SNT ApS

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

Annual Report for
1 October 2020 - 30 September 2021

CVR No. 36 73 22 61

The Annual Report was presented and adopted at the Annual General Meeting of the company on 24/2 2022

Kasper Ulrich
Chairman of the general meeting

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Contents

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 2020 - 30 September 2021.

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 2021 of the Company and of the results of the Company operations for 2020/21.

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, 24 February 2022

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 2021 and of the results of the Company´s operations for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SNT ApS for the financial year 1 October 2020 - 30 September 2021, 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.

Other Matter

The company has been subject to an ISA audit obligation with effect for the current financial year. The comparative figures in the accounts have therefore only been subject to extended review.

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, 24 February 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Mellergaard Stenskrog
State Authorised Public Accountant
mne34161

Company information

The Company	SNT ApS Østre Havnegade 12, 1. th. DK-9000 Aalborg Website: https://shapingnewtomorrow.dk CVR No: 36 73 22 61 Financial period: 1 October 2020 - 30 September 2021 Incorporated: 5 May 2015 Financial year: 6th financial year Municipality of reg. office: Aalborg
Board of Directors	Jesper Buch Kasper Ulrich Christian Aachmann Christoffer Dencker Bak Michael Mousten Bak Birgit Aaby-Bruun Henrik Bak
Executive board	Kasper Ulrich Christoffer Dencker Bak Henrik Bak
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg

Financial Highlights

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

	2020/21	2019/20	2018/19	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	78,761	45,256	34,625	11,973	557
Profit/loss of ordinary primary operations	48,910	30,920	29,287	10,701	-101
Profit/loss of financial income and expenses	-248	-254	-137	2	-1
Net profit/loss	37,722	23,943	22,739	8,347	185
Balance sheet					
Balance sheet total	135,340	80,855	43,129	14,156	1,068
Investment in property, plant and equipment	6,991	6,141	1,724	185	27
Equity	87,408	49,686	29,243	9,004	192
Number of employees	60	30	12	3	1
Ratios					
Return on assets	36.0%	38.2%	68.0%	75.6%	22.4%
Solvency ratio	64.6%	61.5%	67.8%	63.6%	18.0%
Return on equity	55.0%	60.7%	118.9%	181.5%	186.9%

Management's review

Key activities

The company designs, develops, and sells innovative products within the menswear industry directly to consumers (DTC) through an effective collaboration between own physical shops and a well-established online sales channel.

The financial year 2020/21 is the seventh year for SNT ApS.

Development in the year

In the financial year 2020/21 (1 October 2020 to 30 September 2021), the Company realised a profit of TDKK 37,722 after tax. This corresponds to 57 percent growth compared to the previous year and this is likewise better than expected.

The results mean that the Company's equity amounted to TDKK 87,408 as of 30 September 2021. The financial year 2020/21 is characterised by continuous satisfying growth.

As expected, SNT ApS achieved strong growth in revenue, and in number of employees compared with last year. The number of employees increased from 60 to around 100 at the end of the financial year.

In this period, the Company made further investments in physical shops and product development, including investments in more sustainable collections and recycling initiatives. Additional considerable investments were made in internationalisation, for example sales and marketing activities in connection with the opening of the first German shop.

Moreover, a new department was established in Portugal, where a team of internal experts is establishing close partnerships and sharing knowledge with suppliers while optimising the supply chain as the Company grows.

The results are considered satisfactory and in line with the expectations of the Company's growth strategy.

Online business:

In 2020/21, the Company achieved considerable growth in the online revenue in Germany alone compared to the previous year. The Company also entered the Norwegian market with an online shop, which from day one has shown a promising development, which is expected to continue in 2021/22.

By the end of September 2021, 80 percent of the revenue was generated in Denmark, while 20 percent came from the international markets.

Shops:

The total number of shops has almost doubled. In Denmark, two shops were opened in Esbjerg and Odense.

Despite a financial year characterised by close-down of shops in December, January, February, and March, the physical shops have contributed to the Company's growth by increased sales of 73 percent from physical shops. At the end of September 2021, the physical shops were responsible for 38 percent of total revenue.

Covid-19:

Like in most other parts of society, Covid-19 also had an impact on the Company in the financial year 2020/21 as the year was characterised by a close-down of shops.

The Company has nevertheless performed well through a tough and insecure period due to a close collaboration with suppliers and the great efforts of the employees. Despite Covid-19, the Company choose to uphold planned investments in physical shops and in the Company. Therefore, the Company was in a favourable position at the reopening, which contributed to the positive development in this financial year.

Despite a decrease in the months when shops were closed, both online and shop sales showed satisfying growth in the year. Even though the Company had to send home around 50 employees during the 11-week lockdown, the option of seeking compensation from the State was not chosen.

In the financial year 2021/22, Covid-19 may remain an unknown factor, and a possible new lockdown will, naturally, impact the shops. However, with an agile organisation and a strong online business in place, the Company is well prepared to withstand and handle yet another potential lockdown.

Targets and expectations for the year ahead

Objectives and outlook for 2021/22:

In the next financial year, the Company expects to see considerable revenue growth as a result of, for example, significant investments in the digital business model, marketing, and a growing number of shops at the sister company in foreign markets – particularly in Germany and Scandinavia.

The year will also be characterised by further investments in the organisation, the online business and product development. Through these initiatives, the Company expects a substantial increase in staff compared to the current 100 full-time and part-time employees.

The direct-to-consumer model employed by the Company in Denmark has also proven to work well in Germany. In combination with an effective omni-channel model, it offers a solid foundation for establishment in new cities as well as for greater synergies between online sales and local physical shops.

Heavy investments in new markets and further digitalization of the business will intentionally slightly reduce the result between 10% to 30% for the financial year 2021/22 compared to 2020/21, while Management anticipates significant revenue growth and continued positive earnings.

Employees are the key to growth:

Employees are an important factor in growth. Therefore, the ability to continuously develop and retain employees while also attracting new candidates is crucial to realising the Company's strategy.

Continued growth requires the ability to identify, release and maximise the current organisational potential. At the same time, a structured increase of staff is initiated to strengthen the level of knowledge within the Company.

To ensure the execution of operational and tactical initiatives directly supporting and creating value in the core business of the organisation, HR will become even more closely connected to the business going forward. HR will therefore be integrated into top management.

Stronger digital setup:

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

In 2020/21, the Company initiated a range of investment and development projects to strengthen the digital foundation, for example in the form of new business models and digital systems. The ambition is to always have access to "best-of-breed" solutions.

Technological foundation:

Investing in new technology is a means to ensuring that the Company becomes able to 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 develops its own high-tech materials which give the clothes their innovative features.

Focus on recycling, environment and climate:

In the coming years, the Company intends to expand its ambitions within recycling and zero waste; projects that were initiated in 2018-19. Recycling is one of the core projects of the Company's approach to zero waste, and the ambition is to incorporate recycling into all parts of the business, where possible.

The development of the Essential collection is one example. Only high-tech fibres are used for the fabric, which is partly made from recycled plastic bottles. In this way, a basic material of great abundance in the world is recycled and used in new, innovative garments. In this financial year, the Essential collection was expanded by new products, and the Company thereby continues to invest in being able to offer consumers a vast selection of more sustainable garments.

Downcycling and reusing excess materials, scraps, waste, and worn-down products as much as possible are also focal points in production. Such work is performed in collaboration with partners for the purpose of developing new accessories and products made from recycled materials, for example also in terms of furniture and equipment in own shops.

Simultaneously, efforts are being made to reduce waste throughout the value chain. The Company'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.

Subsequent events

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

Income statement 1 October 2020 - 30 September 2021

	Note	2020/21	2019/20
		TDKK	TDKK
Gross profit		**78,761**	**45,256**
Staff expenses	1	-25,338	-13,478
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-4,465	-858
Other operating expenses		-265	0
Profit/loss before financial income and expenses		**48,693**	**30,920**
Financial income	3	151	38
Financial expenses		-399	-292
Profit/loss before tax		**48,445**	**30,666**
Tax on profit/loss for the year	4	-10,723	-6,723
Net profit/loss for the year	5	**37,722**	**23,943**

Balance sheet 30 September 2021

Assets

	Note	2020/21	2019/20
		TDKK	TDKK
Completed development projects		1,791	560
Intangible assets	6	**1,791**	**560**
Other fixtures and fittings, tools and equipment		1,090	892
Leasehold improvements		8,366	6,237
Property, plant and equipment	7	**9,456**	**7,129**
Deposits	8	2,429	1,298
Fixed asset investments		**2,429**	**1,298**
Fixed assets		**13,676**	**8,987**
Raw materials and consumables		8,226	2,024
Finished goods and goods for resale		29,751	27,354
Inventories		**37,977**	**29,378**
Trade receivables		4,263	22,306
Receivables from group enterprises		10,641	186
Other receivables		284	46
Deferred tax asset	9	224	0
Corporation tax		0	362
Prepayments	10	770	481
Receivables		**16,182**	**23,381**
Cash at bank and in hand		**67,505**	**19,109**
Current assets		**121,664**	**71,868**
Assets		**135,340**	**80,855**

Balance sheet 30 September 2021

Liabilities and equity

	Note	2020/21	2019/20
		TDKK	TDKK
Share capital		63	63
Reserve for development costs		1,398	437
Retained earnings		85,947	49,186
Equity		**87,408**	**49,686**
Provision for deferred tax	9	0	180
Other provisions	11	3,524	2,209
Provisions		**3,524**	**2,389**
Prepayments received from customers		3,054	1,170
Trade payables		20,194	14,651
Payables to group enterprises relating to corporation tax		11,127	6,432
Other payables		10,033	6,527
Short-term debt		**44,408**	**28,780**
Debt		**44,408**	**28,780**
Liabilities and equity		**135,340**	**80,855**

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	437	49,186	49,686
Development costs for the year	0	961	-961	0
Net profit/loss for the year	0	0	37,722	37,722
Equity at 30 September	**63**	**1,398**	**85,947**	**87,408**

Notes to the Financial Statements

	2020/21	2019/20
	TDKK	TDKK

1. Staff Expenses

Wages and salaries	23,495	12,779
Pensions	1,257	525
Other social security expenses	586	174
	25,338	**13,478**
Including remuneration to the Executive Board:		
Executive board	1,951	1,481
	1,951	**1,481**
Average number of employees	**60**	**30**

	2020/21	2019/20
	TDKK	TDKK

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

Amortisation of intangible assets	236	71
Depreciation of property, plant and equipment	2,566	787
Impairment of tangible assets	1,663	0
	4,465	**858**

	2020/21	2019/20
	TDKK	TDKK

3. Financial income

Interest received from group enterprises	62	0
Other financial income	23	19
Exchange gains	66	19
	151	**38**

Notes to the Financial Statements

4. Income tax expense

	2020/21	2019/20
	TDKK	TDKK
Current tax for the year	11,127	6,432
Deferred tax for the year	-404	322
Adjustment of tax concerning previous years	0	-31
	10,723	**6,723**

5. Profit allocation

	2020/21	2019/20
	TDKK	TDKK
Extraordinary dividend paid	0	3,500
Retained earnings	37,722	20,443
	37,722	**23,943**

Notes to the Financial Statements

6. Intangible fixed assets

	Completed development projects
	TDKK
Cost at 1 October	639
Additions for the year	1,468
Cost at 30 September	2,107
Impairment losses and amortisation at 1 October	80
Amortisation for the year	236
Impairment losses and amortisation at 30 September	316
Carrying amount at 30 September	**1,791**
Amortised over	3-5 years

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	1,416	6,763
Additions for the year	866	6,125
Disposals for the year	-42	-570
Cost at 30 September	2,240	12,318
Impairment losses and depreciation at 1 October	521	526
Impairment losses for the year	0	1,663
Depreciation for the year	669	1,897
Reversal of impairment and depreciation of sold assets	-40	-134
Impairment losses and depreciation at 30 September	1,150	3,952
Carrying amount at 30 September	**1,090**	**8,366**
Amortised over	2-3 years	5-10 years

8. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 October	1,298
Additions for the year	1,131
Cost at 30 September	2,429
Carrying amount at 30 September	**2,429**

Notes to the Financial Statements

	2020/21	2019/20
	TDKK	TDKK

9. Deferred tax asset

	2020/21	2019/20
Deferred tax asset at 1 October	-180	142
Amounts recognised in the income statement for the year	404	-322
Deferred tax asset at 30 September	**224**	**-180**

The deferred tax asset relates to development projects, machinery and equipment, leasehold improvements, inventories and trade receivables. The deferred tax asset is expected to be utilized in the foreseeable future based on the budgeted future earnings.

10. Prepayments

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

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.

	2020/21	2019/20
	TDKK	TDKK
Other provisions	3,524	2,209
	3,524	**2,209**

	2020/21	2019/20
	TDKK	TDKK

12. Contingent assets, liabilities and other financial obligations

	2020/21	2019/20
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	141	0
Between 1 and 5 years	59	0
	200	**0**
Lease obligations, period of non-terminability between 5 and 68 months (2019/20 15 and 35 months)	12,981	8,509

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.

13. Related parties and disclosure of consolidated financial statements

	Basis
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.

All transactions to associates has been effected at arm's length.

Consolidated Financial Statements

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

Name	Place of registered office
Shaping New Tomorrow Holding ApS	Aalborg, Denmark

The Group Annual Report of Shaping New Tomorrow Holding ApS may be obtained at the following address: Østerågade 17, 2. th., 9000 Aalborg, Denmark

Notes to the Financial Statements

14. Accounting policies

The Annual Report of SNT ApS for 2020/21 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 2020/21 are presented in TDKK.

As of the financial year 2020/21 the company has been transferred to the provisions of the Danish Financial Statements Act for medium-sized companies in accounting class C, with the requirements this entails. In addition, the accounting policies applied are unchanged compared to last year.

The comparative figures for the 2019/20 financial year have been adjusted. The adjustments has not affected results or equity.

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 , 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.

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 and 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.

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.

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	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity