
SNT ApS

Østre Havnegade 12, 1. th., DK-9000 Aalborg

Annual Report for 1 October 2021 - 30 September 2022

CVR No. 36 73 22 61

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 20/3 2023

Kasper Ulrich
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of SNT ApS for the financial year 1 October 2021 - 30 September 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2022 of the Company and of the results of the Company operations for 2021/22.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Aalborg, 20 March 2023

Executive Board

Kasper Ulrich

Christoffer Dencker Bak

Henrik Bak

Board of Directors

Jesper Buch

Kasper Ulrich

Christian Aachmann

Christoffer Dencker Bak

Michael Mousten Bak

Birgit Aaby-Bruun

Henrik Bak

Independent Auditor's report

To the shareholder of SNT ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SNT ApS for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aalborg, 20 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Rasmus Møllergaard Stenskrog

State Authorised Public Accountant

mne34161

Company information

The Company	<p>SNT ApS Østre Havnegade 12, 1. th. DK-9000 Aalborg</p> <p>Website: https://shapingnewtomorrow.dk</p> <p>CVR No: 36 73 22 61</p> <p>Financial period: 1 October 2021 - 30 September 2022</p> <p>Incorporated: 5 May 2015</p> <p>Financial year: 7th financial year</p> <p>Municipality of reg. office: Aalborg</p>
Board of Directors	<p>Jesper Buch Kasper Ulrich Christian Aachmann Christoffer Dencker Bak Michael Mousten Bak Birgit Aaby-Bruun Henrik Bak</p>
Executive board	<p>Kasper Ulrich Christoffer Dencker Bak Henrik Bak</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg</p>

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	77,634	78,761	45,256	34,625	11,972
Profit/loss of ordinary primary operations	31,955	48,958	30,920	29,287	10,701
Profit/loss of financial income and expenses	-414	-248	-254	-137	2
Net profit/loss	24,366	37,722	23,943	22,739	8,347
Balance sheet					
Balance sheet total	149,426	135,340	80,855	43,129	14,156
Investment in property, plant and equipment	3,809	6,991	6,141	1,724	185
Equity	111,774	87,408	49,686	29,243	9,004
Number of employees	93	60	30	12	3
Ratios					
Return on assets	21.2%	36.0%	38.2%	68.0%	75.6%
Solvency ratio	74.8%	64.6%	61.5%	67.8%	63.6%
Return on equity	24.5%	55.0%	60.7%	118.9%	181.5%

Management's review

Key activities

The Company designs, produces and sells innovative fashion products directly to consumers (DTC) through an effective collaboration between our own retail stores and a well-established online sales channel.

The financial year 2021/22 is the eight year for SNT ApS.

Development in the year

The financial year 2021/22 was characterized by satisfying growth for SNT ApS.

Considerable investments were made in internationalization and in scaling up the internal set-up in preparation for future growth. Through the Group Company Shaping New Tomorrow GmbH four new stores have opened in Germany and an increasing online presence internationally for the Group, this fiscal year had record-high strategic investments.

The investments were not the only brick-and-mortar developments. The Company also established an office in Copenhagen with the goal of creating a Scandinavian omnichannel footprint in the next few years.

As expected, both SNT ApS achieved strong growth in revenue and the number of employees compared with last year.

Additionally, throughout the fiscal year, the Company has also invested heavily in recycling initiatives in our product development and expanded our product portfolio with highly sustainable collections.

In the financial year 2021/22 (October 1st, 2021, to September 30th, 2022), the Company realized a profit of TDKK 24,366 after tax. This is 35% lower than the previous financial year and overall on line with the expectation from last year. However, the result is on level with the updated expectations and strategi, due to continued realized major investments.

This result mean that the Company's equity amounted to TDKK 111.774 as of September 30th, 2022. The Company's is considered overall satisfactory and in line with the expectations of the Company's growth strategy.

Offline Stores:

The Company has five physical stores. Shaping New Tomorrow's focus on slow fashion, timeless designs, and comfort are still proven to be a good fit for the Danish market, as the result has been that the Danish stores are still performing according to the Company's budgets.

The Company is happy to acknowledge increasing expectations from consumers in terms of products made from sustainable and recycled materials. This also means our continued investments into lines such as Shaping New Tomorrow's Essential collection – made from recycled materials.

With a total of five shops in Denmark, and five Group owned shops in Germany, giving a total of ten shops by 2022 and a big scale-up of the internal organizational structure, the Company and the Group have created a strong foundation for the development of additional retail spaces in the years to come.

The physical stores have significantly contributed to the Company's growth and by the end of the fiscal year, the physical stores were responsible for 39 percent of total revenue.

Management's review

Online business:

In 2021/22, the Company achieved considerable growth in online revenue across all markets. The Company has seen considerable online growth both in the Scandinavian and German markets.

Growth is expected to continue in 2022/23, but at a lower level due to the current uncertain market situation in Europe.

Within the last nine month of the financial year, we saw a significant increase in the international markets, as these were responsible for generating 48% of the total revenue. We expect the very positive development in the international markets to continue in the coming years.

Targets and expectations for the year ahead

Objectives and outlook for 2021/22:

The coming financial year will be affected by increasing uncertainty in the market. War in Europe, inflation, rising interest rates, gas crises, and decreasing consumer confidence will all impact Shaping New Tomorrow to some extent in the coming year.

These macro-financial matrices demand a focused and much more cautious, sustainable growth strategy, and they require a lean and efficient organization.

The goal is continuous, sustainable growth with a clear acknowledgment of the global uncertainty in the macroeconomic situation. Therefore, the fiscal year 2022/23 will be concentrated on investments into the current core markets and a constant focus on adapting investments in a changing environment. However, the Company will continue to explore the possibilities of further geographical omnichannel expansion in Scandinavia.

The direct-to-consumer model in Denmark has also proven to work well in Germany. In combination with an effective omnichannel model, it offers a solid foundation for entering new markets and cities, as well as achieving greater synergies between online sales and a local physical presence.

In the next financial year, the Company expects to see continued revenue growth as a result of improving efficiency in core activities and due to our investments in digital and omnichannel strategies. The expected growth in revenue, investments made and continuing investment, is anticipated to increase the result between 20% - 40% for the financial year 2022/23 compared to 2021/22.

Management's review

Focus on recycling, environment and climate:

In the coming years, the Group intends to expand its ambitions regarding recycling and zero waste projects that were initiated in 2018/19. Recycling is one of the core projects of the Group's approach to zero waste, and the goal is to incorporate recycling into all parts of the business, where this is possible. The development of the Essential collection is one example. Only high-tech fibers are used for the fabric, which is partly made from plastic bottles. In this way, a basic and abundant material is recycled and used in new, innovative garments. In this financial year, the Essential collection was expanded with new products, and the Group continues to invest in the research and development of more sustainable garments. In total, the Group's continued development of clothes containing recycled materials such as the Essential collection has made it possible to recycle more than 9 million used plastic bottles.

Downcycling and reusing excess materials, scraps, waste, and worn-down products as much as possible are also focal points in production. This is carried out together with partners in order to develop new accessories and products made from recycled materials. One example is the development of furniture, interior furnishings, and other equipment in Shaping New Tomorrow's physical shops and offices.

The Group's objective is for the development of new, innovative materials and products to be supported by a determined effort to minimise the impact on the environment and climate as far as possible.

Continued Strong Digital Investments:

Since the beginning of 2015, the Company's business development has been based on a strong digital foundation. That applies to production, administration, marketing, shops, etc.

In 2020/21, the Company initiated a range of investment and development projects to further strengthen the digital foundation. Among other things, the ERP systems were improved to provide a solid data foundation and visibility for improving decision-making and the employees' daily business.

In addition, the Company is investing in the seamless omnichannel experience to strengthen the customer journey. These investments have already made a positive revenue contribution. Several of our external providers and agencies have been consolidated over the past year to accommodate even more scalable digital solutions in the future.

The ambition is to always have easy access to 'best-of-breed' solutions, and therefore this development has continued in 2021/2022 and will continue going forward.

Investing in new technology ensures that the Company can make strategic decisions based on valid data and insights into products, performance, shops, online sales, trends, etc.

The strong technological focus of the Company is based on the vision of being the leading tech brand in the fashion industry. This also applies to production, where the Company together with the Group companies develops its own high-tech materials which give the clothes innovative and more sustainable features.

Employees Are the Key to Stable Growth:

Our employees (Shapers) are the backbone of our Company, and they are an important factor in the continued development of Shaping New Tomorrow.

The Company focuses on having the right capabilities internally to support the strategy going forward – by providing a better picture of the current performance and the potential of the entire Shaping New Tomorrow workforce.

In the coming year, the Company will focus on the employee life cycle by building excellent leadership, strengthening retention, developing competencies needed for the future, and growing an even stronger and united culture in all areas of the business.

The aim continues to be that our Shapers love their jobs, their careers, their colleagues, their leaders, and their possibilities within the Company.

Management's review

Subsequent events

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

Income statement 1 October 2021 - 30 September 2022

	Note	2021/22 TDKK	2020/21 TDKK
Gross profit		77,634	78,761
Staff expenses	1	-41,601	-25,338
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-4,078	-4,465
Other operating expenses		-275	-265
Profit/loss before financial income and expenses		31,680	48,693
Financial income	3	325	151
Financial expenses		-739	-399
Profit/loss before tax		31,266	48,445
Tax on profit/loss for the year	4	-6,900	-10,723
Net profit/loss for the year	5	24,366	37,722

Balance sheet 30 September 2022

Assets

	Note	2021/22 TDKK	2020/21 TDKK
Completed development projects		1,508	1,791
Intangible assets	6	1,508	1,791
Other fixtures and fittings, tools and equipment		1,742	1,090
Leasehold improvements		8,163	8,366
Property, plant and equipment	7	9,905	9,456
Deposits	8	2,380	2,429
Fixed asset investments		2,380	2,429
Fixed assets		13,793	13,676
Raw materials and consumables		12,500	8,226
Finished goods and goods for resale		64,065	29,751
Inventories		76,565	37,977
Trade receivables		5,693	4,263
Receivables from group enterprises		37,974	10,641
Other receivables		346	284
Deferred tax asset	10	0	224
Prepayments	9	1,434	770
Receivables		45,447	16,182
Cash at bank and in hand		13,621	67,505
Current assets		135,633	121,664
Assets		149,426	135,340

Balance sheet 30 September 2022

Liabilities and equity

	Note	2021/22 TDKK	2020/21 TDKK
Share capital		63	63
Reserve for development costs		1,177	1,398
Retained earnings		110,534	85,947
Equity		111,774	87,408
Provision for deferred tax	10	268	0
Other provisions	11	3,345	3,524
Provisions		3,613	3,524
Prepayments received from customers		4,862	3,054
Trade payables		12,159	20,194
Payables to group enterprises relating to corporation tax		6,408	11,127
Other payables		10,610	10,033
Short-term debt		34,039	44,408
Debt		34,039	44,408
Liabilities and equity		149,426	135,340
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	63	1,398	85,947	87,408
Development costs for the year	0	-221	221	0
Net profit/loss for the year	0	0	24,366	24,366
Equity at 30 September	63	1,177	110,534	111,774

Notes to the Financial Statements

	2021/22	2020/21
	TDKK	TDKK
1. Staff Expenses		
Wages and salaries	37,850	23,495
Pensions	2,742	1,257
Other social security expenses	1,009	586
	<u>41,601</u>	<u>25,338</u>
 Including remuneration to the Executive Board:		
Executive board	3,274	1,951
	<u>3,274</u>	<u>1,951</u>
 Average number of employees	<u>93</u>	<u>60</u>
	2021/22	2020/21
	TDKK	TDKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	719	236
Depreciation of property, plant and equipment	3,359	2,566
Impairment of tangible assets	0	1,663
	<u>4,078</u>	<u>4,465</u>
	2021/22	2020/21
	TDKK	TDKK
3. Financial income		
Interest received from group enterprises	322	62
Other financial income	0	23
Exchange gains	3	66
	<u>325</u>	<u>151</u>

Notes to the Financial Statements

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
4. Income tax expense		
Current tax for the year	6,408	11,127
Deferred tax for the year	492	-404
	<u>6,900</u>	<u>10,723</u>

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
5. Profit allocation		
Retained earnings	24,366	37,722
	<u>24,366</u>	<u>37,722</u>

6. Intangible fixed assets

	<u>Completed development projects</u>
	TDKK
Cost at 1 October	2,108
Additions for the year	489
Cost at 30 September	<u>2,597</u>
Impairment losses and amortisation at 1 October	316
Amortisation for the year	773
Impairment losses and amortisation at 30 September	<u>1,089</u>
Carrying amount at 30 September	<u>1,508</u>
Amortised over	<u>3-5 years</u>

Completed development projects relate to the design and development of websites, development and implementation of ERP, development of data processing system, and different design solutions for both stores and online. All costs are external based costs. No internal cost have been recognized. All development and costs relates to systems and solution, which all are finalized, and will be used for the continuing growth for the Company.

Notes to the Financial Statements

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 October	2,241	12,318
Additions for the year	1,546	2,263
Cost at 30 September	<u>3,787</u>	<u>14,581</u>
Impairment losses and depreciation at 1 October	1,151	3,952
Depreciation for the year	894	2,466
Impairment losses and depreciation at 30 September	<u>2,045</u>	<u>6,418</u>
Carrying amount at 30 September	<u>1,742</u>	<u>8,163</u>
Amortised over	<u>2-5 years</u>	<u>5-10 years</u>

8. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 October	2,429
Additions for the year	243
Disposals for the year	-292
Cost at 30 September	<u>2,380</u>
Carrying amount at 30 September	<u>2,380</u>

9. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
10. Provision for deferred tax		
Deferred tax liabilities at 1 October	-224	180
Amounts recognised in the income statement for the year	492	-404
Deferred tax liabilities at 30 September	<u>268</u>	<u>-224</u>

11. Other provisions

Other provisions relate to returns as well as expected claims for complaints as a result of the company's right of return and guarantee to customers.

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
Other provisions	3,345	3,524
	<u>3,345</u>	<u>3,524</u>

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK

12. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	515	141
Between 1 and 5 years	354	59
	<u>869</u>	<u>200</u>

Lease obligations, period of non-terminability between 6 and 72 months (2020/21 5 and 68 months)	27,546	12,981
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Other contingent liabilities

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

Notes to the Financial Statements

13. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Shaping New Tomorrow Holding ApS	Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No such transactions has occurred.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

<u>Name</u>	<u>Place of registered office</u>
Shaping New Tomorrow Holding ApS	Aalborg, Denmark

The Group Annual Report of Shaping New Tomorrow Holding ApS may be obtained at the following address:
Østre Havnegade 12, 1. th., 9000 Aalborg, Denmark

Notes to the Financial Statements

14. Accounting policies

The Annual Report of SNT ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2021/22 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Shaping New Tomorrow Holding ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

Notes to the Financial Statements

Income statement

Net sales

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

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

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

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

Notes to the Financial Statements

Tax on profit/loss for the year

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

The Company is jointly taxed with Shaping New Tomorrow Holding ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise expenses directly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-5 year.

Property, plant and equipment

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

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Other fixed asset investments

Other fixed asset investments consist of deposits, which are measured at amortized cost. Provisions are made for expected losses.

Inventories

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

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

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

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

Provisions are measured and recognised based on experience with returns, claims and guarantees.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$