

HK Koncept og Produkt ApS

Amaliegade 42, st.
1256 København K
CVR No. 35399852

Annual report 2023

The Annual General Meeting adopted the annual report on 03.07.2024

Lars Skjøth

Chairman of the General Meeting

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Entity details

Entity

HK Koncept og Produkt ApS
Amaliegade 42, st.
1256 København K

Business Registration No.: 35399852
Registered office: København
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Lars Skjøth
Mette Marie Louise Stougaard

Executive Board

Malte Holm

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of HK Koncept og Produkt ApS for the financial year 01.01.2023 - 31.12.2023.

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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 03.07.2024

Executive Board

Malte Holm

Board of Directors

Lars Skjøth

Mette Marie Louise Stougaard

Independent auditor's report

To the shareholder of HK Koncept og Produkt ApS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HK Koncept og Produkt ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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

Report on other legal and regulatory requirements and other reporting responsibilities

Violation of the Danish Company Act

The Company has contrary to the Danish Company Act §210, granted a loan to the majority shareholder during the financial year 2022, therefore management may incur liability. The loan is expected to be repaid in 2024.

Copenhagen, 03.07.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Mads Haugegaard Albrechtsen

State Authorised Public Accountant

Identification No (MNE) mne45846

Management commentary

Primary activities

The principal activities are investment and financing activities, to hold and develop recipes, concepts, trademarks, and intangible rights, as well as production, licensing and sales of products, HK Concepts, trademarks and rights and other activities related thereto.

Development in activities and finances

The gross profit for the year totals kDKK (43.923) (2022: kDKK 12.286). Loss for the year amounts to kDKK 71.584 (2022: kDKK 5.117). Management considers the result for the year as expected.

The management's purpose at the foundation of the company in 2013 was to place the acquired IP rights in a group structure that is attractive to investors. The treatment solutions as well as the excellent hair care product line, acquired by HK Koncept og Produkt ApS is unique and leading globally in a very large and growing market. Leading doctors in the field of hair disorders as well as competing enterprises in the cosmetics and pharmaceutical industries have shown immense interest in the company. Thus, the management has great expectations to its potential like with previous years.

During 2023 the parent company Hairclinic Group ApS made a capital contribution of kDKK 43,006 to secure the capital resources of HK Koncept og Produkt ApS.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		(42,923,012)	12,286,451
Staff costs	1	(13,560,841)	(11,335,325)
Depreciation, amortisation and impairment losses	2	(14,881,151)	(10,150,094)
Operating profit/loss		(71,365,004)	(9,198,968)
Other financial income	3	1,442,784	4,100,928
Other financial expenses	4	(1,661,691)	(18,702)
Profit/loss for the year		(71,583,911)	(5,116,742)
Proposed distribution of profit and loss			
Retained earnings		(71,583,911)	(5,116,742)
Proposed distribution of profit and loss		(71,583,911)	(5,116,742)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	6	1,329,552	0
Acquired intangible assets		40,453,046	50,566,310
Development projects in progress	6	3,868,957	0
Intangible assets	5	45,651,555	50,566,310
Other fixtures and fittings, tools and equipment		149,145	124,658
Property, plant and equipment	7	149,145	124,658
Receivables from group enterprises		23,886,622	23,721,116
Deposits		118,500	64,500
Financial assets		24,005,122	23,785,616
Fixed assets		69,805,822	74,476,584
Raw materials and consumables		1,608,199	2,600,690
Manufactured goods and goods for resale		7,954,770	3,352,522
Prepayments for goods		930,621	771,925
Inventories		10,493,590	6,725,137
Trade receivables		85,135	308,122
Receivables from group enterprises		8,011,291	36,289,767
Other receivables		149,058	0
Receivables from owners and management	8	55,733	68,587
Prepayments		1,137,017	0
Receivables		9,438,234	36,666,476
Cash		4,215,674	6,067,125
Current assets		24,147,498	49,458,738
Assets		93,953,320	123,935,322

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		80,000	80,000
Reserve for development expenditure		4,054,837	0
Retained earnings		84,702,610	117,335,069
Equity		88,837,447	117,415,069
Bank loans		344,800	0
Trade payables		4,204,564	3,570,071
Payables to group enterprises		0	78,100
Payables to owners and management		124,170	19,170
Other payables		415,386	2,852,912
Deferred income		26,953	0
Current liabilities other than provisions		5,115,873	6,520,253
Liabilities other than provisions		5,115,873	6,520,253
Equity and liabilities		93,953,320	123,935,322
Contingent assets	9		
Contingent liabilities	10		
Non-arm's length-related party transactions	11		

Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	80,000	0	117,335,069	117,415,069
Group contributions etc.	0	0	43,006,289	43,006,289
Transfer to reserves	0	4,054,837	(4,054,837)	0
Profit/loss for the year	0	0	(71,583,911)	(71,583,911)
Equity end of year	80,000	4,054,837	84,702,610	88,837,447

Notes

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	12,613,542	10,459,526
Pension costs	902,709	832,156
Other social security costs	44,590	43,643
	13,560,841	11,335,325
Average number of full-time employees	13	13

2 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	10,686,252	10,113,264
Impairment losses on intangible assets	4,160,904	0
Depreciation of property, plant and equipment	33,995	36,830
	14,881,151	10,150,094

3 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	1,390,084	1,389,906
Other interest income	52,700	4,878
Exchange rate adjustments	0	2,706,144
	1,442,784	4,100,928

4 Other financial expenses

	2023	2022
	DKK	DKK
Other interest expenses	1,031	2,740
Exchange rate adjustments	1,581,392	0
Other financial expenses	79,268	15,962
	1,661,691	18,702

5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	0	180,661,257	0
Additions	6,063,444	0	3,868,957
Cost end of year	6,063,444	180,661,257	3,868,957
Amortisation and impairment losses beginning of year	0	(130,094,947)	0
Impairment losses for the year	(4,160,904)	0	0
Amortisation for the year	(572,988)	(10,113,264)	0
Amortisation and impairment losses end of year	(4,733,892)	(140,208,211)	0
Carrying amount end of year	1,329,552	40,453,046	3,868,957

6 Development projects

Entity has capitalized development costs. The Entity's development projects consists of software products developed using external consultants. The development cost is expected to add significant value til customer handling proces and efficiecies in the organizations.

Costs are capitalized as incurred if this relates to the development projects. The Entity possess the resources and skills to complete the development.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	253,850
Additions	58,482
Cost end of year	312,332
Depreciation and impairment losses beginning of year	(129,192)
Depreciation for the year	(33,995)
Depreciation and impairment losses end of year	(163,187)
Carrying amount end of year	149,145

8 Receivables from owners and management

	Board of Directors DKK
Receivables	55,733
Interest rate (%)	9,55%

9 Contingent assets

The company has not recognised deferred tax assets of 6.364 tDKK. The tax asset is not recognised in the balance sheet, as uncertainty exists about the measurement of the net realizable value of the asset as a result of uncertainty about the time-scale for the carryforward of tax losses.

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where EMKL Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities.

11 Non-arm's length related party transactions

HK Koncept og Produkt ApS has received group contribution in 2023 which has not been not conducted on arm's length basis.

Furthermore, besides the transactions highlighted in the auditor's report on page 6, all other transactions are conducted on arm's length basis.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Changes in accounting policies

The Entity has changed its accounting policies with regard to capitalization of development projects

The comparative figures have not been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit comprises the revenue, changes in inventories of finished goods and external costs.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, and salary refunds.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of plant and equipment.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet**Intellectual property rights etc.**

Intellectual property rights etc. comprise of acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-7 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. The amortisation periods used are 10 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods consists of costs of raw materials, consumables, direct labour costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.