

&Tradition A/S

Kronprinsessegade 4
1306 København K

Annual Report 2021

(The period 1 January 2021 - 31 July 2021)

CVR no. 18169304

Annual General Meeting held
the 16 November 2021


Mogens Madsen
Chairman



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Management's Statement

Today, the Board of directors and the Executive Board have considered and adopted the Annual Report of &Tradition A/S for the financial year 1 January 2021 - 31 July 2021.

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

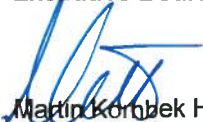
In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 July 2021 and of the Company's operations and the Company's cash flows for the financial year 1 January 2021 - 31 July 2021.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

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

København, 16 November 2021

Executive Board



Martin Kornbek Hansen
Manager

Board of directors



Troels Holch Povlsen
Chairman



Martin Kornbek Hansen



Søren Schøllhammer

Independent Auditors' Report

To the shareholders of &Tradition A/S**Opinion**

We have audited the financial statements of &Tradition A/S for the financial year 1 January 2021 - 31 July 2021, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 July 2021 and of the results of the company's activities and cash flows for the financial year 1 January 2021 - 31 July 2021 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditors' responsibilities for the audit of the financial statements". 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 when preparing the annual accounts unless the management either intends to liquidate the company or 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 auditors' report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing 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 international standards on auditing 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 in 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 the 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.

Independent Auditors' Report

- * Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 auditors' 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 auditors' 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management's review and to consider whether the management's review is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

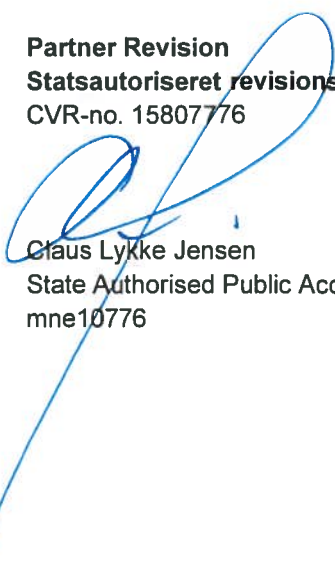
Based on the work we have performed, we believe that the management's review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statements Act. We did not discover any material misstatement in the management's review.

Brande, 16 November 2021

Partner Revision

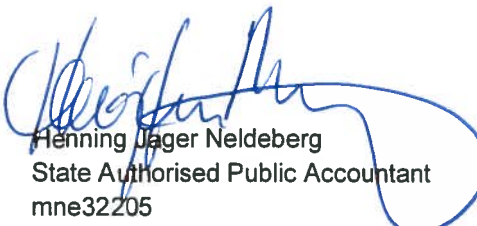
Statsautoriseret revisionsaktieselskab

CVR-no. 15807776



Claus Lykke Jensen

State Authorised Public Accountant
mne10776



Henning Jager Neldeberg

State Authorised Public Accountant
mne32205

Company details

Company

&Tradition A/S
Kronprinsessegade 4
1306 København K

CVR no.: 18169304
Date of formation: 21 September 1994
Registered office: København
Financial year: 1 January 2021 - 31 July 2021

Board of directors

Troels Holch Povlsen
Martin Kornbek Hansen
Søren Schøllhammer

Executive Board

Martin Kornbek Hansen, Manager

Auditors

Partner Revision
Statsautoriseret revisionsaktieselskab
Torvegade 22
7330 Brande
CVR-no.: 15807776

Group companies

&Tradition Norway AS, Norway

Management's Review

The company's principal activities

The principal activities of &Tradition A/S are the design and sale of furniture, lighting and interior product including classic designs by Verner Panton, Viggo Boesen, Arne Jacobsen and other.

The principal activities have not changed from last year.

Development in activities and financial matters

In 2021 it has been decided to adjust the financial year to match the parent company Nine United A/S. This lead to an accounting period of only 7 months covering 1 January 2021 to 31 July 2021. The income statement shown is consequently not directly comparable to 2020.

The company's income statement for the financial year 1 January 2021 - 31 July 2021 shows a turnover of t.DKK 307.880 (7 months) compared to last year of t.DKK 345.807 (12 months) and a result after tax of t.DKK 52.861 (7 months) compared to last year of t.DKK 45.234 (12 months).

The balance sheet as at 31 July 2021 shows total assets of t.DKK 215.169 and total equity of t.DKK 144.527. Both turnover and net result after tax surpass the management expectations, and has to be compared to the fact that the company in the annual report for 2020 expected a net result before tax in the rage of DKK 60 to 70 mill. for the period 1 January 2021 - 31 December 2021.

Financial risks and use of financial instruments

Currency risks

The activities abroad have an effect on the result, the cash flows and the equity due to the development in the exchange rate and the interest rate for a number of currencies. It is the company's policy partially to hedge commercial currency risks. The hedging is primarily done by forward exchange contracts to partially hedge expected revenue and purchases within the next 12 months. The company does not enter into speculative currency positions.

Currency adjustment on investments in subsidiaries that are independent entities, is recognized directly in the equity. Currency risks related to this matter is not covered by hedging, as it is the company's view that hedging of long-term investments in subsidiaries is not an optimal solution, looking at it from an overall risk and cost perspective.

Interest rate risks

As the interest-bearing net debt does not represent a significant amount, moderate changes in the interest rate level will not have any significant direct effect on the result. Therefore no interest rate positions are entered into to hedge interest rate risks.

Particular risks

Beyond ordinary occurring risk, no particular risks are considered to affect the Company except ordinary occurring risks.

Environmental issues

In order to reduce &Tradition's environmental impact and to help fight climate change &Tradition are operating at two levels. Firstly, we are working on lessening the impact from our products by moving from a linear to a circular approach. This entails creating the best quality product, which is designed for disassembly, using conscious materials. It also entails working closely with our suppliers in finding the best solutions to lessen the impact from the production. Secondly, we are evaluating ourselves and the impact we as a company have on the environment. We believe that every little action counts towards combatting climate change.

In order to lessen the environmental impact, a campaign named Getting Our Own House Straight was launched in 2020. Through this campaign, employees from the entire company help identify areas where improvement can be made both internally in the individual department, but also across the entire company. This has resulted in initiatives to reduce our environmental footprint that will be adopted and implemented in the company in the near future.

Management's Review

To lessen the environmental impact of our furniture, we have implemented requirements that uses the EU Eco label as a guiding principle. As part of this we aim to keep materials as clean as possible so they can be reused or recycled. We have therefore phased out the use of some chemicals, for example unnecessary flame-retardants. We have also implemented the use of Oeko-tex 100 certified foams across most of our collection.

We also focus on using renewable materials such as wood and more sustainable materials such as recycled metal and recycled plastics. In January 2020 we obtained our FSC certification. The goal of &Tradition is to offer all our wooden products as FSC before the end of 2021. Currently we can offer 70% of our wooden furniture families in an FSC certified version.

Last year &Tradition launched the environmentally-friendly chair Rely, which combines a lot of the initiatives that we are working on. This product is designed for disassembly which ensures it can be repaired for prolonged lifetime, components can be reused and at end-of-use the material can be recycled. The 100% recycled plastic, and the more eco-friendly powder coatings ensures that the environmental impact of the materials is similarly reduced.

Research and development activities

Beside the ordinary development of furniture and accessories and development for the Company's IT-platform, there are no research and development activities in the Company.

Branches abroad

All the Company's activities abroad operate as independent legal entities, which is why there are none branches abroad.

Expectations for the future

The financial year of 2021/22 will be a full 12 month period. Management expect a growth in turnover between 30% and 50% and a result before tax in the range of 100-125 million DKK.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Business model and commitment

The company's activities consist primarily of the design and sale of furniture, lighting and interiors, including the sale of classic designs by Verner Panton, Viggo Boesen, Arne Jacobsen and others. The company employs approx. 75 people who are primarily administrative staff.

The company wants to develop its core business and meet its strategic challenges in an economically and socially sound manner. This means that the company complies with the laws of the countries and communities where the company conducts business and the company will carry out activities and efforts of a societal nature in order to achieve its strategic goals.

The company's ethical rules are integrated into the company's activities and include:

- * To respect and support internationally recognized human rights
- * To support the abolition of child labor
- * To support the abolition of discrimination in relation to working and employment conditions
- * To ensure a good working environment
- * To ensure environmental friendliness and take the initiative to promote environmental responsibility
- * To act in accordance with applicable competition law, including neither offering nor receiving any kind of bribe
- * To influence our partners to also comply with the above requirements

Statement on data ethics

The company has no policy on data ethics, as the company does not process data or use algorithms for data analysis.

Management's Review

Statement on Corporate Social Responsibility

&Tradition A/S and the companies below are working actively to run a business with common sense and taking into account social responsibility.

The Company is actively working to contribute to a sustainable and environmentally conscious community. The company aims towards it and its employees having a positive influence not only on the local and national community, but also on an international level.

The Group are continuously working with the Code of Conduct in collaboration with suppliers, customers and others partners, and encourage suppliers to meet the same high standards that the Company itself represent in order to ensure that all production is carried out by people under decent working conditions.

Statutory report on human rights

&Tradition A/S and the companies below support and respect human rights. It is the Group's policy to ensure that human rights always are respected in relation to both employees and business associates.

Part of this effort is to ensure a safe and secure working environment for all employees in all countries where the Group is represented. This applies to both the physical and mental work environment. This is demonstrated not only by the natural compliance to legislation on the area but is also reflected in the Group's handbook for employees.

In relation to suppliers and business partners the Group expects that they all consider human rights to be important and that they all do business with a general high moral standard. A natural consequence of the Group's policy is to stop all collaboration with entities about which the Group has become aware, that human rights are not being treated respectfully.

Statutory report on climate

As mentioned previously the Group aims continuously for contributing towards a greener future environment. The Group is trying to minimise the impact on the World's climate on several levels. Both by increasing the use of materials coming from sustainable sources, by working with suppliers that live up to the Code of Conduct and by developing durable and long-lasting products of a high quality.

Statutory report on the underrepresented gender

&Tradition A/S is governed by the rules on targets and policies for the gender composition of management.

&Tradition A/S aims to be a tolerant workplace without discrimination of any kind. Employees are hired only based on their skills and experience. Gender, religious belief, age, nationality or other such factors are not considered to be relevant for recruitment.

In order to comply with the legislation, despite the above, the target has been formulated with a gender mix of equal representation between women and men in the board of directors of &Tradition A/S.

Today &Tradition A/S has an equal gender distribution on the management level. The target for the underrepresented gender in the board of directors is to reach 33,3% within 2024.

Key Figures and Financial Ratios

	2021 t.DKK (7 months)	2020 t.DKK (12 months)	2019 t.DKK (12 months)	2018 t.DKK (12 months)	2017 t.DKK (12 months)
Income Statement:					
Turnover	307.880	345.807	280.161	196.266	139.505
Gross profit	90.515	94.493	63.212	45.061	35.523
Profit from ordinary operating activities	67.201	57.919	33.856	20.618	16.727
Net financial income and expenses	503	-46	-609	-808	-544
Net result for the year	52.861	45.234	25.811	15.379	12.561
Balance Sheet:					
Total Assets	215.169	163.627	97.106	85.958	57.338
Investment in non-current assets	-1.297	-2.069	-3.465	-3.163	-2.392
Total Equity	144.527	105.509	67.399	46.584	37.135
Cash Flow:					
Operating activities	7.900	60.241	16.982	-342	10.894
Investing activities	-1.297	-3.546	-3.797	-3.690	-2.392
Financing activities	-13.500	-7.500	-5.000	-6.000	0
Employees:					
Average number of employees	72	62	51	37	25
Financial ratio in %: *)					
Solvency ratio	67,2	64,5	69,4	54,2	64,8
Return on equity (ROE)	42,3	52,3	45,3	36,7	40,7

*) The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2015". Negative value ratios are not indicated. The definitions of the financial ratios are shown in the section of accounting policies

Accounting Policies

Reporting Class

The Annual Report of &Tradition A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Consolidated Financial Statements

With reference to § 112 of the Danish Financial Statements Act, no Consolidated Financial Statement have been prepared because the Group enterprises are subsidiaries of a higher-ranking group.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

On initial recognition, transactions in foreign currencies are translated at the exchange rates prevailing at the date of transaction. Gains and losses occurring due to differences between the transaction date rates and the rates at the date of payment are recognised as an item under Financial Income and Expenses in the Income Statement.

Receivables, debt and other monetary items denominated in a foreign currency are translated at the rate at the balance sheet date. The difference between the rate at the balance sheet date and the rate at the time when the receivable or payable occurred or was recognised in the latest Financial Statements is recognised in the Income Statement under Financial Income and Expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated based on an average rate of exchange and the balance sheet items are translated based on the rates of exchange at the balance sheet date. Currency translation differences that occur when translating foreign subsidiaries' equity at the beginning of the year at the rates of exchange at the balance sheet date and when translating Income Statements from average rates at the rates of exchange at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are measured at cost and subsequently at fair value at initial recognition in the Balance Sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging the fair value of a recognised asset or liability are recognised in the Income Statement together with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as and fulfilling the conditions for hedging future assets and liabilities are recognised in other receivables or other payables and in equity. In the event that the future transaction results in the recognition of assets or liabilities, any amounts previously recognised in equity will be transferred to the cost of the asset or the liability, respectively. In the event that the future transaction results in income or expenses, any amounts previously recognised in equity will be transferred to the Income Statement in the period in which the hedged item affects the Income Statement.

For derivative financial instruments that do not fulfill the conditions for treatment as hedging instruments, changes in the fair value will continually be recognised in the Income Statement.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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.

Accounting Policies

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

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement**Turnover**

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprises, including compensation of salary expenses and profits on sale of intangible and tangible assets.

Cost of goods sold

Costs of goods sold comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

Other external expenses

Other external expenses comprise expenses regarding production, distribution, sales, administration, premises and loss of debtors.

Staff expenses

Staff expenses comprise wages, salaries, pensions and social security costs.

Depreciation of intangible assets and property, plant and equipment

Depreciation of intangible assets and property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Completed development projects	5 years	0%
Goodwill	5 - 7 years	0%
Other fixtures and fittings, tools and equipment	3 - 5 years	0%
Leasehold improvements	3 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Accounting Policies

Other operating expenses

Other operating expenses comprise items of a secondary nature to the activities of the enterprise, including loss on sale of intangible and tangible assets.

Income from investments in group companies

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the parent company's Income Statement after full elimination of intercompany profit/loss.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Income tax

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Intangible assets

Goodwill is depreciated over the estimated economic life, which is determined on the basis of management's experience within the individual business areas. Goodwill is depreciated on a straight line basis over the depreciation period, which is between 5 and 7 years. The depreciation period is determined on the basis of the expected repayment period and is the longest for strategically acquired companies with a strong market position and long-term earnings profile

Clearly defined and identifiable development projects where the technical rate of utilisation, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Amounts corresponding to what was capitalized during the year, a provision is made in the equity named "Reserve for development expenses".

Other development costs are recognised as costs in the Income Statement as they incur.

Development costs comprise costs, including wages, salaries and depreciation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalised development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortisation and the recoverable amount.

After completion of the development projects the capitalised development costs are depreciated over the estimated useful life of the product.

Tangible assets

Fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated as the cost price less expected residual value after the end of the useful life.

Accounting Policies

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

The cost price includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use.

The cost price of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Small assets with an expected useful life of less than 1 year are recognized in the year of acquisition as costs in the income statement.

The carrying amounts of tangible assets are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts.

Long-term investments in group companies

Long-term Investments in group companies are measured using the equity method.

Investments in group companies are recognised in the balance sheet at the proportionate share of the equity value of the companies, calculated according to the parents accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the purchase method.

Subsidiaries having a negative equity value are recognised at DKK 0, and any amounts receivable from those companies are written down by the parents share of the negative equity value to the extent that the amounts are deemed to be uncollectible.

If the negative equity value exceeds receivables, the remaining amount is recognised as a provision to the extent that the parent has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

Net revaluation of long-term investments in group companies is classified under a separate reserve for net revaluation by the equity method in equity, in so far as the carrying amount exceeds the cost. Dividends from subsidiaries that are expected to be adopted before the annual report for &Tradition A/S is approved are not tied up in the revaluation reserve.

When acquiring companies, the acquisition method is used, cf. the description above regarding the valuation of goodwill.

Deposits

Deposits are measured at cost.

Inventories

Inventories are measured at cost on the basis of the FIFO principle. Where the net realisable value is lower than cost, the inventories are written down to this lower value.

The cost of goods for resale are measured at cost comprising purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Prepayments, assets

Prepayments recognised in assets comprise prepaid costs regarding subsequent financial years.

Cash and cash equivalents

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

Accounting Policies

Equity

Equity comprises share capital and a number of other equity items that may be statutory or stipulated in the articles of association.

Dividend

Proposed dividend for the year is recognised as a separate item in equity.

Reserve for net revaluation according to the equity method

Net revaluation of long-term investments in group companies is classified under a separate reserve for net revaluation according to the equity method in equity, in so far as the carrying amount exceeds the cost.

Dividends from subsidiaries that are expected to be adopted before the annual report for &Tradition A/S is approved are not tied up in the revaluation reserve. The reserve is adjusted with other equity movements regarding long-term investments in group companies.

Reserve for development expenses

Reserve for development expenses includes recognised development costs. The reserve is not available for the payment of dividends or losses. The reserve is deducted or dissolved by depreciation of the recognised costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

Reserve for hedging instruments

Reserve for hedging instruments includes the accumulated net change after tax of the fair value of hedging transactions that meet the criteria for hedging future payment flows and where the hedged transaction has not yet been realized. The reserve is dissolved when the hedged transaction is realized, if the hedged cash flows are no longer expected to be realized or the hedging relationship is no longer effective. The reserve does not represent an obligation and can therefore not be negative.

Provisions

Provision for deferred tax

Provision for deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Other payables

Other payables are measured at amortised cost, which usually corresponds to the nominal value.

Accruals and deferred income

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Cash Flow Statement

The Cash Flow Statement shows the Group's and the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the group's and the Company's cash and cash equivalents at the beginning and end of the year.

The cash flow from buying and selling companies is shown separately under cash flows from investment activity. Cash flows relating to acquired companies are recognized in the cash flow statement from the time of acquisition, and cash flows relating to sold companies are recognized up to the time of sale.

Accounting Policies

Cash flow from the operating activity

Cash flow from the operating activity is determined as the profit/loss for the year adjusted for changes in working capital and non-cash income statement items such as amortisation and impairment losses and provisions as well as tax payment.

Cash flow from the investing activity

Cash flow from the investing activity comprises cash flows from purchase and sale of intangible, tangible and investments.

Cash flow from the financing activity

Cash flows from financing activities include changes in the size or composition of contributed capital and associated costs. In addition, the cash flows from the financing activity include raising and repaying long-term liabilities as well as payment of dividends to shareholders

Cash and cash equivalents

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

Financial ratios

Financial ratios are determined based on "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts.

The Financial ratios in the overview are calculated as follows:

Solvency ratio	=	$\frac{\text{Equity at the end of the year} \times 100}{\text{Total liabilities and equity}}$
Return on equity (%)	=	$\frac{\text{Net income for the year} \times 100}{\text{Average equity}}$

Income Statement

	Note	1/1-31/7 2021 DKK (7 months)	1/1-31/12 2020 DKK (12 months)
Turnover	1	307.879.781	345.807.306
Other operating income	2	847.223	2.582.587
Cost of goods sold		-198.388.830	-222.217.717
Other external expenses		-19.822.783	-31.678.977
Gross profit		90.515.391	94.493.199
Staff expenses	3	-21.380.638	-32.343.492
Depreciation of intangible assets and property, plant and equipment		-1.920.833	-4.230.875
Other operating expenses		-13.358	0
Profit from ordinary operating activities		67.200.562	57.918.832
Income from investments in group companies		696.984	512.305
Financial income	4	72.368	20.719
Financial expenses	5	-266.798	-579.129
Result before tax		67.703.116	57.872.727
Income tax	6	-14.842.508	-12.638.497
Net income for the year		52.860.608	45.234.230

Balance Sheet as of 31. July

	Note	31/7 2021 DKK	31/12 2020 DKK
Assets			
Completed development projects	8	97.064	266.635
Goodwill	9	0	43.339
Intangible assets		97.064	309.974
Fixtures, fittings, tools and equipment	10	4.247.722	4.672.218
Property, plant and equipment		4.247.722	4.672.218
Long-term investments in group companies	11, 12	2.710.015	2.008.497
Deposits, investments		20.000	20.000
Investments		2.730.015	2.028.497
Fixed assets		7.074.801	7.010.689
Manufactured goods and goods for resale		53.864.253	50.511.972
Inventories		53.864.253	50.511.972
Trade receivables		42.821.404	41.796.679
Receivables from group companies		51.606.416	0
Current deferred tax	13	119.899	227.127
Other receivables		3.202.007	753.849
Prepayments	14	1.638.422	1.588.851
Receivables		99.388.148	44.366.506
Cash and cash equivalents		54.841.787	61.738.206
Current assets		208.094.188	156.616.684
Assets		215.168.989	163.627.373

Balance Sheet as of 31. July

	Note	31/7 2021 DKK	31/12 2020 DKK
Liabilities and equity			
Share capital	15	500.000	500.000
Reserve for net revaluation according to equity method		697.755	0
Reserve for development expenses		97.064	266.636
Reserve for hedging instruments		0	347.113
Retained earnings		117.232.595	90.895.635
Dividend for the financial year		26.000.000	13.500.000
Equity		144.527.414	105.509.384
Prepayments received from customers		10.202.448	3.641.945
Trade payables		37.830.751	40.512.194
Payables to group companies		634.158	250.367
Tax payables		17.310.647	4.189.996
Other payables		4.663.571	9.523.487
Short-term liabilities other than provisions		70.641.575	58.117.989
Liabilities other than provisions		70.641.575	58.117.989
Liabilities and equity		215.168.989	163.627.373
Contingent liabilities	16		
Collaterals and assets pledges as security	17		
Related parties	18		
Fees for auditors elected on the general meeting	19		

Statement of changes in Equity

DKK	Share capital	Reserve for net revaluation according to equity method	Reserve for hedging instruments	Reserve for development expenses	Retained earnings	Dividend for the financial year	Total
Equity at 1 January 2021	500.000	0	347.113	266.636	90.895.635	13.500.000	105.509.384
Exchange rate adjustment, foreign subsidiaries		4.534					4.534
Payment of dividend						-13.500.000	-13.500.000
Proposed dividend					-26.000.000	26.000.000	0
Net income for the year		696.984			52.163.624		52.860.608
Adjustments for the year				-169.572	169.573		1
Net adjustments of hedging instruments			-347.113				-347.113
Other adjustments		-3.763			3.763		0
Equity at 31 July 2021	500.000	697.755	0	97.064	117.232.595	26.000.000	144.527.414

Cash Flow Statement

	1/1-31/7 2021	1/1-31/12 2020
	DKK	DKK
	(7 months)	(12 months)
Net income for the year	52.860.608	45.234.230
Depreciation of intangible assets and property, plant and equipment	1.920.833	4.230.875
Loss from sale of property, plant and equipment	13.358	0
Income from investments in Group companies	-696.984	-512.305
Financial income	-72.368	-20.719
Financial expenses	266.798	579.129
Income tax	14.842.508	12.638.497
Change in inventories	-3.352.281	-14.096.838
Change in receivables	-55.573.887	-2.701.588
Change in trade payables and other payables	-597.063	25.623.029
Cash flow from operation before financial items	9.611.522	70.974.310
Interest received and similar	72.368	20.719
Interest paid and similar	-266.798	-579.129
Cash flow from ordinary operation	9.417.092	70.415.900
Paid income tax	-1.516.726	-10.175.390
Cash flow from operating activity	7.900.366	60.240.510
Purchase of tangible assets	-1.296.785	-2.069.200
Purchase of financial assets	0	-1.482.640
Sale of financial assets	0	6.000
Cash flow from investing activity	-1.296.785	-3.545.840
Payment of dividend	-13.500.000	-7.500.000
Cash flow from financing activity	-13.500.000	-7.500.000
Change in cash and cash equivalents	-6.896.419	49.194.670
Cash and cash equivalents at 1 January	61.738.206	12.543.536
Cash and cash equivalents at 31 July	54.841.787	61.738.206
Cash and cash equivalents specified as follows:		
Cash and cash equivalents	54.841.787	61.738.206
Total cash and cash equivalents	54.841.787	61.738.206

Notes

	2021 DKK	2020 DKK
1. Turnover		
Domestic sales	100.272.528	121.591.801
Sale on the European market	131.527.418	162.290.546
Sale on other markets	76.079.835	61.924.959
	307.879.781	345.807.306
2. Other operating income		
Salary compensation due to COVID-19 etc.	847.223	2.562.722
Other	0	19.865
	847.223	2.582.587
3. Staff expenses		
Wages and salaries	19.887.527	30.172.557
Post-employment benefit expense	1.397.846	2.030.474
Social security contributions	95.265	140.461
	21.380.638	32.343.492
Average number of employees	72	62
Remuneration to the Executive Board is not disclosed in accordance with §98b subsection 3 of the Danish Financial Statements Act.		
No remuneration is paid to members of the board of directors.		
4. Finance income		
Finance income from group enterprises	64.677	19.250
Other finance income	7.691	1.469
	72.368	20.719
5. Finance expenses		
Other finance expenses	266.798	579.129
	266.798	579.129

Notes

	2021 DKK	2020 DKK
6. Income tax		
Tax on taxable income	14.735.280	12.892.092
Tax regarding previous years	0	4.799
Adjustment of deferred tax	107.228	-520.009
Payment of foreign tax	0	261.615
	14.842.508	12.638.497

On 6 May 2021 the company has entered into the Danish joint-taxation scheme with other Danish companies in the Nine United A/S Group.

7. Distribution of profit

Proposed dividend	26.000.000	13.500.000
Reserve for net revaluation according to equity method	696.984	0
Other statutory reserves	-169.572	-368.715
Retained earnings	26.333.196	32.102.945
	52.860.608	45.234.230

8. Completed development projects

Cost at 1 January	6.866.145	6.866.145
Cost at 31 July	6.866.145	6.866.145
Depreciation and amortisation at 1 January	-6.599.510	-5.750.623
Amortisation for the year	-169.571	-848.887
Impairment losses and amortisation at 31 July	-6.769.081	-6.599.510
Carrying amount at 31 July	97.064	266.635

Notes

	2021 DKK	2020 DKK
9. Goodwill		
Cost at 1 January	3.619.959	3.619.959
Cost at 31 July	3.619.959	3.619.959
Depreciation and amortisation at 1 January	-3.576.620	-3.316.626
Amortisation for the year	-43.339	-259.994
Impairment losses and amortisation at 31 July	-3.619.959	-3.576.620
Carrying amount at 31 July	0	43.339
10. Fixtures, fittings, tools and equipment		
Cost at 1 January	11.513.683	9.748.487
Addition during the year	1.296.785	2.069.200
Disposal during the year	-236.597	-304.004
Cost at 31 July	12.573.871	11.513.683
Depreciation and amortisation at 1 January	-6.841.465	-4.023.475
Amortisation for the year	-1.707.923	-3.121.994
Reversal of impairment losses and amortisation of disposed assets	223.239	304.004
Impairment losses and amortisation at 31 July	-8.326.149	-6.841.465
Carrying amount at 31 July	4.247.722	4.672.218

Notes

	2021 DKK	2020 DKK
11. Long-term investments in group companies		
Cost at 1 January	2.012.260	529.620
Addition during the year	0	1.482.640
Cost at 31. july	2.012.260	2.012.260
Revaluations at 1 January	-3.763	-529.620
Change due to a foreign currency translation adjustment	4.534	28.765
Revaluations for the year	696.984	512.305
Reversal of revaluations of disposed assets	0	-15.213
Revaluations at 31 July	697.755	-3.763
Carrying amount at 31 July	2.710.015	2.008.497

12. Disclosure in long-term investments in group companies

Group companies

Name	Registered office	Share held in %	Equity	Profit
&Tradition Norway AS	Oslo, Norge	100,00	2.710.015	696.984
			2.710.015	696.984

13. Current deferred tax

Current deferred tax at 1 January	227.127	0
Adjustment for the year	-107.228	227.127
Current deferred tax at 31 July	119.899	227.127
<i>Current deferred tax relates to</i>		
Intangible assets	19.503	13.520
Property, plant and equipment	178.338	226.307
Current assets	-77.942	-110.604
Hedging instruments	0	97.904
	119.899	227.127

Notes

	<u>2021 DKK</u>	<u>2020 DKK</u>
14. Prepayments		
Predpaid expenses	<u>1.638.422</u>	<u>1.588.851</u>
	<u>1.638.422</u>	<u>1.588.851</u>

15. Share capital

The share capital of DKK 500,000 is divided into shares of DKK 1,000 or multiples thereof, and no shares are granted special rights.

The share capital has remained unchanged for the last 5 years.

The company does not hold any own shares at the balance sheet date, nor have any of its own shares been bought or sold during the financial year

16. Contingent liabilities

The company has entered into lease agreements with an annual rent of DKK 2,824 thousand, and the contracts have a notice period of 6 months.

Danish joint-taxation scheme:

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company Nine United A/S, CVR no. 25 93 44 58.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

17. Collaterals and assets pledges as security

There are no securities or mortgages at the balance sheet date.

Notes

2021
DKK

2020
DKK

18. Related parties

Controlling interest:

Nine United A/S - CVR no. 29 93 44 58

Troels Holch Povlsen - main shareholder

Transactions with related parties:

All transactions with related parties during the year have been made on market terms and are therefore not disclosed in accordance with § 98 C, 7 of the Danish Financial Statements Act.

Group Annual Report:

The company is included in the group annual report of:

Nine United A/S

Havnen 1

8700 Horsens

CVR no. 29 93 44 58

19. Fees for auditors elected on the general meeting

Statutory audit

140.500

112.300

Other services

6.000

33.400

Total fee to Partner Revision

146.500

145.700