
SNT ApS

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

Annual Report for 1 October 2022 - 30 September 2023

CVR No. 36 73 22 61

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 26/3 2024

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 Annual Report of SNT ApS for the financial year 1 October 2022 - 30 September 2023.

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 2023 of the Company and of the results of the Company operations for 2022/23.

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

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

Aalborg, 26 March 2024

Executive Board

Kasper Ulrich
Manager

Christoffer Dencker Bak
Manager

Board of Directors

Jesper Buch

Kasper Ulrich

Christian Aachmann

Christoffer Dencker Bak

Michael Moustén 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 2023 and of the results of the Company's operations for the financial year 1 October 2022 - 30 September 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SNT ApS for the financial year 1 October 2022 - 30 September 2023, 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, 26 March 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Møllergaard Stenskrøg
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 Financial period: 1 October 2022 - 30 September 2023 Incorporated: 5 May 2015 Financial year: 8th financial year 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</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A DK-9000 Aalborg</p>

Financial Highlights

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

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	73,313	77,688	78,761	45,256	34,625
Profit/loss of ordinary primary operations	21,224	31,955	48,958	30,920	29,287
Profit/loss of financial income and expenses	2,230	-414	-248	-254	-137
Net profit/loss	18,352	24,366	37,722	23,943	22,739
Balance sheet					
Balance sheet total	190,502	149,426	135,340	80,855	43,129
Investment in property, plant and equipment	7,359	3,809	6,991	6,141	1,724
Equity	130,126	111,774	87,408	49,686	29,243
Number of employees	99	93	60	30	12
Ratios					
Return on assets	11.1%	21.2%	36.0%	38.2%	68.0%
Solvency ratio	68.3%	74.8%	64.6%	61.5%	67.8%
Return on equity	15.2%	24.5%	55.0%	60.7%	118.9%

Management's review

Key activities

In the dynamic landscape of the fashion industry, The Company stands out with its Direct-to-Consumer (D2C) model. We design, produce, and sell innovative fashion products, delivering exceptional value by crafting superior products with high-quality fabrics and skilled craftsmanship, all while maintaining accessibility in our pricing.

With a clear strategy, we take ownership of the customer journey, ensuring each interaction reflects our dedication to creating remarkable online and offline experiences.

Our dedication extends to building enduring relationships with our customers. Loyal customers are not just a metric; they are the cornerstone of our success, as they provide invaluable feedback on the products, enabling us to constantly improve in close cooperation with them.

The financial year 2022/23 is the ninth year for SNT ApS.

Development in the year

Despite navigating challenging market conditions, the Company has demonstrated resilience and achieving respectable revenue growth.

While we continue to invest significantly in internationalization, new products, the use of recycled materials, and new segments within our new women's collections, as well as fortifying the groundwork for our future expansion, we acknowledge the need for strategic adjustments. In contrast to previous years, the growth trajectory is more moderate and on track given the current market dynamics.

One noteworthy development was the opening of our new flagship store in Denmark, marking the sole store opening within our home country for the year – a store that has since developed to become the new flagship store for our physical retail setup and a huge success.

Simultaneously, our Portuguese branch, SNT APS, Sucursal em Portugal, expanded its operations, fostering closer partnerships, and knowledge-sharing with suppliers while optimizing the supply chain.

Throughout the fiscal year, the Company intensified its focus on sustainability by significantly investing in circular materials within our product development. Despite rising production costs, we continued expanding our Essential collection and introduce multiple new products made from recycled materials. This strategic effort remains a priority for the Company, as we are focused on innovating fashion with products made from circular materials.

These deliberate investments have influenced our financial performance in a year where our dedication to delivering high-quality fabrics and innovating long-lasting products at accessible prices has resulted in increased material and production costs. Despite these challenges, we have chosen to absorb most of these costs, aligning with our DNA of delivering value for money to our customers. This strategic decision has decreased our overall result.

For the financial year 2022/23 (October 1st, 2022, to September 30th, 2023), the Company achieved a profit of TDKK 18,352 after tax, representing a decline of 25% compared to the previous financial year and lower than estimated growth of 20%-40% of result before tax going into the year. However, considering the prevailing market conditions and the continued extensive investments made during the year, the result is deemed acceptable. As of September 30th, 2023, the Company's equity stands at TDKK 130,126, underscoring the solidity of our financial position.

The results, reflecting our strategic choices, remain in line with the overarching growth strategy of the Company. As we navigate the evolving landscape, our commitment to quality, innovation, and exceptional customer experiences positions us strategically for the future.

There has been no uncertainty regarding recognition and measurement in the Annual Report and the financial position at 30 September 2023 of the Company and the results of the activities and cash flows of the Group for the financial year for 2022/23 have not been affected by any unusual events.

Management's review

Physical Stores

Our recent expansion includes a flagship store on Købmagergade, Copenhagen, and a women's pop-up store from March to June 2023. With a total of ten physical stores in key cities across Denmark and Germany and plans for more, we have laid a strong foundation for future retail spaces, emphasizing our dedication to an immersive offline shopping experience.

Our strong efforts in creating remarkable omni-channel experiences, delivering high-quality fabrics, and innovating long-lasting products have resonated well in Denmark as well as with the German consumers, contributing to sustained revenue growth. The physical stores contributed significantly to the Company's growth, constituting 43 percent of total revenue by the end of the fiscal year.

Online business

In 2022/23, the Company strategically invested in the Scandinavian and German markets, witnessing growth towards the fiscal year-end. This momentum is expected to continue in 2023/24, albeit at a moderated pace due to European market uncertainties.

Building on success in Scandinavia and Germany, we emphasize localized strategies and a seamless online experience.

Our strategic online investments position us for sustained growth. Learning from past successes and adapting to market trends, we are well-prepared to navigate challenges and capitalize on opportunities in current and new European markets.

Targets and expectations for the year ahead

Objectives and Outlook for the Financial Year 2023/2024:

In the upcoming financial year, we expect to confront continued market uncertainties influencing consumer confidence and, perhaps, even further economic recession. The prevailing macro-financial conditions call for a focused and sustainable growth strategy and for a lean and efficient approach to navigate the challenges ahead.

Strategic Focus

The core objective for the fiscal year 2023/24 is to pursue continuous, sustainable growth while acknowledging the global economic uncertainty. This strategy will be driven by a strong commitment to agility, preserving our entrepreneurial spirit, and fostering a culture of discipline. These principles will guide our actions as we take deliberate and persistent steps towards realizing our vision.

Market Expansion Strategies

To embody these principles, the focus will be on targeted investments in our current core markets, particularly in the Scandinavian and German markets. The successful direct-to-consumer model in Denmark will be adapted and strengthened in Germany, providing a robust foundation for market expansion, such as in Scandinavia with physical stores. Embracing an effective omnichannel approach will allow us to enter new markets and cities, fostering synergies between online sales and local physical presence.

**Expectations: **

In the financial year 23/24, the Company expects continued revenue growth, driven by enhanced efficiency in core activities and strategic investments in our physical, digital and omnichannel strategies.

The expected revenue growth, coupled with ongoing investments and market uncertainties, is projected to give a result before tax of 3 to 4 MDKK. for the financial year 2023/24. This reflects our focus on long-term growth and investment, ensuring we are well-prepared to scale and succeed in the evolving market landscape.

Conclusion:

Despite market uncertainties, our focused and cautious approach aims for sustained growth in alignment with the dynamic macroeconomic landscape. By capitalizing on our already successful D2C model and embracing digital strategies, we will navigate the challenges ahead while strengthening our market presence. The fiscal year 2023/24 is positioned as a period of strategic concentration, aiming not only to weather market uncertainties but also to emerge even stronger and more resilient.

Management's review

Elevating Quality, Longevity, and Environmental Impact in Every Stitch

We are aware of our position within the fashion and consumables industries and commit to addressing our environmental footprint. Therefore in the years ahead, the Company is poised to elevate its commitment to circularity and zero waste initiatives, building upon the groundwork laid in 2018/19. Recycling is an important element within the Company's comprehensive strategy towards achieving zero waste. The overarching objective is to seamlessly integrate recycling practices across all facets of the business wherever feasible, with a particular focus on making products that endure and utilizing high-quality materials throughout the entire product pipeline.

A tangible manifestation of this commitment is evident by expanding the Essential collection. This collection symbolizes a paradigm shift, utilizing exclusively high-tech fibers. In the financial year, the Essential collection witnessed expansion with the introduction of new products, underscoring the Company's sustained investment in the research and development fashion made from circular materials. Notably, the ongoing evolution of clothing, such as the Essential collection, has facilitated the recycling of over 10 million wasted plastic bottles.

The Company remains steadfast in its commitment to circularity by upcycling, repurposing and downcycling excess materials, scraps, waste, and worn-down products. Collaborating closely with partners, this initiative aims to pioneer the creation of new accessories and products crafted from our waste, thereby extending the lifetime of the material resource. An illustrative case in point is our venture into the development of furniture, interior furnishings, and other amenities for Shaping New Tomorrow's physical outlets and offices.

In tandem with these efforts, it is crucial to recognize that sustainability extends beyond mere recycling. While recycling is integral, sustainability in products requires a holistic approach, also focusing on physical durability, emotional resonance, and fit-for-purpose design. The amalgamation of these principles ensures that products not only endure but also become cherished, maintained, and reused over time. To us, waste is a resource for something else, to give a second life.

Intellectual Capital: Our Strategic Asset

In our pursuit of innovation and excellence, our intellectual capital is paramount. This encompasses the exceptional talents of our people, IT systems, and the strategic use of data. Our team's expertise fuels our creativity and operational efficiencies, while our IT infrastructure ensures seamless integration and robust security. Data, as the cornerstone of our decision-making, drives our insights and strategies, enabling us to stay ahead in a competitive landscape. Together, these elements form the backbone of our success, fostering a culture of continuous improvement and value creation

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 30 September 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022/23 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 October 2022 - 30 September 2023

	Note	2022/23 TDKK	2021/22 TDKK
Gross profit		73,313	77,688
Staff expenses	1	-47,557	-41,601
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-4,532	-4,132
Other operating expenses		0	-275
Profit/loss before financial income and expenses		21,224	31,680
Financial income	3	2,981	325
Financial expenses		-751	-739
Profit/loss before tax		23,454	31,266
Tax on profit/loss for the year	4	-5,102	-6,900
Net profit/loss for the year	5	18,352	24,366

Balance sheet 30 September 2023

Assets

	Note	2022/23 TDKK	2021/22 TDKK
Completed development projects		1,951	1,508
Intangible assets	6	<u>1,951</u>	<u>1,508</u>
Other fixtures and fittings, tools and equipment		1,657	1,742
Leasehold improvements		11,468	8,163
Property, plant and equipment	7	<u>13,125</u>	<u>9,905</u>
Deposits	8	2,322	2,380
Fixed asset investments		<u>2,322</u>	<u>2,380</u>
Fixed assets		<u>17,398</u>	<u>13,793</u>
Raw materials and consumables		10,240	12,500
Finished goods and goods for resale		56,881	64,065
Prepayments for goods		203	0
Inventories		<u>67,324</u>	<u>76,565</u>
Trade receivables		7,033	5,693
Receivables from group enterprises		37,356	37,974
Other receivables		514	346
Prepayments	9	3,371	1,434
Receivables		<u>48,274</u>	<u>45,447</u>
Cash at bank and in hand		<u>57,506</u>	<u>13,621</u>
Current assets		<u>173,104</u>	<u>135,633</u>
Assets		<u>190,502</u>	<u>149,426</u>

Balance sheet 30 September 2023

Liabilities and equity

	Note	2022/23 TDKK	2021/22 TDKK
Share capital		63	63
Reserve for development costs		1,521	1,177
Retained earnings		128,542	110,534
Equity		130,126	111,774
Provision for deferred tax	10	542	268
Other provisions	11	2,821	3,345
Provisions		3,363	3,613
Prepayments received from customers		7,582	4,862
Trade payables		25,756	12,159
Payables to group enterprises relating to corporation tax		4,847	6,408
Other payables		18,828	10,610
Short-term debt		57,013	34,039
Debt		57,013	34,039
Liabilities and equity		190,502	149,426
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Subsequent events	14		
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	63	1,177	110,534	111,774
Development costs for the year	0	344	-344	0
Net profit/loss for the year	0	0	18,352	18,352
Equity at 30 September	63	1,521	128,542	130,126

Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK
1. Staff Expenses		
Wages and salaries	42,554	37,850
Pensions	3,859	2,742
Other social security expenses	1,144	1,009
	<u>47,557</u>	<u>41,601</u>
 Including remuneration to the Executive Board:		
Executive board	2,746	3,274
	<u>2,746</u>	<u>3,274</u>
 Average number of employees	<u>99</u>	<u>93</u>

	2022/23	2021/22
	TDKK	TDKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	877	773
Depreciation of property, plant and equipment	3,655	3,359
	<u>4,532</u>	<u>4,132</u>
 Which is specified as follows:		
Acquired patents	877	773
Andre anlæg, driftsmateriel og inventar	1,112	893
Other depreciation and amortisation 2	3,028	2,466
Other depreciation and amortisation 3	-485	0
	<u>4,532</u>	<u>4,132</u>

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
3. Financial income		
Interest received from group enterprises	2,600	322
Other financial income	274	0
Exchange gains	107	3
	<u>2,981</u>	<u>325</u>

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
4. Income tax expense		
Current tax for the year	4,847	6,408
Deferred tax for the year	274	492
Adjustment of tax concerning previous years	-19	0
	<u>5,102</u>	<u>6,900</u>

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
5. Profit allocation		
Retained earnings	<u>18,352</u>	<u>24,366</u>
	<u>18,352</u>	<u>24,366</u>

Notes to the Financial Statements

6. Intangible fixed assets

	Completed development projects
	TDKK
Cost at 1 October	2,598
Additions for the year	1,318
Disposals for the year	-287
Cost at 30 September	<u>3,629</u>
Impairment losses and amortisation at 1 October	1,088
Amortisation for the year	877
Reversal of amortisation of disposals for the year	-287
Impairment losses and amortisation at 30 September	<u>1,678</u>
Carrying amount at 30 September	<u>1,951</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 solutions, 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	3,787	14,582
Additions for the year	1,026	6,333
Disposals for the year	-424	0
Cost at 30 September	<u>4,389</u>	<u>20,915</u>
Impairment losses and depreciation at 1 October	2,044	6,419
Depreciation for the year	1,112	3,028
Reversal of impairment and depreciation of sold assets	-424	0
Impairment losses and depreciation at 30 September	<u>2,732</u>	<u>9,447</u>
Carrying amount at 30 September	<u>1,657</u>	<u>11,468</u>
Amortised over	<u>2-5 years</u>	<u>5-10 years</u>

8. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 October	2,379
Additions for the year	173
Disposals for the year	-230
Cost at 30 September	<u>2,322</u>
Carrying amount at 30 September	<u>2,322</u>

9. Prepayments

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

Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK
10. Provision for deferred tax		
Deferred tax liabilities at 1 October	268	-224
Amounts recognised in the income statement for the year	274	492
Deferred tax liabilities at 30 September	542	268

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.

	2022/23	2021/22
	TDKK	TDKK
Other provisions	2,821	3,345
	2,821	3,345

	2022/23	2021/22
	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	264	515
Between 1 and 5 years	140	354
	404	869

Lease obligations, period of non-terminability between 3 and 67 months (2021/22 6 and 72 months)	22,635	27,546
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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

14. Subsequent events

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

Notes to the Financial Statements

15. Accounting policies

The Annual Report of SNT ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year. Some reclassifications have been made in the comparative figures. Reclassifications do not affect profit and equity.

The Financial Statements for 2022/23 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. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

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.

Income statement

Revenue

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	$\text{Net profit for the year} \times 100 / \text{Average equity}$