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statsautoriseret revisionsaktieselskab

NOORSØM GROUP ApS
Staktoften 2, Trørød, 2950 Vedbæk

Company reg. no. 28 86 00 05

Annual report

2023

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The annual report was submitted and approved by the general meeting on the 22 March 2024.

Anne Julie Kristiansen
Chairman of the meeting



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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of NOORSØM GROUP ApS for the financial year 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

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

We recommend that the annual report be approved at the Annual General Meeting.

Vedbæk, 22 March 2024

Managing Director

Anne Julie Kristiansen

Board of directors

Hermann Valur Haraldsson
Chairman

Sandra Helén Gadd

Mads Bruun Famme



Independent auditor's report

To the Shareholder of NOORSØM GROUP ApS

Opinion

We have audited the financial statements of NOORSØM GROUP ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the 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.



Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting 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.

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.



Independent auditor's report

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

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 22 March 2024

Baagøe | Schou

State Authorised Public Accountants
Company reg. no. 21 14 81 48

Bent Pallesen

State Authorised Public Accountant
mne21443



Company information

The company	NOORSØM GROUP ApS Staktoften 2 Trørød 2950 Vedbæk Company reg. no. 28 86 00 05 Established: 29 June 2005 Domicile: Rudersdal Financial year: 1 January - 31 December
Board of directors	Hermann Valur Haraldsson, Chairman Sandra Helén Gadd Mads Bruun Famme
Managing Director	Anne Julie Kristiansen
Auditors	Baagøe Schou statsautoriseret revisionsaktieselskab Fiolstræde 44, 3. th. 1171 København K
Parent company	Nordic Brand Hub A/S, Rudersdal



Financial highlights

DKK in thousands.	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income statement:			
Gross profit	28.077	37.114	49.490
Profit from operating activities	5.339	16.586	34.736
Net financials	3	3.416	-549
Net profit or loss for the year	4.155	15.599	26.389
Statement of financial position:			
Balance sheet total	46.459	48.008	45.479
Investments in property, plant and equipment	928	866	100
Equity	38.421	44.375	29.392
Cash flows:			
Operating activities	7.296	12.817	32.109
Investing activities	-1.541	-776	-100
Financing activities	-10.000	-803	-23.383
Total cash flows	-4.245	11.238	8.626
Employees:			
Average number of full-time employees	35	34	28
Key figures in %:			
Acid test ratio	573,0	1.288,9	279,9
Solvency ratio	82,7	92,4	64,6
Return on equity	10,0	42,3	93,7

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio
$$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

Solvency ratio
$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity
$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$



Management's review

Description of key activities of the company

The company carries out retail and wholesale sales of clothing and related business.

Development in activities and financial matters

The gross profit for the year totals TDKK 28.077 against 37.114 last year. Income from ordinary activities after tax totals TDKK 4.155 against TDKK 15.599 last year.

The result has not been as expected, and because of this, a number of organizational changes have been implemented in the company during the year, which are expected to lead to a significant increase in the company's earnings.

Financial risks and the use of financial instruments

The company is exposed to several risks that can affect the company's results and financial position. With international supplier and customer relationships, the worldwide conditions significantly affect the business. We have seen examples of this in recent years, for example with pandemics, problems with freight capacity, exchange rate changes and international conflicts. Likewise, macroeconomic changes in consumer confidence and inflation significantly affect the demand for the company's products. This risk is a condition, but which we also try to navigate in and manage in our daily operations by being agile. At the same time, we cover the risks where possible, e.g. by long term contracts, hedging and insurances.

Environmental issues

We strive to continuously reduce the negative footprint of doing business. We have launched a number of initiatives for this purpose, including recycling of materials, streamlining operations and training in various standards that can drive the company in a greener direction.

Knowledge resources

The company's most important resources and assets are its employees' know-how, the close and long term customer relationships, reliable supplier and supply chains and a recognized brand DNA of the brand portfolio.

Expected developments

The level of investment is expected to remain high in the coming years and influent on the results. As the development and scaling of the new brands take place, the revenues will increase and ensure an increasing return on investment.



Income statement 1 January - 31 December

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	28.076.792	37.114
2 Staff costs	-20.061.508	-20.260
Depreciation, amortisation, and impairment	-513.575	-268
Other operating expenses	-2.162.700	0
Operating profit	5.339.009	16.586
Other financial income	1.184.902	4.547
3 Other financial expenses	-1.181.654	-1.131
Pre-tax net profit or loss	5.342.257	20.002
4 Tax on net profit or loss for the year	-1.187.481	-4.403
5 Net profit or loss for the year	4.154.776	15.599



Balance sheet at 31 December

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
6 Acquired concessions, patents, licenses, trademarks, and similar rights	612.917	130
Total intangible assets	612.917	130
7 Other fixtures, fittings, tools, and equipment	1.530.995	939
Total property, plant, and equipment	1.530.995	939
8 Deposits	115.000	115
Total investments	115.000	115
Total non-current assets	2.258.912	1.184
Current assets		
Manufactured goods and goods for resale	14.592.373	17.124
Total inventories	14.592.373	17.124
Trade receivables	12.296.622	8.803
Deferred tax assets	0	6
Income tax receivables	0	88
Other receivables	503.994	16
9 Prepayments	263.880	0
Total receivables	13.064.496	8.913
Cash and cash equivalents	16.543.058	20.787
Total current assets	44.199.927	46.824
Total assets	46.458.839	48.008



Balance sheet at 31 December

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity and liabilities		
Equity		
Contributed capital	125.000	125
Retained earnings	38.296.052	34.250
Proposed dividend for the financial year	0	10.000
Total equity	<u>38.421.052</u>	<u>44.375</u>
Provisions		
10 Provisions for deferred tax	158.000	0
Total provisions	<u>158.000</u>	<u>0</u>
Liabilities other than provisions		
Payables to group enterprises	166.636	0
Total long term liabilities other than provisions	166.636	0
Current portion of long term liabilities	156.026	156
Trade payables	3.689.353	3.316
Payables to group enterprises	2.683.558	1
Income tax payable	793.280	0
Other payables	390.934	160
Total short term liabilities other than provisions	7.713.151	3.633
Total liabilities other than provisions	<u>7.879.787</u>	<u>3.633</u>
Total equity and liabilities	<u>46.458.839</u>	<u>48.008</u>

1 Subsequent events

12 Charges and security

13 Contingencies

14 Financial risks

15 Related parties



Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	125.000	34.249.770	10.000.000	44.374.770
Distributed dividend	0	0	-10.000.000	-10.000.000
Retained earnings for the year	0	4.154.776	0	4.154.776
Derived financial instruments	0	-108.494	0	-108.494
	125.000	38.296.052	0	38.421.052



Statement of cash flows 1 January - 31 December

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Net profit or loss for the year	4.154.776	15.599
16 Adjustments	1.650.808	1.205
17 Change in working capital	1.599.093	-2.123
Cash flows from operating activities before net financials	7.404.677	14.681
Interest received, etc.	1.184.902	4.545
Interest paid, etc.	-1.181.654	-1.132
Cash flows from ordinary activities	7.407.925	18.094
Income tax paid	-111.540	-5.277
Cash flows from operating activities	7.296.385	12.817
Purchase of intangible assets	-659.773	-130
Purchase of property, plant, and equipment	-928.170	-696
Sale of property, plant, and equipment	47.000	50
Cash flows from investment activities	-1.540.943	-776
Long term payables incurred	0	-789
Repayments of long term payables	0	-14
Dividend paid	-10.000.000	0
Cash flows from investment activities	-10.000.000	-803
Change in cash and cash equivalents	-4.244.558	11.238
Cash and cash equivalents at 1 January 2023	20.787.616	9.549
Cash and cash equivalents at 31 December 2023	16.543.058	20.787
Cash and cash equivalents		
Cash and cash equivalents	16.543.058	20.787
Cash and cash equivalents at 31 December 2023	16.543.058	20.787



Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

1. Subsequent events

After the end of the financial year, no events have occurred that could significantly affect the company's financial position.

	<u>2023</u>	<u>2022</u>
2. Staff costs		
Salaries and wages	18.644.865	19.004
Pension costs	1.148.826	1.026
Other costs for social security	267.817	230
	<u>20.061.508</u>	<u>20.260</u>
Average number of employees	<u>35</u>	<u>34</u>

No remuneration is paid to the board of directors. The remuneration to the executive board is therefore not disclosed, as this only consists of one person.

	<u>2023</u>	<u>2022</u>
3. Other financial expenses		
Financial costs, group enterprises	127.732	0
Other financial costs	1.053.922	1.131
	<u>1.181.654</u>	<u>1.131</u>
4. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	992.880	4.212
Adjustment of deferred tax for the year	164.000	15
Adjustment of tax for previous years	0	2
Regulation of deferred tax regarding financial instruments	30.601	174
	<u>1.187.481</u>	<u>4.403</u>



Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

	<u>2023</u>	<u>2022</u>
5. Proposed distribution of net profit		
Dividend for the financial year	0	10.000
Transferred to retained earnings	<u>4.154.776</u>	<u>5.599</u>
Total allocations and transfers	<u>4.154.776</u>	<u>15.599</u>
	<u>31/12 2023</u>	<u>31/12 2022</u>
6. Acquired concessions, patents, licenses, trademarks, and similar rights		
Cost 1 January 2023	130.000	0
Additions during the year	659.773	130
Disposals during the year	<u>0</u>	<u>0</u>
Cost 31 December 2023	<u>789.773</u>	<u>130</u>
Amortisation and write-down 1 January 2023	0	0
Amortisation and depreciation for the year	<u>-176.856</u>	<u>0</u>
Amortisation and write-down 31 December 2023	<u>-176.856</u>	<u>0</u>
Carrying amount, 31 December 2023	<u>612.917</u>	<u>130</u>
Development costs include software development for online stores.		



Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
7. Other fixtures, fittings, tools, and equipment		
Cost 1 January 2023	1.572.845	877
Additions during the year	928.170	866
Disposals during the year	<u>-172.904</u>	<u>-171</u>
Cost 31 December 2023	<u>2.328.111</u>	<u>1.572</u>
Depreciation and write-down 1 January 2023	-633.300	-536
Amortisation and depreciation for the year	-336.720	-268
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>172.904</u>	<u>171</u>
Depreciation and write-down 31 December 2023	<u>-797.116</u>	<u>-633</u>
Carrying amount, 31 December 2023	<u>1.530.995</u>	<u>939</u>
Lease assets are recognised at a carrying amount of	<u>154.833</u>	<u>155</u>
8. Deposits		
Cost 1 January 2023	115.000	115
Additions during the year	0	0
Disposals during the year	<u>0</u>	<u>0</u>
Cost 31 December 2023	<u>115.000</u>	<u>115</u>
Carrying amount, 31 December 2023	<u>115.000</u>	<u>115</u>
9. Prepayments		
Other prepayments	<u>263.880</u>	<u>0</u>
	<u>263.880</u>	<u>0</u>



Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
10. Provisions for deferred tax		
Provisions for deferred tax 1 January 2023	158.000	-21
Deferred tax of the net profit or loss for the year	<u>0</u>	<u>15</u>
	<u>158.000</u>	<u>-6</u>
The following items are subject to deferred tax:		
Intangible assets	135.000	0
Property, plant, and equipment	<u>23.000</u>	<u>-6</u>
	<u>158.000</u>	<u>-6</u>
11. Lease liabilities		
Total lease liabilities	156.026	156
Share of amount due within 1 year	<u>-156.026</u>	<u>-156</u>
	<u>0</u>	<u>0</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

12. Charges and security

As security for unused drawing rights with the factoring company, retention of title has been granted in the company's receivables from sales and services of TDKK 12.139.

For unused drawing rights at the bank, the company has provided business mortgage at TDKK 11.300 in company assets This security comprises the assets below, stating the carrying amounts:

	<u>DKK in thousands</u>
Inventories	14.592
Other fixtures, fittings, tools, and equipment	1.531



Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

13. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	68
Rent liabilities	245
Total contingent liabilities	313

Joint taxation

With Boozt Fashion ApS, company reg. no. 32 55 14 16, as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

14. Financial risks

Exchange rate risks

For the purpose of hedging future purchased supplies in USD and CNY, the company has entered into forward exchange contracts totalling CNY 10.500.000 and USD 1.500.000. Compared to the forward price at the reporting date, the contracts have a negative value of approximately DKK 139.095. The exchange loss is recognised in the equity.



Notes

Amounts concerning 2023: DKK.

Amounts concerning 2022: DKK thousand.

15. Related parties

Controlling interest

Nordic Brand Hub A/S, Staktoften 2, 2950 Vedbæk, Denmark

Majority shareholder

Boozt AB, c/o Boozt Fashion AB, Box 4535, 203 20 Malmö, Sweden

Ultimate majority
shareholder

Transactions

The company has the following related party transactions:

	<u>2023</u>	<u>2022</u>
Sales of goods to group enterprises	31.910.970	26.143
Sales of marketing grants	1.162	779
Sales of administration contribution	302.137	770
Sales of samples	949.335	772
Purchase of administration contribution	0	27
Trademark fees	600.000	0
Agent fees	4.125.100	4.123
Receivables from group enterprises	12.805.507	1.898
Payables to group enterprises	10.334.159	326

16. Adjustments

Depreciation, amortisation, and impairment	513.575	268
Profit from disposal of non-current assets	-47.000	-50
Other financial income	-1.184.902	-4.547
Other financial expenses	1.181.654	1.131
Tax on net profit or loss for the year	1.187.481	4.403
	<u>1.650.808</u>	<u>1.205</u>

17. Change in working capital

Change in inventories	2.531.692	-343
Change in receivables	-4.246.650	9.810
Change in trade payables and other payables	3.314.051	-11.590
	<u>1.599.093</u>	<u>-2.123</u>



Accounting policies

The annual report for NOORSØM GROUP ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of NOORSØM GROUP ApS and its group enterprises are included in the consolidated financial statements for Boozt AB, Malmø, reg. no. 556793-5183.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.



Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.



Accounting policies

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).



Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licenses

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Plant and machinery	5-10 years	0-20 %

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

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.



Accounting policies

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.



Accounting policies

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

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

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"



Accounting policies

According to the rules of joint taxation, NOORSØM GROUP ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments is recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.



Accounting policies

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Anne Julie Kristiansen

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Hermann Valur Haraldsson

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Sandra Helén Gadd

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Bent Pallesen

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