EAST.EU ApS

Siriusvej 17, DK-7430 Ikast

Annual Report for 1 January - 31 December 2021

CVR No 32 94 91 93

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 16/5 2022

Poul Jacob Skovgaard
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board has today considered and adopted the Annual Report of EAST.EU ApS for the financial year 1 January - 31 December 2021.

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

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

Ikast, 16 May 2022

Executive Board

Poul Jacob Skovgaard
Executive Officer

Independent Auditor’s Report

To the Shareholders of EAST.EU ApS

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

We have audited the Financial Statements of EAST.EU ApS 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 (”the 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 Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting 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 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 Company to cease to continue as a going concern.

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

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

Herning, 16 May 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen	Mads Hornbæk
State Authorised Public Accountant	State Authorised Public Accountant
mne18628	mne33762

Company Information

The Company	EAST.EU ApS Siriusvej 17 DK-7430 Ikast CVR No: 32 94 91 93 Financial period: 1 January - 31 December Municipality of reg. office: Ikast-Brande
Executive Board	Poul Jacob Skovgaard
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning

Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Gross profit/loss		**8,269**	**7,064**
Income from investments in subsidiaries		486	72
Financial income	2	73	0
Financial expenses		-254	-41
Profit/loss before tax		**8,574**	**7,095**
Tax on profit/loss for the year	3	-1,794	-1,545
Net profit/loss for the year		**6,780**	**5,550**

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	6,000	5,500
Reserve for net revaluation under the equity method	486	72
Retained earnings	294	-22
	6,780	**5,550**

Balance Sheet 31 December

Assets

	Note	2021	2020
		TDKK	TDKK
Investments in subsidiaries	4	1,187	704
Fixed asset investments		**1,187**	**704**
Fixed assets		**1,187**	**704**
Inventories		**7,936**	**5,812**
Trade receivables		11,196	6,855
Receivables from group enterprises		7,303	2,915
Other receivables		310	358
Receivables		**18,809**	**10,128**
Cash at bank and in hand		**1,930**	**2,102**
Currents assets		**28,675**	**18,042**
Assets		**29,862**	**18,746**

Balance Sheet 31 December

Liabilities and equity

	Note	2021	2020
		TDKK	TDKK
Share capital		500	500
Reserve for net revaluation under the equity method		1,001	589
Reserve for hedging transactions		190	0
Retained earnings		8,317	2,452
Proposed dividend for the year		6,000	11,000
Equity		**16,008**	**14,541**
Provision for deferred tax		53	0
Other provisions		467	0
Provisions		**520**	**0**
Credit institutions		3,699	0
Prepayments received from customers		1,767	0
Trade payables		849	310
Payables to group enterprises		4,935	463
Corporation tax		1,794	1,523
Other payables		290	1,909
Short-term debt		**13,334**	**4,205**
Debt		**13,334**	**4,205**
Liabilities and equity		**29,862**	**18,746**
Key activities	1		
Contingent assets, liabilities and other financial obligations	5		
Accounting Policies	6		

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	500	517	0	8,023	5,500	14,540
Exchange adjustments	0	-2	0	0	0	-2
Ordinary dividend paid	0	0	0	0	-5,500	-5,500
Fair value adjustment of hedging instruments, end of year	0	0	243	0	0	243
Tax on adjustment of hedging instruments for the year	0	0	-53	0	0	-53
Net profit/loss for the year	0	486	0	294	6,000	6,780
Equity at 31 December	**500**	**1,001**	**190**	**8,317**	**6,000**	**16,008**

Notes to the Financial Statements

1 Key activities

As in previous years, the main activity has consisted of importing and trading in textile goods.

	2021	2020
	TDKK	TDKK

2 Financial income

	2021	2020
Interest received from group enterprises	73	0
	73	**0**

3 Tax on profit/loss for the year

	2021	2020
Current tax for the year	1,794	1,523
Deferred tax for the year	0	22
	1,794	**1,545**

4 Investments in subsidiaries

	2021	2020
Cost at 1 January	186	187
Cost at 31 December	186	187
Value adjustments at 1 January	517	445
Exchange adjustment	-2	0
Net profit/loss for the year	486	72
Value adjustments at 31 December	1,001	517
Carrying amount at 31 December	**1,187**	**704**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
East.EU GmbH	Tyskland	TEUR 25	100%

Notes to the Financial Statements

		2021	2020
		TDKK	TDKK
5	**Contingent assets, liabilities and other financial obligations**		

Charges and security

The following assets have been placed as security with bankers:

Corporate mortgage totaling DKK 5,000k which provides a mortgage on inventories and receivables from sales and services at a total carrying amount of	19,132	12,667

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of EAST.DK ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

6 Accounting Policies

The Annual Report of EAST.EU ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

In connection with this year's financial statements, minor reclassifications have been made in the comparative figures. This has not affected the profit for the year, balance sheet total and equity.

The Financial Statements for 2021 are presented in TDKK.

Recognition and measurement

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

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Notes to the Financial Statements

6 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Notes to the Financial Statements

6 Accounting Policies (continued)

Gross profit/loss

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Notes to the Financial Statements

6 Accounting Policies (continued)

Inventories

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

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

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

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

Equity

Dividend

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

Provisions

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

Deferred tax assets and liabilities

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

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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

Notes to the Financial Statements

6 **Accounting Policies** (continued)

ferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

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