12.2020** |
| Deferred tax assets | 0 | 7,268 |
| Deferred tax liabilities | -19,948 | -10,590 |
| | **-19,948** | **-3,322** |

The Group has prepared an impairment test of deferred tax assets which shows that the losses with reasonable certainty will be realised in the foreseeable future, and thus the requirement of convincing evidence for the recognition of deferred tax assets is considered met.
Deferred tax and movements in temporary differences can be specified as follows:

Provision for deferred tax is by the Danish companies made at the tax rate at which temporary differences are expected realised on the basis of the adopted corporation tax rate of 22%. The same applies to the Norwegian companies in the Group, whose corporate tax rates are 22% and to the Group's Swedish companies, whose corporate tax rate was reduced from 21.4% in 2020 to 20.6% in 2021.

| **Deferred tax assets not recognised in the balance sheet:** | **31.12.2021** | **31.12.2020** |
|---|---|---|
| Tax losses | 7,315 | 33,839 |
| Other temporary differences: | 0 | -2,386 |
| | **7,315** | **31,453** |

The above tax assets have not been recognised, as it is considered improbable that they will be used in taxable income in the foreseeable future. Of the not recognised deferred tax assets related to tax losses DKK 1.7 million expires in 2023. The remaining DKK 5.6 million is not subject to expiration.

| **2021** | **Balance Sheet 01.01.2021** | **Correction beginning of year** | **Foreign currency translation adjustments** | **Recognised in profit/loss for the year** | **Recognised in other comprehensive income-** | **Acquisition and sale of enterprises, etc.** | **Balance Sheet 31.12.2021** |
|---|---|---|---|---|---|---|---|
| Intangible assets | -28,945 | 476 | 13,433 | -16,998 | 0 | 0 | -32,034 |
| Property, plant and equipment | 11,648 | 97 | -5,409 | 1,983 | 0 | 8 | 8,327 |
| Inventories | 2,989 | -19 | -1,387 | 3,575 | 0 | 0 | 5,158 |
| Receivables | 1,255 | 170 | -582 | 439 | 0 | 0 | 1,282 |
| Other current assets | -523 | 0 | 243 | 15,227 | -15,382 | 0 | -435 |
| Other liabilities | 9,179 | -366 | -4,260 | -10,220 | 0 | 0 | -5,667 |
| Tax losses | 4,274 | 30 | -1,984 | 1,393 | 0 | 0 | 3,713 |
| Retaxation liability | -3,199 | 0 | 1,484 | 1,423 | 0 | 0 | -292 |
| | **-3,322** | **388** | **1,538** | **-3,178** | **-15,382** | **8** | **-19,948** |

| **2020** | **Balance Sheet 01.01.2020** | **Correction beginning of year** | **Foreign currency translation adjustments** | **Recognised in profit/loss for the year** | **Recognised in other comprehensive income-** | **Acquisition and sale of enterprises, etc.** | **Balance Sheet 31.12.2020** |
|---|---|---|---|---|---|---|---|
| Intangible assets | -26,924 | -54 | -1,879 | -88 | 0 | 0 | -28,945 |
| Property, plant and equipment | 11,170 | 1,516 | 780 | -1,818 | 0 | 0 | 11,648 |
| Inventories | 3,302 | -173 | 231 | -371 | 0 | 0 | 2,989 |
| Receivables | 1,230 | -375 | 86 | 314 | 0 | 0 | 1,255 |
| Other current assets | -1,254 | 83 | -88 | -7,399 | 8,135 | 0 | -523 |
| Other liabilities | -255 | -5 | -18 | 9,457 | 0 | 0 | 9,179 |
| Tax losses | 5,444 | -41 | 380 | -1,509 | 0 | 0 | 4,274 |
| Retaxation liability | -3,098 | 63 | -217 | 53 | 0 | 0 | -3,199 |
| | **-10,385** | **1,014** | **-725** | **-1,361** | **8,135** | **0** | **-3,322** |

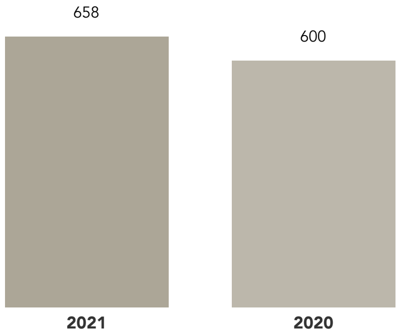
## NOTE 17 - INVENTORIES (DKK 1,000)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Finished goods and goods for resale | 456,800 | 442,210 |
| Goods in transit | 201,322 | 158,194 |
| | **658,122** | **600,404** |

| **Movements for the year in inventory write-downs:** | **2021** | **2020** |
|---|---|---|
| Inventory write-down at 1 January | 68,932 | 58,093 |
| Foreign currency translation adjustments | -720 | -936 |
| Additions for the year | 39,492 | 52,164 |
| Disposals for the year | -30,774 | -40,389 |
| **Inventory write-down at 31 December** | **76,930** | **68,932** |

| | **31.12.2021** | **31.12.2020** |
|---|---|---|
| Carrying amount of inventories recognised at net realisable value | 253,710 | 223,731 |

### INVENTORIES (DKK MILLION)



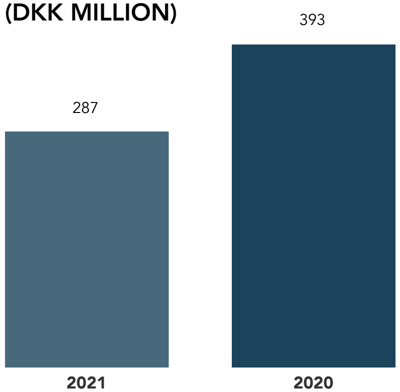

## NOTE 18 - TRADE RECEIVABLES (DKK 1,000)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Trade receivables (gross) can be specified as follows: | | |
| Not due | 167,535 | 251,821 |
| Due between 1-60 days | 63,283 | 74,377 |
| Due between 61-120 days | 10,939 | 15,089 |
| Due after 120 days | 45,266 | 51,860 |
| | **287,023** | **393,147** |

Receivables do not carry interest until normally 30-60 days after the date of invoicing. Interest is subsequently added to the outstanding amount. The Group has recognised interest on unpaid trade receivables of DKK 1,2 million (DKK 0,6 million) for the year.

| **Changes in impairment losses related to trade receivables:** | **2021** | **2020** |
|---|---|---|
| Provision for bad debt under IFRS 9 at 1 January | 71,596 | 84,026 |
| Foreign currency translation adjustments | 6 | -356 |
| Adjustments for the year are recognised in the income statement. | -20,822 | -12,074 |
| **Impairment losses at 31 December** | **50,780** | **71,596** |

### TRADE RECEIVABLES (DKK MILLION)




Calculation of impairment loss is based on the simplified expected credit loss model under which the total loss is recognised immediately in profit/loss at the time of recognition in the balance sheet based on the expected loss over the useful life of the receivable. Impairment under IFRS 9 is continuously monitored according to the Group's risk management until realisation and is calculated on the basis of the expected loss rate considering due to historical data adjusted for estimates of the impact of expected changes in relevant parameters.
The carrying amount of the receivables is essentially equivalent to their fair values.

| **Trade receivables (net) can be specified as follows by the dates they fall due:** | **31.12.2021** | **Loss rate 2021** | **31.12.2020** | **Loss rate 2020** |
|---|---|---|---|---|
| Not due | 165,247 | 1.4% | 246,570 | 2.1% |
| Due between 1-60 days | 59,245 | 6.4% | 65,633 | 11.8% |
| Due between 61-120 days | 3,798 | 65.3% | 1,913 | 87.3% |
| Due after 120 days | 7,953 | 82.4% | 7,435 | 85.7% |
| | **236,243** | | **321,551** | |

| The geographical distribution of trade receivables (net) is as follows: | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Denmark | 31,770 | 39,281 |
| Norway | 16,845 | 23,927 |
| Germany | 47,773 | 112,058 |
| Sweden | 19,681 | 33,296 |
| Benelux | 20,377 | 15,908 |
| The UK | 14,915 | 16,146 |
| Canada | 19,480 | 10,908 |
| France | 11,618 | 15,223 |
| Other markets in Europe | 33,858 | 50,503 |
| Other markets outside Europe | 19,926 | 4,073 |
| | **236,243** | **321,323** |
| **Fair value of security** | **1,716** | **6,637** |

Debtor insurance has been taken out to cover approx. 60-70% of trade receivables.

## NOTE 19 - CONTRACT ASSETS AND LIABILITIES (DKK 1,000)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| **RECONCILIATION OF CONTRACT ASSETS AND LIABILITIES** | | |
| **Contract assets:** | | |
| Receivables included in trade receivables | 236,243 | 321,323 |
| Other contract assets: | | |
| Refund assets | 17,689 | 15,030 |
| | **253,932** | **336,353** |
| **Contract liabilities:** | | |
| Prepayments received from customers | 2,435 | 2,788 |
| Other contract liabilities: | | |
| Refund liabilities | 37,750 | 31,165 |
| | **40,185** | **33,953** |

## NOTE 20 - OTHER RECEIVABLES (DKK 1,000)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Receivables related to VAT, customs duties and A tax | 9,100 | 10,130 |
| Receivables related to wages and salaries, social security expenses and holiday pay | 244 | 257 |
| Receivable related to cash collateral | 897 | 857 |
| Derivative financial instruments | 34,114 | 0 |
| Other receivables | 66,577 | 43,902 |
| | **110,932** | **55,146** |

It is Management's assessment that the carrying amount of receivables in all materiality corresponds to the fair value.

## NOTE 21 - EQUITY (DKK 1,000)

| SHARE CAPITAL | No. (1,000) 2021 | 2020 | Nominal value 2021 | 2020 |
|---|---|---|---|---|
| Share capital at 1 January | 6,000 | 6,000 | 60,000 | 60,000 |
| **Share capital at 31 December** | **6,000** | **6,000** | **60,000** | **60,000** |
| The share capital is distributed as follows: | | | | |
| 6,000,000 shares of DKK 10 | | | 60,000 | 60,000 |
| | | | **60,000** | **60,000** |

Dividends distributed for the year amounted to DKK 280.4 million compared to DKK 48.7 million last year.

Dividend distributed per share equals DKK 46.7 compared to 8.1 last year

It is proposed to distribute dividends of DKK 468.6 million for the financial year of 2021.

The share capital is fully paid up.

### RESERVES

**Dividends**

Dividend is recognised as a liability when a resolution approving the dividend has been adopted by the Annual General Meeting of shareholders (the time of declaration). Dividend proposed for distribution for the year is disclosed as a separate equity item until adopted by the Annual General Meeting.

**Foreign currency translation reserves**

The foreign currency translation reserve comprises the parent shareholders' share of exchange differences occurring from translation of financial statements of entities stated in a functional currency other than DKK, exchange adjustments regarding assets and liabilities which form part of the Group's net investments in such entities and exchange adjustments regarding hedging transactions which hedge the Group's net investments in such entities.

The reserve is dissolved through divestment of foreign entities or if the conditions for effective hedging have ceased to exist.

**Hedging reserves**

The hedging reserve includes the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows, with the transaction hedged not having been realised yet.

The reserve will be dissolved when the secured transaction is realised, if the secured cash flows are no longer expected to be realised or the hedging conditions are no longer effective.

## NOTE 22 - DEBT FROM FINANCING ACTIVITIES (DKK 1,000)

| 2021 | Beginning of year | Cash flows | Non-cash changes: Other additions and disposals | Non-cash changes: Foreign currency translation adjustments | End of year |
|---|---|---|---|---|---|
| Long-term debt | 36,822 | -36,207 | 0 | 0 | 615 |
| Lease liabilities | 323,898 | -111,499 | 34,701 | 123 | 247,223 |
| | **360,720** | **-147,706** | **34,701** | **123** | **247,838** |

| 2020 | Beginning of year | Cash flows | Non-cash changes: Other additions and disposals | Non-cash changes: Foreign currency translation adjustments | End of year |
|---|---|---|---|---|---|
| Long-term debt | 214,089 | -200,000 | 22,733 | 0 | 36,822 |
| Short-term debt | 70,328 | -70,328 | 0 | 0 | 0 |
| Lease liabilities | 439,471 | -136,199 | 20,503 | 123 | 323,898 |
| | **723,888** | **-406,527** | **43,236** | **123** | **360,720** |

## NOTE 23 - OTHER PAYABLES (DKK 1,000)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| VAT, customs duties and with holding tax on salaries | 60,433 | 86,251 |
| Salaries and wages, social security expenses and payable holiday pay | 61,048 | 47,509 |
| Derivative financial instruments | 0 | 46,627 |
| Other payables | 123,118 | 129,946 |
| | **244,599** | **310,333** |
| Expected maturity: | | |
| 0-1 year | 243,984 | 273,511 |
| 1-5 years | 615 | 36,822 |
| | **244,599** | **310,333** |

## NOTE 24 - ADJUSTMENTS AND NON-CASH TRANSACTIONS (DKK 1,000)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Depreciation, amortisation and impairment losses on intangible assets as well as property, plant and equipment | 150,233 | 165,648 |
| Gain on disposal of intangible assets and property, plant and equipment | 2,212 | -1,150 |
| Loss on disposal of intangible assets and property, plant and equipment | 178 | 4,079 |
| Financial income | -14,130 | -12,184 |
| Financial expenses | 31,012 | 24,789 |
| Other adjustments | 418 | -23,449 |
| | **169,923** | **157,733** |

## NOTE 25 - CHANGES IN WORKING CAPITAL (DKK 1,000)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Changes in inventories | -74,777 | -6,295 |
| Changes in receivables | 82,919 | -13,267 |
| Changes in trade payables | 66,905 | 152,416 |
| Changes in other payables | -23,294 | 78,487 |
| | **51,753** | **211,341** |

## NOTE 26 - ACQUISITIONS OF ENTERPRISES

The DK Company A/S Group has not acquired any enterprises of a significant nature in 2021.

### BUSINESS COMBINATIONS IN 2020

**Meinemarkenmode GmbH (the DK Company Vejle Group):**

As at 29 February 2020, DK Company Vejle A/S has acquired all the activities of Meinemarkenmode GmbH for DKK 12.3 million in cash from the trustee of Meinemarkenmode KS. The acquisition is expected to give the Group increased coverage on European e-commerce platforms such as Zalando, Amazon and Otto Versand.

The company has become part of the DK Company Vejle Group with revenue of DKK 312 million and a profit before tax of DKK 40 million for the period since the acquisition on 29 February 2020.

Determined pro forma as if the company were acquired on 1 January 2020, revenue and profit for the year 2020 for the companies acquired amount to DKK 342.6 million and DKK 6.0 million, respectively.

| Specification of acquired assets and liabilities recognised at the date of acquisition | Value recognised at the date of acquisition |
|---|---|
| Property, plant and equipment | 632 |
| Inventories | 53,982 |
| Receivables | 10,354 |
| Other receivables | 16,149 |
| Trade payables | -61,702 |
| Other payables | -13,094 |
| **Total net assets** | **6,321** |
| Badwill | -14,716 |
| **Purchase consideration** | **-8,395** |
| Of this, cash | 20,650 |
| **Cash purchase price** | **12,255** |

The purchase price was paid to the seller in 2020.

White & Chase LLP and Ernst & Young Godkendt Revisionspartnerselskab have advised the DK Company A/S Group in connection with the transaction. As a result of the acquisition, the Group has incurred transaction costs of approx. DKK 3.1 million in relation to these advisers, which amount is recognised under other external expenses.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, badwill is determined at DKK 14.7 million in connection with the acquisition. Badwill has arisen as the DK Company A/S Group has identified more net assets than those covered by the purchase price paid which must be seen in correlation with the acquisition being completed in connection with the restructuring of the company. The amount is recognised under special items in the Group's income statement for the financial year 1 January to 31 December 2020.

### FAIR VALUE MEASUREMENT

In connection with the acquisition of the subsidiaries and activities mentioned above and below, the DK Company A/S Group has measured identifiable intangible assets that are recognised at fair value in the pre-acquisition balance sheet. The fair value of intangible assets is based on the discounted cash flows expected to be derived from the continued use or sale of the assets. The Group's WACC is used for discounting purposes.

The fair value of property, plant and equipment is based on market values. The market value is the amount at which assets can be traded in voluntary transactions between independent parties. The market value is based on the going market price of comparable assets.

The fair value of acquired finished goods is determined on the basis of the selling prices expected for normal business activity, less expected costs incurred to execute the sale and less a reasonable profit on sales efforts. The fair value of acquired goods for resale is determined at replacement cost.

Receivables are measured at the net present value of the amounts expected to be received less the expected costs of collection. The Group's WACC is used for discounting purposes. However, discounting is omitted when the effect is insignificant.

Liabilities are measured at net present value of the amounts required to meet the liabilities. The Group's WACC is used for discounting purposes. Discounting is omitted on current liabilities when the effect is insignificant.

### BUSINESS COMBINATIONS AFTER THE BALANCE SHEET DATE

The DK Company A/S Group has not acquired any enterprises after the balance sheet date.

## NOTE 27 - SECURITY (DKK 1,000)

Security has been provided for rental obligations, etc. at a total of DKK 97.5 million (DKK 94.4 million).

## NOTE 28 - CONTINGENT ASSETS AND LIABILITIES (DKK 1,000)

**Other contingent assets**
None other than the deferred not recognised tax assets referred to in note 16.

**Other contingent liabilities**
The Group is jointly taxed with its parent Jens Poulsen Holding ApS as 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. At 31 December 2021, the total amount outstanding in joint corporation tax is DKK 5.7 million compared to last year's DKK 0.7 million.

The Group has entered into agreements on continuous consideration where the consideration does not meet the criteria for recognition in the income statement and balance sheet as leased assets under IFRS 16. These agreements primarily concern logistics setup and access to sales channels. At 31 December 2021, the total liability concerning future payments for these commitments amounts to DKK 80 million (DKK 74 million).

The Group has entered into agreements (letters of credit) for supplies of DKK 143.5 million compared with DKK 125.5 million last year.

## NOTE 29 - FINANCIAL RISKS (DKK 1,000)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| **Categories of financial instruments** | | |
| **ASSETS** | | |
| Derivative financial instruments (assets) | 34,114 | 0 |
| **Hedge instruments measured at fair value concluded to hedge future cash flows** | **34,114** | **0** |
| Trade receivables | 236,243 | 321,324 |
| Receivables from group enterprises | 980 | 980 |
| Receivables from associates | 3,287 | 0 |
| Other receivables | 133,933 | 75,169 |
| Cash | 447,919 | 266,668 |
| **Financial assets measured at amortised cost** | **822,362** | **664,141** |
| **LIABILITIES** | | |
| Derivative financial instruments (liabilities) | 0 | 46,627 |
| **Hedge instruments measured at fair value concluded to hedge future cash flows** | **0** | **46,627** |
| Lease liabilities | 247,223 | 323,898 |
| Trade payables | 464,147 | 414,301 |
| **Financial liabilities, measured at amortised cost** | **711,370** | **738,199** |

**Risk management policy of the Group**
As a result of its operations, investment and financing, the Group is exposed to changes in exchange rates and interest rates. The Group's policy is not to speculate actively in financial risks. The Group's financial management thus focuses on the management of financial risks related to operations and financing.

For a description of accounting policies and methods, including the recognition criteria and bases of measurement used, please see the accounting policies.

No changes have been made to the Group's risk exposure or risk management compared to 2020.

## NOTE 29 - FINANCIAL RISKS, CONTINUED (DKK 1,000)

**Currency risks**
The Group's foreign currency risks are handled centrally by the Group's finance department.

Activities carried out by the Group's Danish companies are affected by exchange rate changes, as some revenue and the majority of the purchase of goods are made in foreign currency, while other expenses, including salary and wages, are primarily incurred in Danish kroner.

The Group is also affected by changes in exchange rates, as the profits/losses for the year of foreign group enterprises are translated into Danish kroner on the basis of average prices.

The Group's foreign currency risks are managed centrally and hedged primarily as a result of revenue and expenses incurred in the same currency as well as through the use of derivative financial instruments. In accordance with a foreign exchange policy approved by the Board of Directors, foreign currency risks are hedged so that currency positions are hedged as much as possible for up to 18 months.

The Group's foreign currency risks in the balance sheet can be shown as follows:

| | Nominal currency positions at 31.12.2021 | | | Sensitivity analysis | | |
|---|---|---|---|---|---|---|
| | **Cash and cash equivalents and receivables** | **Liabilities (non-derivatives)** | **Total** | **Likely change in exchange rate** | **Hypothetical impact on profit/loss for the year** | **on equity** |
| USD/DKK | 21,605 | -154,532 | -132,927 | +10% | -10,368 | -10,368 |
| NOK/DKK | 103,528 | -158,780 | -55,252 | +10% | -4,310 | -4,310 |
| SEK/DKK | 61,435 | -35,487 | 25,948 | +10% | 2,024 | 2,024 |
| EUR/DKK | 225,590 | -152,186 | 73,404 | +2% | 1,145 | 1,145 |
| Others | 93,572 | -41,091 | 52,481 | +10% | 4,094 | 4,094 |
| | **505,730** | **-542,076** | **-36,346** | | **-7,415** | **-7,415** |

| | Nominal currency positions at 31.12.2020 | | | Sensitivity analysis | | |
|---|---|---|---|---|---|---|
| | **Cash and cash equivalents and receivables** | **Liabilities (non-derivatives)** | **Total** | **Likely change in exchange rate** | **Hypothetical impact on profit/loss for the year** | **on equity** |
| USD/DKK | 14,346 | -178,237 | -163,891 | +10% | -12,783 | -12,783 |
| NOK/DKK | 158,029 | -135,899 | 22,130 | +10% | 1,726 | 1,726 |
| SEK/DKK | 48,748 | -48,317 | 431 | +10% | 34 | 34 |
| EUR/DKK | 374,701 | -113,163 | 261,538 | +2% | 4,080 | 4,080 |
| Others | 58,209 | -57,152 | 1,057 | +10% | 82 | 82 |
| | **654,033** | **-532,768** | **121,265** | | **-6,861** | **-6,861** |

**Sensitivity analysis of foreign currency**
The assumptions applied to the sensitivity analysis are unchanged sales, price levels and interest rates.

The Group's main currency exposure relates to purchases in USD and EUR and sales in NOK, SEK and EUR. The above sensitivity analysis shows the net effect on profit/loss for the year and equity, had the exchange rate of the currencies concerned been 10% higher at the end of the year than the exchange rate actually applied. 10% is the sensitivity factor used in the internal reporting of foreign currency risks. The specified impact contains the effect of transactions concluded for the purpose of foreign currency hedging. Had the rate been 10% lower than the actual rate, this would have had a corresponding negative net impact on profit/loss for the year and equity, respectively.

**Interest rate risk**
The Group's interest rate risk is monitored by the finance department in accordance with the Group's policies in this area. The Group's financial assets and financial liabilities are floating-rate only and therefore considered to be subject to interest rate adjustments within one year. The Group's interest rate risk relates to the interest-bearing debt. The Group's loan portfolio consists of short-term debt to credit institutions and debt to group enterprises. Sensitivity of an interest rate change of +/- 1% amounts to approx. DKK -0.4 million (DKK 1.1 million).

**Credit risks**
The Group's credit risks are partly related to receivables and derivative financial instruments with positive fair value. The maximum credit risk related to financial assets corresponds to the values recognised in the balance sheet. The Group has no significant risks relating to a single customer or business partner. The Group's policy for assuming credit risks entails that all customers are as a general rule covered by credit insurance taken out with external business partners. In some instances, the Group receives collateral for sale on credit, and security received is included in the assessment of the requirement for a provision for bad debt. The maximum credit risk is reflected in the carrying amount of each financial asset included in the balance sheet.

| **Carrying amount** | **31.12.2021** | **31.12.2020** |
|---|---|---|
| Trade receivables | 236,243 | 321,551 |
| Receivables from group enterprises | 980 | 980 |
| Receivables from associates | 3,287 | 0 |
| Other receivables | 133,933 | 75,180 |
| | **374,443** | **397,711** |

Note 18 shows the geographical distribution of trade receivables and the non-impaired receivables.

**Liquidity risk**
Due dates of financial liabilities are specified below, broken down by the time intervals applied in connection with the Group's cash management. The specified amounts represent the amounts due for payment including interest, etc.

| **31.12.2021** | **Carrying Amount** | **Contractual cash flow** | **0-1 years** | **1-5 years** | **After 5 years** |
|---|---|---|---|---|---|
| **Non-derivative financial instruments** | | | | | |
| Lease liabilities | 247,223 | 255,576 | 98,917 | 144,907 | 11,752 |
| Trade payables | 464,147 | 464,147 | 464,147 | 0 | 0 |
| | **711,370** | **719,723** | **563,064** | **144,907** | **11,752** |
| **31.12.2020** | | | | | |
| **Non-derivative financial instruments** | | | | | |
| Lease liabilities | 323,898 | 334,265 | 114,413 | 203,674 | 16,178 |
| Trade payables | 414,301 | 414,301 | 414,301 | 0 | 0 |
| | **738,199** | **748,566** | **528,714** | **203,674** | **16,178** |
| **Derivative financial instruments** | | | | | |
| Forward contracts | 46,627 | 46,627 | 46,627 | 0 | 0 |
| **Total** | **784,826** | **795,193** | **575,341** | **203,674** | **16,178** |

## NOTE 29 - FINANCIAL RISKS, CONTINUED (DKK 1,000)

**Derivative financial instruments meeting hedging requirements**
The Group has concluded foreign currency hedging agreements that meet the criteria for hedge accounting. The fair value adjustment is recorded directly in equity and will be recognised as the financial contracts are realised. The open forward exchange contracts may be specified as follows:

| 31.12.2021 | Residual maturity | Contractual value | Fair value |
|---|---|---|---|
| **Currency risks:** | | | |
| USD | 0-12 months | 513,499 | 35,430 |
| SEK | 0-12 months | -159,625 | 2,048 |
| NOK | 0-14 months | -319,720 | -2,184 |
| GBP | 0-9 months | -44,443 | -430 |
| CHF | 0-20 months | -25,388 | -691 |
| CAD | 0-9 months | -38,477 | -59 |
| | | **-74,154** | **34,114** |
| **31.12.2020** | | | |
| **Currency risks:** | | | |
| USD | 0-12 months | 621,669 | -42,013 |
| SEK | 0-10 months | -94,434 | -3,631 |
| NOK | 0-4 months | -58,312 | -1,365 |
| GBP | 0-9 months | -9,196 | 139 |
| CHF | 0-2 months | -8,415 | 77 |
| CAD | 0-8 months | -13,899 | 166 |
| | | **437,413** | **-46,627** |

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.

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.

**Optimisation of capital structure**
The Company's management assesses on a current basis whether the Group's capital structure is in accordance with the interests of the Company and its shareholders. The overall goal is to ensure a capital structure that supports long-term economic growth while maximising return to the Group's stakeholders by optimising the relationship between equity and debt. The Group's overall strategy remains unchanged compared to last year.

The Group's capital structure consists of debt that includes call loans from the Company's credit institutions, including lease liabilities, as well as cash and equity.

The Company's Board of Directors continuously reviews the Group's capital structure and assesses the Group's costs of capital and the risks associated with each type of capital. The Group's objective is to operate with gearing in the range of -0.5 - 2.5 measured as the ratio of net interest-bearing debt and profit/loss before depreciation, amortisation and financial income and expenses. Such gearing is determined as follows:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Credit institutions | 247,223 | 323,898 |
| Cash | -447,919 | -266,668 |
| **Net interest-bearing debt** | **-200,696** | **57,230** |
| **Profit/Loss before depreciation, amortisation and financial income and expenses** | **778,884** | **498,407** |
| **Gearing** | **(0,3)** | **0,1** |

Another financial benchmark is the solvency ratio, which is calculated as follows:

| | | |
|---|---|---|
| **Equity excluding minorities** | **925,068** | **718,991** |
| **Total assets** | **2,033,693** | **1,883,833** |
| **Solvency ratio (%)** | **45.5** | **38.2** |

A third financial benchmark is the borrowing base, which is calculated as follows:

| | | |
|---|---|---|
| **Net interest-bearing debt** | **-200,696** | **57,230** |
| Inventories | 658,122 | 600,404 |
| Trade receivables | 236,243 | 321,551 |
| Trade payables | -464,147 | -414,301 |
| | **430,218** | **507,654** |
| **Borrowing base** | **(0,5)** | **0,1** |

## NOTE 30 - RELATED PARTIES

**Related parties with control**
Related parties with control over DK Company A/S:

| Name | Place of registered office | Basis of control |
|---|---|---|
| DKC Holding 2011 A/S | La Cours Vej 6, Ikast-Brande | Shareholder with the majority of voting rights |
| Jens Poulsen Holding ApS | La Cours Vej 6, Ikast-Brande | Shareholder with the majority of voting rights |
| Jens Poulsen | Søbjergvej 56, Ikast-Brande | Shareholder with ultimate control over DK Company A/S |

**Related party transactions**
During the financial year, the Group has completed the following transactions with related parties with control over DK Company A/S or other parties related to them:

- Rent in accordance with the ten-year lease with JP Ejendomme 2 A/S on an owner-occupied property in Denmark. The lease is concluded on terms corresponding to market conditions for the area. Rent of DKK 5.3 million (DKK 5.2 million) was paid in the financial year. Total annual rent for lease with JP Ejendomme 2 A/S amounts to DKK 5.3 million (DKK 5.2 million), and the lease is non-terminable until 1 February 2031.

- Use of trademark rights in return for the Group, vis-à-vis Jens Poulsen Holding ApS, undertaking to pay all costs of maintaining and protecting the registrations of the trademarks and figurative marks. The agreement on the right to use trademarks and figurative marks is non-terminable, but may nonetheless be terminated if one of the parties is in material default of its obligations under the agreement. As a consequence of the Group having undertaken to pay all costs of maintaining and protecting the registrations of the trademarks and figurative marks, only a small annual fee is to be paid for such use. The trading was done on an arm's length basis.

- Balances appear from the balance sheets as receivables from group enterprises and payables to group enterprises. Interest on intercompany balances is disclosed in notes 9 and 10. Non-current receivables relate to non-interest-bearing deposits regarding the above-mentioned leases. Other balances with group enterprises are payable on demand and carry interest of approx. 4.0% per year.

In addition, ordinary management remuneration has been paid to CEO Jens Poulsen according to note 4.

**Subsidiaries**
Transactions with subsidiaries are eliminated from the Consolidated Financial Statements.

## NOTE 31 - FEE TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING (DKK 1,000)

| | 2021 | 2020 |
|---|---|---|
| **PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab** | | |
| Statutory audit | 2,569 | 0 |
| Tax and VAT-related advice | 12 | 0 |
| | **2,581** | **0** |
| **Ernst & Young, Godkendt Revisionspartnerselskab** | | |
| Statutory audit | 425 | 2,583 |
| Other assurance engagements | 766 | 181 |
| Tax and VAT-related advice | 1,091 | 748 |
| Other services | 437 | 609 |
| | **2,719** | **4,121** |
| **Other auditors in foreign subsidiaries** | **2021** | **2020** |
| Statutory audit | 790 | 704 |
| Other assurance engagements | 13 | 0 |
| Tax and VAT-related advice | 354 | 29 |
| Other services | 287 | 265 |
| | **1,444** | **998** |
| | **6,7464** | **5,119** |

All material group enterprises are audited by PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab. Fees relating to other auditors concern local audits and consulting regarding certain foreign subsidiaries for which PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab is not appointed auditor.

## NOTE 32 - SUBSEQUENT EVENTS

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

## NOTE 33 - NEW ACCOUNTING REGULATION

At the time of publication of this Annual Report, IASB has issued a number of new IFRS standards, amendments to existing standards and IFRIC interpretations that are not yet mandatory for DK Company A/S when preparing the annual report for 2021.

DK Company A/S expects to implement the adopted but not yet applicable standards and interpretations in step with their adoption by the EU and subsequent mandatory application by DK Company A/S. Where the effective date is different in the EU from that of the IASB, implementation of the changes is contemplated after adoption in the EU. None of the new standards or interpretations are expected to have a material effect on recognition and measurement in DK Company A/S' future annual reports.

## NOTE 34 - SHAREHOLDER INFORMATION

DK Company A/S' parent is DKC Holding 2011 A/S, Ikast-Brande, holding all share capital and voting rights. The Company's ultimate parent is Jens Poulsen Holding ApS, Ikast-Brande.

DK Company A/S has not registered other shareholders holding more than 5% of the voting rights or nominal value of the share capital.

## NOTE 35 - ADOPTION OF THE ANNUAL REPORT FOR PUBLICATION

At its board meeting on 11 May 2022, the Board of Directors approved this Annual Report for publication.

The Annual Report will be submitted to DK Company A/S' shareholders for approval at the Annual General Meeting on 11 May 2022.

# PARENT COMPANY FINANCIAL STATEMENTS

# Parent Company Financial Statements



# Income Statement (DKK 1,000)

| Note | | 2021 | 2020 |
|---|---|---|---|
| 2 | Revenue | 518,707 | 396,935 |
| | Costs of goods for resale | -269,746 | -214,090 |
| | Other external expenses | -82,872 | -81,814 |
| 3 | Other operating income | 4,553 | 12,276 |
| | **Gross profit** | **170,642** | **113,307** |
| 4 | Staff costs | -70,114 | -78,354 |
| | Depreciation, amortisation and impairment losses on intangible assets as well as property, plant and equipment | -11,992 | -15,318 |
| 5 | Other operating expenses | 0 | -183 |
| | **Profit/loss before financial income and expenses** | **88,536** | **19,452** |
| | Share of profit/loss after tax in group enterprises | 348,216 | 236,718 |
| 6 | Financial income | 5,218 | 9,339 |
| 7 | Financial expenses | -6,353 | -10,798 |
| | **Financial income and expenses, net amounts** | **347,081** | **235,259** |
| | **Profit/loss before tax** | **435,617** | **254,711** |
| 8 | Tax on Profit/Loss for the year | -19,284 | -4,009 |
| | **PROFIT/LOSS FOR THE YEAR** | **416,333** | **250,702** |

# Balance Sheet

## Assets (DKK 1,000)

| Note | | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| | **NON-CURRENT ASSETS** | | |
| | Goodwill | 0 | 5,646 |
| 9 | **Intangible assets** | **0** | **5,646** |
| | Leasehold improvements | 15,176 | 6,794 |
| | Other fixtures and fittings, tools and equipment | 4,461 | 7,127 |
| 10 | **Property, plant and equipment** | **19,637** | **13,921** |
| 11 | Investments in group enterprises | 724,625 | 569,477 |
| 12 | Other receivables | 2,772 | 1,648 |
| 13 | Deferred tax assets | 0 | 4,658 |
| | **Other non-current assets** | **727,397** | **575,783** |
| | **NON-CURRENT ASSETS** | **747,034** | **595,350** |
| | **CURRENT ASSETS** | | |
| | **Inventories** | **76,582** | **78,813** |
| | Trade receivables | 8,870 | 38,857 |
| | Receivables from group enterprises | 79,026 | 33,250 |
| | Receivables from associates | 3,287 | 0 |
| | Other receivables | 24,766 | 3,318 |
| | Deferred income | 3,643 | 2,320 |
| | **Receivables** | **119,592** | **77,745** |
| | **Cash** | **339,869** | **217,384** |
| | **CURRENT ASSETS** | **536,043** | **373,942** |
| | **TOTAL ASSETS** | **1,283,077** | **969,292** |

## Liabilities and equity (DKK 1,000)

| Note | | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| | **EQUITY** | | |
| 14 | Share capital | 60,000 | 60,000 |
| | Reserve for net revaluation under the equity method | 50,478 | 225,641 |
| | Hedging reserves | 12,594 | -15,978 |
| | Retained earnings | 198,619 | 326,880 |
| | Proposed dividend | 468,560 | 0 |
| | **EQUITY** | **790,251** | **596,543** |
| | **NON-CURRENT LIABILITIES** | | |
| 13 | Deferred tax | 1,231 | 0 |
| 11 | Provision for negative investments in group enterprises | 3,384 | 2,927 |
| 15 | Credit institutions | 289 | 1,112 |
| 15 | Other payables | 0 | 11,037 |
| | **NON-CURRENT LIABILITIES** | **4,904** | **15,076** |
| | **CURRENT LIABILITIES** | | |
| 15 | Credit institutions | 13,555 | 7 |
| | Prepayments received from customers | 594 | 998 |
| | Trade payables | 75,875 | 85,310 |
| | Payables to group enterprises | 354,492 | 210,239 |
| | Corporation tax | 11,385 | 6,271 |
| | Other payables | 32,021 | 54,848 |
| | **CURRENT LIABILITIES** | **487,922** | **357,673** |
| | **LIABILITIES** | **492,826** | **372,749** |
| | **TOTAL EQUITY AND LIABILITIES** | **1,283,077** | **969,292** |

# Statement of Changes in Equity (DKK 1,000)

| Note | | Share capital | Reserve for net revaluation under the equity method | Hedging reserves | Retained earnings | Proposed dividend | Total equity |
|---|---|---|---|---|---|---|---|
| | Equity at 1 January 2021 | 60,000 | 225,641 | -15,978 | 326,880 | 0 | 596,543 |
| | Correction beginning of year | 0 | 0 | | 60 | 0 | 60 |
| | Transferred from distribution of net profit | 0 | -175,392 | 0 | 123,165 | 468,560 | 416,333 |
| | Value adjustment of financial instruments | 0 | 229 | 36,580 | 0 | 0 | 36,809 |
| | Tax on financial instruments | 0 | 0 | -8,008 | 0 | 0 | -8,008 |
| | Exchange adjustments from translation of foreign entities | 0 | 0 | 0 | 4,972 | 0 | 4,972 |
| | Change in equity in group enterprises | 0 | 0 | 0 | 23,892 | 0 | 23,892 |
| | Dividends distributed in the financial year | 0 | 0 | 0 | -280,350 | 0 | -280,350 |
| | **Equity at 31 December 2021** | **60,000** | **50,478** | **12,594** | **198,619** | **468,560** | **790,251** |
| | | | | | | | |
| | Equity at 1 January 2020 | 60,000 | 39,891 | -1,100 | 341,588 | 0 | 440,379 |
| | Transferred from distribution of net profit | 0 | 185,750 | 0 | 64,952 | 0 | 250,702 |
| | Value adjustment of financial instruments | 0 | 0 | -19,075 | 0 | 0 | -19,075 |
| | Tax on financial instruments | 0 | 0 | 4,197 | 0 | 0 | 4,197 |
| | Exchange adjustments from translation of foreign entities | 0 | 0 | 0 | -7,356 | 0 | -7,356 |
| | Change in equity in group enterprises | 0 | 0 | 0 | -23,614 | 0 | -23,614 |
| | Dividends distributed in the financial year | 0 | 0 | 0 | -48,690 | 0 | -48,690 |
| | **Equity at 31 December 2020** | **60,000** | **225,641** | **-15,978** | **326,880** | **0** | **596,543** |

# Notes to the Parent Company Financial Statements

# Note 1 - Accounting policies

The Financial Statements for 2021 of the parent DK Company A/S are prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (large enterprises). The accounting policies are consistent with those of last year.

**RECOGNTION 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 parent. 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 measured 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 future assets and 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.

**INCOME STATEMENT**

**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.

### COST OF GOODS FOR RESALE

Cost of goods for resale include expenses incurred to generate revenue for the year. Cost of goods for resale are recognised in line with revenue. Change in inventories for the year is included in the cost of goods for resale. Exchange differences relating to suppliers of goods and services in foreign currencies are recognised in cost of 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 that 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 associates 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 associates, 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 parent is jointly taxed with its Danish subsidiaries and the ultimate Danish parent company, Jens Poulsen Holding ApS, as well as this parent's other Danish subsidiaries. The current Danish corporation tax is allocated to the jointly taxed Danish 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

**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 to 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 | 2 - 10 years |
| Other fixtures and fittings, tools and equipment | 3 - 6 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.

**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 all substantial 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 date of acquisition is the date when the Company 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 date 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 according to 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 date 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 date 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 Company 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.

**DEFERERED INCOME**
Deferred income that are recognised under assets include expenses related to subsequent reporting periods.

**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.

**DEBT**
Financial debts are initially measured at fair value less any transaction costs. In subsequent periods, the debts 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 payables are measured at net realisable value.

**CASH FLOW STATEMENT**
According to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the parent as such statement is included in the cash flow statement for the Group.

| NOTE 2 - REVENUE (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| **By geography** | | |
| Denmark | 122,004 | 75,148 |
| Norway | 31,858 | 27,627 |
| Germany | 134,702 | 129,339 |
| Sweden | 51,395 | 44,808 |
| Benelux | 49,720 | 42,215 |
| Canada | 17,399 | 7,716 |
| Other markets in Europe | 71,377 | 60,002 |
| Other markets outside Europe | 40,252 | 10,080 |
| | **518,707** | **396,935** |

| NOTE 3 - OTHER OPERATING INCOME (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Gain on sale of activities | 30 | 0 |
| COVID-19 compensation | 787 | 8,562 |
| Administration fee | 3,736 | 3,713 |
| | **4,553** | **12,275** |

| NOTE 4 - STAFF COSTS (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 59,527 | 68,323 |
| Pensions | 8,733 | 8,510 |
| Other social security expenses | 1,854 | 1,521 |
| | **70,114** | **78,354** |
| Including remuneration to the Board of Directors | 475 | 625 |
| Including remuneration to the Executive Board | 6,772 | 6,853 |

The above amounts include the value of employee benefits.

| | | |
|---|---|---|
| Average number of employees | 241 | 241 |

| NOTE 5 - OTHER OPERATING COSTS (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Loss on disposal of intangible assets and property, plant and equipment | 0 | 158 |
| Loss on sale of activities | 0 | 25 |
| | **0** | **183** |

| NOTE 6 - FINANCIAL INCOME (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Interest income from group enterprises | 4,440 | 8,049 |
| Other interest income | 188 | 346 |
| Foreign exchange gains | 590 | 944 |
| | **5,218** | **9,339** |

| NOTE 7 - FINANCIAL EXPENSES (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Interest expenses related to group enterprises | 0 | 5 |
| Other interest expenses | 3,488 | 10,459 |
| Foreign exchange losses | 2,865 | 334 |
| | **6,353** | **10,798** |

| NOTE 8 - TAX ON PROFIT/LOSS FOR THE YEAR (DKK 1,000) | 2021 | 2020 |
|---|---|---|
| Current tax for the year | 21,385 | 6,271 |
| Change in deferred tax for the year | -2,119 | -2,277 |
| Adjustment of tax relating to previous years | 18 | 15 |
| | **19,284** | **4,009** |

## NOTE 9 - INTANGIBLE ASSETS (DKK 1,000)

| | Goodwill |
|---|---|
| Cost at 1 January 2021 | 79,814 |
| **Cost at 31 December 2021** | **79,814** |
| Amortisation and impairment losses at 1 January 2021 | 74,168 |
| Amortisation for the year | 5,646 |
| **Amortisation and impairment losses at 31 December 2021** | **79,814** |
| **Carrying amount at 31 December 2021** | **0** |

## NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (DKK 1,000)

| | Leasehold improvements | Other fixtures and fittings, tools and equipment |
|---|---|---|
| Cost at 1 January 2021 | 15,406 | 36,724 |
| Additions at cost | 10,911 | 1,152 |
| Disposals at cost | -827 | -190 |
| **Cost at 31 December 2021** | **25,490** | **37,686** |
| Depreciation and impairment losses at 1 January 2021 | 8,612 | 29,597 |
| Depreciation for the year | 2,529 | 3,818 |
| Reversal of assets sold | -827 | -190 |
| **Depreciation and impairment losses at 31 December 2021** | **10,314** | **33,225** |
| **Carrying amount at 31 December 2021** | **15,176** | **4,461** |
| **Carrying amount of leased assets** | | **556** |

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

## NOTE 11 - INVESTMENTS IN SUBSIDIARIES (DKK 1,000)

| | Investments in group enterprises |
|---|---|
| Cost at 1 January 2021 | 332,932 |
| Disposal relating to merger, net | -500 |
| **Cost at 31 December 2021** | **332,432** |
| Value adjustments at 1 January 2021 | 225,641 |
| Adjustments from merger | 8,477 |
| Correction beginning of year | 60 |
| Exchange adjustments from translation of foreign entities | 4,972 |
| Share of profit/loss for the year | 348,216 |
| Change in equity in group enterprises | 23,893 |
| Dividend from group enterprises | -222,450 |
| **Value adjustments at 31 December 2021** | **388,809** |
| Transferred to provisions | 3,384 |
| **Carrying amount at 31 December 2021** | **724,625** |

| | DK Company A/S' share | |
|---|---|---|
| **Group enterprises are specified as follows:** | **Profit/loss the year** | **Equity** |
| DKC Norway AS, Tønsberg, Norway, 100% | 2,736 | 6,024 |
| Miss O ApS, Ikast-Brande, Denmark, 100% | 148 | 1,956 |
| DK Company Vejle A/S, Vejle, Denmark, 86,9% | 178,543 | 318,654 |
| DK Company Retail A/S, Ikast-Brande, Denmark, 100% | 5,890 | 23,543 |
| DK Company Shanghai Ltd., Shanghai, China, 100% | 6 | -3,384 |
| DK Company Cph A/S, Copenhagen, Denmark, 100% | 113,397 | 206,696 |
| DK Company Canada Inc., Quebec, Canada, 100% | 3,814 | 30,570 |
| DK Company Online A/S, Ikast-Brande, Denmark, 100% | 47,720 | 119,079 |
| DK Company Con A/S, Ikast-Brande, Denmark, 100% | 1,070 | 6,143 |
| DK Company France Sarl, Paris, France, 100% | 585 | 1,593 |
| DK Company Germany Gmbh, Hamburg, Germany, 100% | -28 | 81 |
| Companys Retail AG, Baar, Switzerland, 100% | 1,403 | 3,827 |
| | **355,284** | **714,782** |
| Adjustments to intercompany profits | 1,960 | -7,666 |
| Tax on adjustments to intercompany profits | -860 | 1,266 |
| Adjustments for acquisitions in 2012 | -5,889 | 2,886 |
| Adjustments for acquisitions in 2014 | -697 | 3,353 |
| Adjustments for acquisitions in 2015 | -1,487 | 6,334 |
| Adjustments for acquisitions in 2017 | -95 | 286 |
| Transferred to provisions | 0 | 3,384 |
| | **348,216** | **724,625** |

All subsidiaries are regarded separate entities.
Reference is made to the 'Group Chart'.

## NOTE 12 - OTHER NON-CURRENT ASSETS (DKK 1,000)

| OTHER RECEIVABLES | Deposits |
|---|---|
| Cost at 1 January 2021 | 1,648 |
| Additions at cost | 1,362 |
| Disposals at cost | -238 |
| **Cost at 31 December 2021** | **2,772** |
| **Carrying amount at 31 December 2021** | **2,772** |

## NOTE 13 - DEFERRED TAX (DKK 1,000)

| | 2021 | 2020 |
|---|---|---|
| Deferred tax at 1 January | 4,658 | -1,811 |
| Correction beginning of year | 0 | -5 |
| Deferred tax for the year recognised in profit/loss for the year | 2,119 | 2,277 |
| Deferred tax for the year recognised in equity | -8,008 | 4,197 |
| **Deferred tax at 31 December** | **-1,231** | **4,658** |

| Deferred tax is recognised as follows in the balance sheet: | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Deferred tax assets | 0 | 4,658 |
| Deferred tax liabilities | -1,231 | 0 |
| | **-1,231** | **4,658** |

| Deferred tax relates to: | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Intangible assets | 360 | -748 |
| Property, plant and equipment | 1,911 | 1,278 |
| Other current assets | 0 | -378 |
| Other liabilities | -3,502 | 4,506 |
| | **-1,231** | **4,658** |

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, 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 14 - SHARE CAPITAL (DKK 1,000)

| | | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| The share capital is distributed as follows: 6,000,000 shares of DKK 10 | | 60,000 | 60,000 |
| | | **60,000** | **60,000** |
| The share capital has changed as follows: | | | |
| Share capital at formation | | 29,000 | 29,000 |
| Cash capital increase | 30.06.2006 | 6,000 | 6,000 |
| Capital reduction | 25.08.2008 | 500 | 500 |
| Capital reduction to cover losses | 27.09.2011 | -34,300 | -34,300 |
| Capital increase through non-cash contribution | 27.09.2011 | 59,995 | 59,995 |
| Issuance of new shares in DK Company A/S to IC Group A/S in connection with the acquisition of an enterprise | 30.06.2014 | 6,883 | 6,883 |
| Capital reduction | 29.07.2016 | -8,078 | -8,078 |
| | | **60,000** | **60,000** |

The Company holds no treasury shares at the balance sheet date. No acquisition or sale of treasury shares has been completed during the financial year.

## NOTE 15 - DEBT (DKK 1,000)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Credit institutions | 13,347 | 1,119 |
| Other payables | 497 | 11,037 |
| | **13,844** | **12,156** |
| The debt is expected to fall due for payment as follows: | | |
| 0-1 year | 13,555 | 7 |
| 1-5 year | 289 | 1,112 |
| Over 5 years | 0 | 11,037 |
| | **13,844** | **12,156** |

## NOTE 16 - SECURITY

The Company has entered into agreements (letters of credit) for the delivery of goods of DKK 6.1 million compared to DKK 1.2 million in 2020.

Investments in all significant group enterprises are provided as security for balances with credit institutions

## NOTE 17 - CONTINGENT ASSETS AND LIABILITIES (DKK 1,000)

**Other contingent assets**

The company has no contingent assets.

**Contingent liabilities**

The Company has provided security to cover future lease obligations. The security constitutes DKK 32.2 million compared to DKK 42.8 million in 2020.

In connection with its previous banking activities, the Company has been involved in legal proceedings concerning the professional liability of advisers. All prior proceedings have been closed by way of settlement. If the Company becomes party to future litigation and arbitration proceedings, claims may be raised against the Company.

The Company is jointly and severally liable with DK Company Vejle A/S, DKV Retail A/S, DKV Retail II A/S, DKC Retail Norway AS, DK Company Cph A/S, DK Company Online A/S, DKC Wholesale A/S, Miss O ApS and DK Company Retail A/S for the other group enterprises' banking arrangements with Jyske Bank A/S. The total liability amounted to DKK 13.6 million at 31 December 2021 (DKK 0 million) (Danske Bank A/S).

The Company is jointly taxed with its parent Jens Poulsen Holding ApS as administration company and is jointly and severally liable with other jointly taxed companies for payment of corporation tax as from the accounting period 2013, as well as for withholding tax on interest, royalties and dividends falling due on or after 1 July 2012. At 31 December 2021, the total amount of outstanding joint corporation tax was DKK 11.4 milion compared to DKK 6.3 million at 31 December 2020.

| Operating lease liabilities comprise the following: | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Shop leases and buildings: | | |
| 0-1 year | 13,368 | 10,281 |
| 1-5 year | 30,738 | 26,158 |
| | **44,106** | **36,439** |
| Leased operating equipment, etc.: | | |
| 0-1 year | 1,808 | 1,939 |
| 1-5 year | 1,156 | 1,855 |
| | **2,964** | **3,794** |

The Company leases properties under operating leases. The typical lease term is between 1-10 years with the possibility of extension upon expiry.

In addition, the Company leases operating equipment etc. under operating leases. The lease term is typically between 1-4 years.

**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 gain is sustained in the amount of DKK 17 million (a capital loss of DKK -22.8 million), of which DKK 15.9 million (DKK -20.5 million) is recognised directly in equity, while DKK 1.1 million (DKK -2.3 million) is recognised in the income statement.

| **31.12.2021** | **Residual maturity** | **Value of currency** | **Fair value** |
|---|---|---|---|
| **Currency risks:** | | | |
| USD | 0-12 months | 41,750 | 17,536 |
| SEK | 0-12 months | -157,000 | 1,509 |
| NOK | 0-14 months | -236,700 | -1,204 |
| GBP | 0-9 months | -2,600 | -229 |
| CHF | 0-20 months | -2,875 | -564 |
| CAD | 0-9 months | -4,425 | -48 |
| | | | **17,000** |

| **31.12.2020** | **Residual maturity** | **Value of currency** | **Fair value** |
|---|---|---|---|
| **Currency risks:** | | | |
| USD | 0-12 months | 46,100 | -19,670 |
| SEK | 0-9 months | -99,000 | -2,694 |
| NOK | 0-12 months | -42,000 | -704 |
| GBP | 0-4 months | -550 | 69 |
| CHF | 0-10 months | -995 | 67 |
| CAD | 0-7 months | -2,200 | 127 |
| | | | **-22,805** |

## NOTE 18 - RELATED PARTIES

**Related parties with control**
Related parties with control over DK Company A/S:

| Name | Place of registered office | Basis of control |
|---|---|---|
| DKC Holding 2011 A/S | La Cours Vej 6, Ikast-Brande | Shareholder with the majority of voting rights |
| Jens Poulsen Holding ApS | La Cours Vej 6, Ikast-Brande | Shareholder with the majority of voting rights |
| Jens Poulsen | Søbjergvej 56, Ikast-Brande | Shareholder with ultimate control over DK Company A/S |

**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 Jens Poulsen Holding ApS, Ikast-Brande.

## NOTE 19 - SUBSEQUENT EVENTS

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

## NOTE 20 - DISTRIBUTION OF PROFIT (DKK 1,000)

| | 2021 | 2020 |
|---|---|---|
| **Proposal for distribution of net profit** | | |
| Reserve for net revaluation under the equity method | -175,392 | 185,750 |
| Retained earnings | 123,165 | 64,952 |
| Proposed dividend for the year | 468,560 | 0 |
| | **416,333** | **250,702** |

## NOTE 21 - SPECIAL ITEMS (DKK 1,000)

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.

| | 2021 | 2020 |
|---|---|---|
| **Income** | | |
| COVID-19 compensation | 787 | 8,562 |
| | **787** | **8,562** |
| **Special items are included in the following line items of the financial statements** | | |
| Other operating income | 787 | 8,562 |
| **Profit or loss on special items, net** | **787** | **8,562** |

# GROUP CHART AND FINANCIAL RATIOS

# Company Information

**Company**

DK Company A/S
La Cours Vej 6
DK-7430 Ikast

| | |
|---|---|
| Telephone: | +45 96 600 700 |
| | |
| +45 96 600 700 | 24 43 11 18 |
| Founded: | 25 November 1958 |
| Registered office: | Ikast-Brande Municipality |
| Financial year: | 1 January – 31 December |
| E-mail: | info@dkcompany.com |
| Web: | www.dkcompany.com |

**Executive Board**

Jens Poulsen, Group CEO
Jens Obel Jørgensen, CEO
Søren Bak Lauritsen, Group CFO

**Board of Directors**

Bo Boulund Knudsen, Chairman
Jens Poulsen
Lars Radoor Sørensen
Kasper Toftekær Philipsen

**Audit**

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Jens Chr. Skous Vej 1
DK-8000 Aarhus

**Banks**

Jyske Bank A/S
Vestergade 8-16
DK-8600 Silkeborg

BNP Paribas Factor A/S
Stationsparken 21, 1
DK-2600 Glostrup

Midt Factoring A/S
Nygade 111
DK-7430 Ikast

Danske Bank A/S
Holmens Kanal 2
DK-1090 Copenhagen K

# Group Chart

| | Place of registered office | Owner-ship | Ownership subgroup | Currency | Share capital (DKK 1,000) |
|---|---|---|---|---|---|
| **SUBSIDIARIES:** | | | | | |
| Companys Retail AG | Switzerland | 100% | | CHF | 100 |
| DK Company Canada Inc. | Canada | 100% | | CAD | 2,200 |
| DK Company Con A/S | Denmark | 100% | | DKK | 600 |
| DK Company France Sarl | France | 100% | | EUR | 10 |
| DK Company Germany GmbH | Germany | 100% | | EUR | 13 |
| DK Company Shanghai Ltd. | China | 100% | | RMB | 1,282 |
| Miss O ApS | Denmark | 100% | | DKK | 1,664 |
| **DKC NORWAY GROUP:** | | | | | |
| DKC Norway AS | Norway | 100% | | NOK | 100 |
| DKC Retail Norge AS | Norway | | 100% | NOK | 100 |
| **DK COMPANY CPH GROUP:** | | | | | |
| DK Company Cph A/S | Denmark | 100% | | DKK | 18,000 |
| DK Company Belgium NV | Belgium | | 100% | EUR | 3,305 |
| DK Company Finland OY | Finland | | 100% | EUR | 600 |
| DK Company Norge AS | Norway | | 100% | NOK | 30 |
| Romerike Mote AS | Norway | | 100% | NOK | 200 |
| DK Company Sweden AB | Sweden | | 100% | SEK | 10,000 |
| Charlottenberg Fashion AB | Sweden | | 100% | SEK | 100 |
| DKC Germany GmbH | Germany | | 100% | EUR | 25 |
| DK Company Netherlands B. V. | The Netherlands | | 100% | EUR | 10 |
| S T Sweden AB | Sweden | | 100% | SEK | 100 |
| TOG Clothing (UK) Ltd. | UK | | 100% | GBP | 100 |
| **DK COMPANY ONLINE GROUP:** | | | | | |
| DK Company Online A/S | Denmark | 100% | | DKK | 26,500 |
| DK Company Online AB | Sweden | | 100% | SEK | 200 |
| DK Company Online AG | Switzerland | | 100% | CHF | 100 |
| DK Company Online AS | Norway | | 100% | NOK | 100 |
| DK Company Online B.V. | The Netherlands | | 100% | EUR | 227 |
| DK Company Online GmbH | Germany | | 100% | EUR | 52 |
| DKC Wholesale A/S | Denmark | | 100% | DKK | 5,050 |
| **DK COMPANY RETAIL GROUP:** | | | | | |
| DK Company Retail A/S | Denmark | 100% | | DKK | 16,100 |
| DSM CPH 1 ApS | Denmark | | 80.5% | DKK | 500 |
| DK Company Retail II A/S | Denmark | | 70% | DKK | 500 |
| Common Company ApS | Denmark | | 70% | DKK | 80 |
| **DK COMPANY VEJLE GROUP:** | | | | | |
| DK Company Vejle A/S | Denmark | 86,9% | | DKK | 8,550 |
| DK Company Málaga S.L. | Spain | | 100% | EUR | 4 |
| DK Company Norway AS | Norway | | 100% | NOK | 100 |
| DK Company Vejle Switzerland AG | Switzerland | | 100% | CHF | 100 |
| DKC Sweden AB | Sweden | | 100% | SEK | 100 |
| DKC Vejle Belgium NV | Belgium | | 100% | EUR | 62 |
| DKV Company Canada Inc. | Canada | | 100% | CAD | 0 |
| DKV France SARL | France | | 100% | EUR | 1 |
| DKV France Agency SAS | France | | 60% | EUR | 100 |

| | Place of registered office | Ownership | Ownership subgroup | Currency | Sharecapital (DKK 1,000 ) |
|---|---|---|---|---|---|
| **DK COMPANY VEJLE GROUP, continued:** | | | | | |
| DKV Germany GmbH | Germany | | 100% | EUR | 25 |
| Meinemarkenmode GmbH | Germany | | 70% | EUR | 200 |
| DKV Retail A/S | Denmark | | 100% | DKK | 500 |
| DKV Retail II A/S | Denmark | | 100% | DKK | 500 |
| DKV UK LTD | UK | | 100% | GBP | 50 |
| DKC Retail Norway AS | Norway | | 100% | NOK | 2,600 |
| Butikk Support AS | Norway | | 100% | NOK | 100 |
| DKV Retail Sweden AB | Sweden | | 100% | SEK | 50 |
| Dokka Mote AS | Norway | | 100% | NOK | 100 |
| Drøbak Mote AS | Norway | | 100% | NOK | 300 |
| Elverum Mote AS | Norway | | 100% | NOK | 300 |
| Farmandstredet Tekstil AS | Norway | | 100% | NOK | 1,000 |
| Furuset Mote AS | Norway | | 100% | NOK | 300 |
| Gjøvik Fashion AS | Norway | | 100% | NOK | 200 |
| Grimstad Mote AS | Norway | | 100% | NOK | 399 |
| Hamar Mote AS | Norway | | 100% | NOK | 300 |
| Haugesund Mote AS | Norway | | 100% | NOK | 400 |
| Herkules Mote AS | Norway | | 100% | NOK | 400 |
| Hønefoss Mote AS | Norway | | 100% | NOK | 400 |
| Johns Wear AS | Norway | | 100% | NOK | 100 |
| Kino Fashion AS | Norway | | 100% | NOK | 100 |
| Kino Fashion Oslo AS | Norway | | 100% | NOK | 294 |
| Kristiansand Mote AS | Norway | | 100% | NOK | 300 |
| Kristiansund Mote AS | Norway | | 100% | NOK | 300 |
| Kristiansund Tekstil AS | Norway | | 100% | NOK | 1,000 |
| Larvik Mote AS | Norway | | 100% | NOK | 200 |
| Lillehammer Mote AS | Norway | | 100% | NOK | 400 |
| Lillestrøm Mote AS | Norway | | 100% | NOK | 400 |
| Motedrift AS | Norway | | 100% | NOK | 100 |
| Nesodden Mote AS | Norway | | 100% | NOK | 600 |
| Orkanger Mote AS | Norway | | 100% | NOK | 300 |
| Oslo City Fashion AS | Norway | | 100% | NOK | 200 |
| Porten Mote AS | Norway | | 100% | NOK | 200 |
| Romsdal Mote AS | Norway | | 100% | NOK | 400 |
| Sandvika Mote AS | Norway | | 100% | NOK | 200 |
| Sentralbanestasjonen Tekstil AS | Norway | | 100% | NOK | 601 |
| Strømmen Mote AS | Norway | | 100% | NOK | 150 |
| Synic Mote AS | Norway | | 100% | NOK | 100 |
| Tinn Mote AS | Norway | | 100% | NOK | 175 |
| Trondheim Mote AS | Norway | | 100% | NOK | 200 |
| Tveita Mote AS | Norway | | 100% | NOK | 200 |
| Valentino AS | Norway | | 100% | NOK | 350 |
| Zikk Zakk AS | Norway | | 100% | NOK | 751 |
| Harstad Mote AS | Norway | | 85.1% | NOK | 350 |
| Bodø Mote AS | Norway | | 75% | NOK | 400 |
| Partner Mote AS | Norway | | 75% | NOK | 200 |
| Finnsnes Mote AS | Norway | | 75% | NOK | 350 |
| Narvik Mote AS | Norway | | 75% | NOK | 300 |
| Nord Mote AS | Norway | | 75% | NOK | 30 |
| Tromsø Tekstil AS | Norway | | 75% | NOK | 100 |
| Tromsø Mote AS | Norway | | 65% | NOK | 100 |
| Hammerfest Mote AS | Norway | | 50% | NOK | 200 |
| Steinkjer Mote AS | Norway | | 50% | NOK | 200 |

| | Place of registered office | Ownership | Ownership subgroup | Currency | Sharecapital (DKK 1,000) |
|---|---|---|---|---|---|
| **DK COMPANY VEJLE GROUP, continued:** | | | | | |
| Vennesla Mote AS | Norway | | 50% | NOK | 300 |
| Vestby Mote AS | Norway | | 50% | NOK | 600 |
| Vågsbygd Mote AS | Norway | | 50% | NOK | 600 |
| Østfold Mote AS | Norway | | 50% | NOK | 600 |
| Åkra Mote AS | Norway | | 50% | NOK | 500 |

In companies with a 50% equity interest, DK Company Vejle A/S has control through DKC Retail Norway AS.

The accounts of all subsidiaries were closed at 31 December.

# Definition of Financial Ratios

## The financial ratios stated in the Annual Report have been calculated as follows:

| | | |
|---|---|---|
| Revenue growth (%) | = | (Revenue for the year - last year's revenue) x 100 / Last year's revenue |
| Gross margin (%) | = | Gross profit/loss x 100 / Revenue |
| Profit margin (%) | = | Operating profit/loss x 100 / Revenue |
| Solvency ratio (%) | = | Equity excluding non-controlling interests end of year x 100 / Total assets at year end |
| Return on equity (%) | = | Profit/loss attributable to shareholders of the parent x 100 / Average equity, excluding non-controlling interests |
| Net interest-bearing cash / debt position | = | Current and non-current payables to credit institutions and lease commitments less cash |
| Gearing (%) | = | Net interest-bearing cash / debt position / Profit/Loss before depreciation/amortisation and financial income and expenses |
| Borrowing base (%) | = | Net interest-bearing cash / debt position / Inventories + trade receivables + trade payable |
| Dividend per share | = | Parent's dividend yield x nominal value of share / 100 |

*The financial highlights have been calculated in accordance with the recommendations issued by the Danish Society of Financial Analysts.*

# MANAGEMENT'S STATEMENT AND AUDITOR'S REPORT

# Management's Statement

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

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the additional requirements of the Danish Financial Statements Act. The Parent Company Financial Statements have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (large enterprises).

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's operations and cash flows for the financial period 1 January - 31 December 2021 and of the results of the Parent Company's operations for the financial period 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 Group and the Parent Company, of the results for the year, and of the financial position of the Parent Company and the financial position as a whole of the enterprises comprised by the Consolidated Financial Statements as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Ikast, 11 May 2022

**EXECUTIVE BOARD**

**Jens Poulsen**
*GROUP CEO*

**Søren Bak Lauritsen**
*GROUP CFO*

**Jens Obel Jørgensen**
*CEO*

**BOARD OF DIRECTORS**

**Bo Boulund Knudsen**
*Chairman*

**Jens Poulsen**

**Kasper Toftekær Philipsen**

**Lars Radoor Sørensen**

# Independent Auditor's Report

## To the Shareholders of DK Company A/S

**OPINION**
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DK Company 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, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

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

**STATEMENT ON MANAGEMENT'S REVIEW**
Management is responsible for Management's Review.

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

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

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

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

**MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**
Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

Aarhus, 11 May 2022

**PRICEWATERHOUSECOOPERS**
Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

**Jens Weiersøe Jakobsen**
*State Authorized Public Accountant*
mne30152

**Christine Tveteraas**
*State Authorized Public Accountant*
mne34341

"*We believe in the magic of win-win*"

dk company