Hobbii A/S

Dortheavej 12A, st. tv., København NV

CVR no. 36 90 95 87

Annual report
for the period 1 July 2021 - 31 December 2022

Approved at the Company's annual general meeting on 19 June 2023

Chair of the meeting:

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Hobbii A/S for the financial year 1 July 2021 - 31 December 2022.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2022 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 July 2021 - 31 December 2022.

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

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 19 June 2023
Executive Board:

Jeppe Kallesøe Odefey	Martin Egeland Diernisse	Morten Spliid

Board of Directors:

Johannes Emil Kjærsgaard Gadsbøll Chair	Jens Reimer Olesen	Morten Pedersen
Nils Kristof Tipsmark Bouchet	Daniel Erik Philip Ahlstrand	

Independent auditor's report

To the shareholders of Hobbii A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Hobbii A/S for the financial year 1 July 2021 - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 July 2021 - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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:

Independent auditor's report

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 19 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kennet Hartmann
State Authorised Public Accountant
mne40036

Simon Blendstrup
State Authorised Public Accountant
mne44060

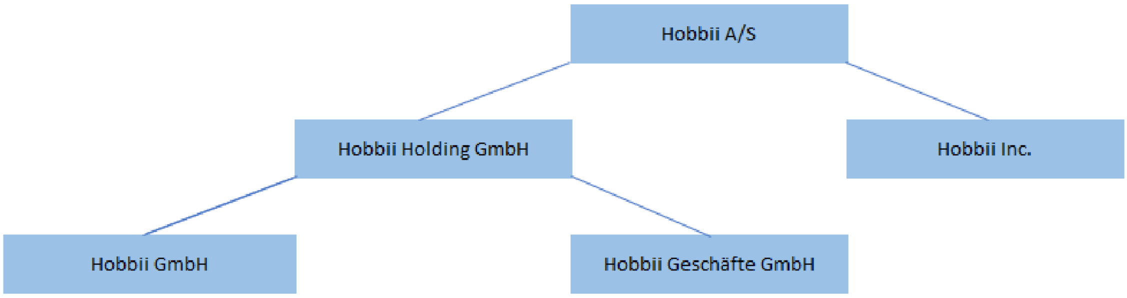
Management's review

Company details

Name	Hobbii A/S
Address, Postal code, City	Dortheavej 12A, st. tv., København NV
CVR no.	36 90 95 87
Established	28 May 2015
Registered office	København NV
Financial year	1 July 2021 - 31 December 2022
Website	www.hobbii.dk
E-mail	finance@hobbii.dk
Telephone	+45 78 77 21 77
Board of Directors	Johannes Emil Kjærsgaard Gadsbøll, Chair Jens Reimer Olesen Morten Pedersen Nils Kristof Tipsmark Bouchet Daniel Erik Philip Ahlstrand
Executive Board	Jeppe Kallesøe Odefey Martin Egeland Diernisse Morten Spliid
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2021/22 18 months	2020/21 12 months	2019/20 12 mdr.(months)	2018/19 12 mdr.(months)	2017/18 12 mdr.(months)
Key figures					
Revenue	835,905	458,958	0	0	0
Gross profit	176,962	122,042	72,557	32,571	14,777
Net financials	-11,904	-6,428	-3,375	-1,393	-484
Profit for the year	**4,454**	**14,628**	**13,114**	**2,941**	**-1,613**
Total assets	273,278	154,565	77,599	36,980	23,909
Investments in property, plant and equipment	8,181	8,102	2,517	2,517	1,508
Equity	**44,783**	**34,970**	**23,034**	**6,998**	**4,057**
Cash flows from operating activities	58,407	18,055	11,717	6,306	0
Net cash flows from investing activities	-20,697	-20,632	-11,453	-4,908	0
Total cash flows	**37,710**	**-2,577**	**264**	**1,398**	**0**
Financial ratios					
Gross margin	21.2%	26.6%	0.0%	0.0%	0.0%
EBITDA-margin	4.1%	6.9%	0.0%	0.0%	0.0%
Return on assets	7.8%	12.8%	0.0%	0.0%	0.0%
Equity ratio	16.4%	22.6%	29.7%	18.9%	17.0%
Return on equity	11.2%	50.4%	87.3%	53.2%	-39.8%
Adjusted equity ratio	22.5%	28.4%	31.4%	20.4%	11.0%
Average number of full-time employees	**281**	**236**	**121**	**67**	**41**

The financial ratios stated under "Financial highlights" have been calculated as follows:

Gross margin $$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$$

EBITDA-margin $$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA) x 100}}{\text{Revenue}}$$

Return on assets $$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$$

Equity ratio $$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$$

Key figures for revenue and related financial ratios for the financial years 2017/18 - 2019/20 has not previously been disclosed in the annual report. These key figures and related financial ratios appears with a 0 in the key figures and a 0,0%in the financial ratios.

We have included “Adjusted equity ratio” where all cash positions across bank accounts (Cash) are netted out against all drawdowns across bank accounts (Bank debt). We believe this gives a more accurate presentation of our balance sheet.

Management's review

Business review

Hobbii serves the global knitting and crocheting community by inspiring creativity and selling yarn and related accessories through ecommerce and eight physical stores in Denmark and Germany.

We currently buy the majority of our products through Danish wholesalers, transport them to our warehouse outside Copenhagen and sell them to yarn enthusiasts all over the world.

Financial review

Despite challenging global macroeconomic conditions, Hobbii achieved positive year-on-year growth in virtually all months of the 18-month fiscal year, with net revenue reaching DKK 835.9 million. The first six months saw a significant uplift in online sales during Covid lockdowns, while our physical retail stores experienced positive developments as shopping gradually returned to the physical space.

The last 12 months were marked by the drop in consumer confidence due to inflation, high energy prices, and interest rate hikes, which generally slowed down growth rates across all markets. Nevertheless, Hobbii achieved an EBITDA of DKK 34.2 million and a net profit of DKK 4.5 million, which we view as satisfactory.

A new shareholder and a new fiscal year

Hobbii hit another major milestone in FY21/22 with the arrival of Verdane, a specialist growth investment firm that partners with tech-enabled and sustainable European businesses to help them reach the next stage of international growth. This strategic partnership not only adds considerable strength to our investor base, but also provides us with invaluable access to specialised knowledge and resources.

As part of the acquisition, we have extended our FY21/22 by six months and shifted our fiscal year-end from 30 June to 31 December, to align with the fiscal year of our new parent company. So, please note that all financial figures presented in this report cover an 18-month period ending on 31 December, and when comparing with FY20/21, keep in mind that the latter only covered a 12-month period with a balance sheet date of 30 June.

Knowledge resources

As a tech-based company we depend on specialised knowledge and skill to build and maintain our business. Our critical business knowledge is increasingly being formalised and documented, to avoid dependencies on lore and particular individuals. Though these initiatives make our current processes more robust, the continuous development of Hobbii still depends on our ability to retain and attract skilled and driven employees.

Management's review

Financial risks and use of financial instruments

As a company selling directly to end-users, we are inherently exposed to the general spending patterns and disposable income of our target customers. We have somewhat mitigated this risk through geographical diversification.

Being geographically diversified, however, introduces currency risks as our base currency is DKK. As we have a high volume of transactions every day, we assess the cost of currency hedging to outweigh the benefits. Operating in a global environment also involves the challenges of staying updated and compliant with local rules and regulations.

In addition, we are aware of the risks associated with cyber attacks and tech-related disturbances, and we will be implementing a number of initiatives during FY23 to address these. During FY23 it will be essential to successfully implement the automation of our warehouse in addition to managing any potential market related disruptions to our inbound or outbound supply chain.

Research and development activities

The company's development projects in progress relate to a further development of the company's existing sales platforms, including new features. The purpose of the further development is to increase the company's earnings. The company has made market research and it is the management's assessment that the products have future earnings base as the company experiences a high demand from customers on the technological development within e-commerce.

Further, the company's development projects in progress relate to further development of the company's internal systems, including automations and implementation of new platforms for controlling the daily operation of the company. The primary purpose of the projects is to make the company's business procedures more effective and to optimize the employees' resources.

Statutory CSR report

Please see “Key Activities” for a short introduction to our business model.

Climate and Environment

As a consumer goods company, our business model inherently relies on consumption, which has an adverse impact on our planet by contributing to greenhouse gas emissions and depletion of non-renewable resources. However, our products encourage a slower lifestyle, focus on craftsmanship, care, and durability, which means our customers invest time and skill to create long-lasting products. It is our policy to minimise the negative impact our business has on the planet and local environments.

Producing tangible goods can have negative consequences on both the global climate and the local environment, and to address this we partner with reputable suppliers.
During FY21/22 we have also implemented a formal Code of Conduct, which all our major suppliers have signed. The code requires our suppliers to integrate environmental considerations in their operations and make every effort to mitigate or minimise any adverse impacts on the environment.

In the year to come we will aim to increase the number of signatories among our supplier base.

Shipping goods globally has a negative impact on the environment. During FY21/22 we have not taken any actions to reduce our greenhouse gas emissions, but during FY23 we will be looking to formulate tangible initiatives to reduce our carbon footprint.

Staff

At Hobbii, our success is directly tied to the quality of our team. We prioritise a safe, inspiring, and inclusive work environment that fosters collaboration and professional growth. In the event we fail fully or partly in this endeavour, it will have a negative impact on our business. Further, there are inherent safety risks associated with having warehouse operations and retail stores.

We monitor the wellbeing of our office-based employees every month through anonymous surveys, and our employee satisfaction rates are consistently in the upper quartile of comparable companies.

Management's review

During FY21/22 we have implemented a collective agreement to ensure fair working conditions across our warehouse operations and Danish retail stores, and we work closely with the employee representatives to address any issues and facilitate changes when needed. Additionally, we've implemented a whistleblower program with a direct line to a dedicated member of our Board of Directors to ensure accountability and transparency.

We expect to continue our work with ensuring a healthy work life for our employees for the year to come.

Social factors

As members of the communities we serve, we believe in contributing positively to society. We create job opportunities for skilled and unskilled workers and pay taxes in the countries where we do business. We also support initiatives that promote kindness and mental well-being, recognising the positive impact our customers' hobby can have on their mental health and happiness.

Human rights

We believe that upholding human rights is fundamental. We draw our understanding of these rights from the Universal Declaration of Human Rights, its related treaties and declarations, and the broader ethical reasoning behind their development.

We currently source the majority of our products through Danish wholesalers, where we have not experienced violation of human rights to be an issue. If we increase the number of products sourced directly from producers in other parts of the world, there is an increased risk that we inadvertently do business with companies who do not share our beliefs.

During FY21/22 we have implemented a Code of Conduct which clearly dictates the requirements for working with Hobbii, including a commitment to honouring human rights and facilitating a safe and inclusive work environment. After its implementation all our major suppliers have signed the Code of Conduct.

In the year to come, we will aim to increase the number of signatories among our suppliers.

Fighting corruption and bribery

It is our firm policy not to receive or provide any kind of direct or indirect bribes or special remuneration in any form. This includes money, goods or services, if such remuneration may be considered part of recognised local or international corruption or bribery practice.

We have not experienced any issues with bribery or corruption among our current Danish wholesalers, but we are mindful that this can potentially be an issue when sourcing products in other parts of the world.

We communicate this policy to all employees, and during FY21/22 it has also been formalised in our Code of Conduct, which all our main suppliers have signed. We always seek to do business with reputable counterparts, and during the year we have not identified any cases related to corruption or bribery.

In the year to come, we will aim to increase the number of signatories among our suppliers.

Management's review

Account of the gender composition of Management

Our commitment to diversity and inclusion is a priority at Hobbii. We strive for a management team that is diverse and inclusive, with no more than 80% of any layer of management (based on headcount) consisting of individuals with the same gender identity.

Our Board of Directors does not meet this target, as it consists of five individuals who are all male. Following the onboarding of Verdane as our lead shareholder in May 2022, our Board consists of two founders, two representatives from Verdane and one independent Chairman. All Board Members were deeply involved in the transaction process, and were elected to the Board on these merits. No non-male candidates shared the same qualifications at the time. We are committed to having at least one non-male Board Member within three years.

Our Executive Management is our top layer of management (C-level). The team added a female member during FY21/22, and now consists of six individuals, of which five are male (83%). Achieving a gender composition which meets or exceeds our target will be a priority in its future development.

Our extended management team is defined as people who are responsible for leading others, and it consists of 33 individuals (headcount) of which 52% are male. We have not implemented any specific initiatives to affect gender composition as the ratio has been fairly stable.

We strive to offer equal opportunities to all employees, including initiatives such as paid parental leave for the co-parent and flexibility in job roles.

Data ethics

At Hobbii, we take our responsibility for processing customer and user data seriously. We strive to limit the processing of sensitive personal information to what is necessary for operational purposes, customer-specific activities, and personnel administration. We do not have an explicit policy for data ethics. The reason we do not have a separate policy in place for data ethics is that all Hobbii employees and partners are obliged to handle personal data responsibly and in accordance with our GDPR and privacy policies.

Events after the balance sheet date

We have signed a contract for an automation system for our warehouse in Greve, which will be installed in 2023 and is expected to lead to operational benefits from 2024 onwards.

No other events have occurred after the balance sheet which could significantly affect the Group's financial position.

Outlook

Despite the continuing global macroeconomic conditions that shaped FY21/22, we expect a modest topline growth in 2023, but given the significant global uncertainties it is difficult to predict the exact outcome of the year. We aim to increase profitability as raw material prices and transportation costs normalise, but this effect may be offset by inflationary cost pressures. Investments in operational and commercial improvements during the year will impact profitability negatively. For FY23, we anticipate net revenue for the Group and for Hobbii A/S to reach DKK 500 million to 700 million and EBITDA to be between DKK 20 million and 50 million.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Income statement

		Group		Parent company	
Note	DKK'000	2021/22 18 months	2020/21 12 months	2021/22 18 months	2020/21 12 months
4	**Revenue**	835,905	458,958	831,128	458,669
	Cost of sales	-455,730	-253,725	-457,773	-252,729
	Other operating income	35	10,363	0	10,363
5	Other external expenses	-203,248	-93,554	-205,251	-93,554
	Gross profit	176,962	122,042	168,104	122,749
6	Staff costs	-142,741	-90,188	-137,807	-88,616
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-17,571	-6,588	-16,426	-6,548
	Profit before net financials	16,650	25,266	13,871	27,585
	Income/loss from investments in group enterprises	0	0	2,473	-2,327
7	Financial income	2,202	71	2,271	71
	Financial expenses	-14,106	-6,499	-14,061	-6,491
	Profit before tax	4,746	18,838	4,554	18,838
8	Tax for the year	-292	-4,210	-100	-4,210
	Profit for the year	4,454	14,628	4,454	14,628

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Balance sheet

		Group		Parent company	
Note	DKK'000	2021/22	2020/21	2021/22	2020/21
	ASSETS				
	Fixed assets				
9	**Intangible assets**				
	Completed development projects	8,022	9,411	8,022	9,411
	Acquired other similar rights	50	84	50	84
	Development projects in progress	15,861	4,499	15,861	4,499
		23,933	13,994	23,933	13,994
10	**Property, plant and equipment**				
	Fixtures and fittings, other plant and equipment	5,610	10,309	5,489	10,309
	Leasehold improvements	8,626	5,361	6,193	4,575
		14,236	15,670	11,682	14,884
11	**Investments**				
	Investments in group enterprises	0	0	403	0
	Deposits	6,150	6,286	6,082	6,218
		6,150	6,286	6,485	6,218
	Total fixed assets	44,319	35,950	42,100	35,096
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	95,137	74,513	93,037	73,850
	Prepayments for goods	975	2,265	975	2,265
		96,112	76,778	94,012	76,115
	Receivables				
	Trade receivables	3,956	2,622	3,950	2,622
	Receivables from group enterprises	0	0	8,257	3,548
	Corporation tax receivable	1,386	1,109	1,386	1,109
	Other receivables	10,583	5,035	10,407	5,009
12	Prepayments	6,186	1,514	5,661	1,514
		22,111	10,280	29,661	13,802
	Cash	110,736	31,557	106,943	31,088
	Total non-fixed assets	228,959	118,615	230,616	121,005
	TOTAL ASSETS	273,278	154,565	272,716	156,101

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Balance sheet

		Group		Parent company	
Note	**DKK'000**	**2021/22**	**2020/21**	**2021/22**	**2020/21**
	EQUITY AND LIABILITIES				
	Equity				
13	Share capital	1,025	1,000	1,025	1,000
	Net revaluation reserve according to the equity method	0	0	145	0
	Reserve for development costs	0	0	18,630	10,851
	Retained earnings	43,758	33,970	24,983	23,119
	Total equity	44,783	34,970	44,783	34,970
	Provisions				
15	Deferred tax	3,419	3,319	3,419	3,319
17	Other provisions	20,635	9,380	20,635	9,380
11	Provision, investments in group enterprises	0	0	0	1,681
	Total provisions	24,054	12,699	24,054	14,380
	Liabilities other than provisions				
16	**Non-current liabilities other than provisions**				
	Corporate income tax payable	0	342	0	342
	Other payables	2,535	2,662	2,535	2,662
		2,535	3,004	2,535	3,004
	Current liabilities other than provisions				
	Bank debt	74,157	32,688	74,157	32,688
	Trade payables	99,859	38,345	99,760	38,277
	Corporation tax payable	192	2,348	0	2,348
	Other payables	27,698	30,511	27,427	30,434
		201,906	103,892	201,344	103,747
	Total liabilities other than provisions	204,441	106,896	203,879	106,751
	TOTAL EQUITY AND LIABILITIES	273,278	154,565	272,716	156,101

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2 Events after the balance sheet date
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Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Statement of changes in equity

		Group		
Note	**DKK'000**	**Share capital**	**Retained earnings**	**Total**
	Equity at 1 July 2020	1,000	19,343	20,343
	Transfer through appropriation of profit	0	14,628	14,628
	Transferred from results brought forward	0	0	0
	Exchange rate adjustments	0	-1	-1
	Equity at 1 July 2021	1,000	33,970	34,970
	Capital increase	25	5,335	5,360
	Transfer through appropriation of profit	0	4,454	4,454
	Exchange rate adjustments	0	-1	-1
	Purchase of treasury shares and warrants	0	-25,874	-25,874
	Contribution from group	0	25,874	25,874
	Equity at 31 December 2022	1,025	43,758	44,783

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Statement of changes in equity (continued)

		Parent company				
Note	**DKK'000**	**Share capital**	**Net revaluation reserve according to the equity method**	**Reserve for development costs**	**Retained earnings**	**Total**
	Equity at 1 July 2020	1,000	0	5,538	13,805	20,343
21	Transfer, see "Appropriation of profit"	0	0	0	14,628	14,628
	Transferred from results brought forward	0	0	5,313	-5,313	0
	Exchange rate adjustments	0	0	0	-1	-1
	Equity at 1 July 2021	1,000	0	10,851	23,119	34,970
	Capital increase	25	0	0	5,335	5,360
21	Transfer, see "Appropriation of profit"	0	0	7,779	-3,470	4,309
	Exchange rate adjustments	0	0	0	-1	-1
	Profit/loss in subsidiaries	0	145	0	0	145
	Purchase of treasury shares and warrants	0	0	0	-25,874	-25,874
	Contribution from group	0	0	0	25,874	25,874
	Equity at 31 December 2022	1,025	145	18,630	24,983	44,783

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Cash flow statement

Note	DKK'000	Group 2021/22 18 months	Group 2020/21 12 months
	Profit for the year	4,454	14,628
22	Adjustments	29,773	17,225
	Cash generated from operations (operating activities)	34,227	31,853
23	Changes in working capital	39,079	-5,188
	Cash generated from operations (operating activities)	73,306	26,665
	Interest received, etc.	65	71
	Interest paid, etc.	-4,915	-6,499
	Income taxes paid	-2,918	-2,182
	Other financial expenses	-7,131	0
	Cash flows from operating activities	58,407	18,055
	Additions of intangible assets	-17,945	-8,670
	Additions of tangible assets	-8,181	-11,962
	Disposals of property, plant and equipment	69	0
	Capital increase	5,360	0
	Cash flows to investing activities	-20,697	-20,632
	Net cash flow	37,710	-2,577
	Cash and cash equivalents at 1 July	-1,131	1,446
	Cash and cash equivalents at 31 December	36,579	-1,131

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

1 Accounting policies

The annual report of Hobbii A/S for 2021/22 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In fiscal year 2020/21 the financial statements was prepared as class c medium entity. The change has not had impact on comparative figures of the financial statements.

The company has changed its financial year to balance sheet date 31 December. This has resulted in an extended financial year of 18 months for this financial year. Figures for this financial year is not directly comparable to previous years. The company has not adjusted comparative figures in connection to this change.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company’s power to direct a subsidiary’s financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity’s financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

1 Accounting policies (continued)

The group's activities in joint operations are recognised on a line-by-line basis.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is recognised.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue, distribution costs and payment costs to payment providers.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3 years
Acquired other similar rights	5 years
Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in subsidiaries

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In subsidiaries, the full elimination of internal profit and loss is carried out without regard to ownership shares., only proportional elimination of profit and loss is carried out, taking into account ownership shares.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 3 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding 5 years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

1 **Accounting policies (continued)**

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

1 Accounting policies (continued)

Securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Cash

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Treasury shares

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

2 Events after the balance sheet date

The Group have signed a contract for an automation system for our warehouse in Greve, which will be installed in 2023 and is expected to lead to operational benefits from 2024 onwards.

No other events have occurred after the balance sheet which could significantly affect the Group's financial position.

3 Special items

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

	Group		Parent company	
DKK'000	**2021/22** 18 months	**2020/21** 12 months	**2021/22** 18 months	**2020/21** 12 months
Income				
Financial incentive	0	5,600	0	5,600
Government support, help packages, Covid-19	0	1,312	0	1,312
	0	6,912	0	6,912
Expenses				
Moving costs	0	-2,601	0	-2,601
	0	-2,601	0	-2,601
Special items are recognised in the below items of the financial statements				
Other operating income	0	6,086	0	6,086
Staff costs	0	-1,775	0	-1,775
Net profit on special items	0	4,311	0	4,311

4 Segment information

Breakdown of revenue by business segment:

E-Commerce	779,903	436,346	786,578	436,345
Retail	56,002	22,612	44,550	22,324
	835,905	458,958	831,128	458,669

Breakdown of revenue by geographical segment:

Nordics	225,679	145,432	225,674	145,431
Germany	202,492	107,989	197,733	107,702
Rest of Europe	225,788	105,795	225,781	105,794
United States	132,085	60,901	132,081	60,901
Rest of world	49,861	38,841	49,859	38,841
	835,905	458,958	831,128	458,669

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

DKK'000	Group 2021/22 18 months	Group 2020/21 12 months
5 Fee to the auditors appointed in general meeting		
Total fees to auditor	384	409
Statutory audit	300	238
Assurance engagements	20	67
Tax assistance	18	3
Other assistance	46	101
	384	409

DKK'000	Group 2021/22 18 months	Group 2020/21 12 months	Parent company 2021/22 18 months	Parent company 2020/21 12 months
6 Staff costs and incentive programmes				
Wages/salaries	148,481	92,514	144,974	90,942
Pensions	1,150	1,836	1,150	1,836
Other social security costs	5,054	2,110	3,627	2,110
Staff costs transferred to development projects	-11,944	-6,272	-11,944	-6,272
	142,741	90,188	137,807	88,616
Average number of full-time employees	281	236	265	233

Total remuneration to the Executive Board and Board of Directors: tDKK 4,252 (2020/21: By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the group Management is not disclosed).

The remuneration to the Executive Board and Board of Directors for 2020/21 has been corrected. Board members did not receive remuneration.

Incentive programmes

During 2022, equity-based incentive programs were implemented covering management and the majority of fulltime, salaried employees at the time. The aim is to incentivize and retain employees, as continued participation in the programs is tied to the participant's employment in Hobbii A/S. As of 31 December 2022, a total of 77,707 warrants had been issued under the programs in Hobbii A/S' parent company Rainbow TopCo Aps.

DKK'000	Group 2021/22 18 months	Group 2020/21 12 months	Parent company 2021/22 18 months	Parent company 2020/21 12 months
7 Financial income				
Interest receivable, group entities	0	0	69	0
Other financial income	2,202	71	2,202	71
	2,202	71	2,271	71

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

	DKK'000	Group 2021/22 18 months	Group 2020/21 12 months	Parent company 2021/22 18 months	Parent company 2020/21 12 months
8	**Tax for the year**				
	Estimated tax charge for the year	192	2,690	0	2,690
	Deferred tax adjustments in the year	100	1,520	100	1,520
		292	4,210	100	4,210

9 Intangible assets

Group

DKK'000	Completed development projects	Acquired other similar rights	Development projects in progress	Total
Cost at 1 July 2021	11,820	112	4,499	16,431
Additions	0	0	17,945	17,945
Transferred	6,583	0	-6,583	0
Cost at 31 December 2022	18,403	112	15,861	34,376
Impairment losses and amortisation at 1 July 2021	2,409	28	0	2,437
Amortisation for the year	7,972	34	0	8,006
Impairment losses and amortisation at 31 December 2022	10,381	62	0	10,443
Carrying amount at 31 December 2022	8,022	50	15,861	23,933
Amortised over	3 years	5 years		

Parent company

DKK'000	Completed development projects	Acquired other similar rights	Development projects in progress	Total
Cost at 1 July 2021	11,820	112	4,499	16,431
Additions	6,583	0	17,945	24,528
Disposals	0	0	-6,583	-6,583
Cost at 31 December 2022	18,403	112	15,861	34,376
Impairment losses and amortisation at 1 July 2021	2,409	28	0	2,437
Amortisation for the year	7,972	34	0	8,006
Impairment losses and amortisation at 31 December 2022	10,381	62	0	10,443
Carrying amount at 31 December 2022	8,022	50	15,861	23,933
Amortised over	3 years	5 years		

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

9 Intangible assets (continued)

Completed development projects

Completed development projects primarily relate to development of the company's customer oriented systems and adding several new features. The primary purpose of the projects is to achieve an economical advantage in the company's industry as well as to make the company's business procedures more efficient which will enable savings on the employees' resources.

The completed development projects will contribute positively to future growth, savings, and earnings. The company's management has not identified indications of impairment in relation to the booked values of the projects.

Development projects in progress

The company's development projects in progress relate to a further development of the company's existing sales platforms, including new features. The purpose of the further development is to increase the company's earnings. The company has made market research and it is the management's assessment that the products have future earnings base as the company experiences a high demand from customers on the technological development within e-commerce.

Further, the company's development projects in progress relate to further development of the company's internal systems, including automations and implementation of new platforms for controlling the daily operation of the company. The primary purpose of the projects is to make the company's business procedures more effective and to optimize the employees' resources.

10 Property, plant and equipment

	Group		
DKK'000	**Fixtures and fittings, other plant and equipment**	**Leasehold improvements**	**Total**
Cost at 1 July 2021	15,977	7,344	23,321
Additions	1,437	6,743	8,180
Disposals	-69	0	-69
Cost at 31 December 2022	17,345	14,087	31,432
Impairment losses and depreciation at 1 July 2021	5,668	1,983	7,651
Depreciation	6,101	3,478	9,579
Depreciation and impairment of disposals	-34	0	-34
Impairment losses and depreciation at 31 December 2022	11,735	5,461	17,196
Carrying amount at 31 December 2022	5,610	8,626	14,236
Depreciated over	3-5 years	5 years	

Note 19 provides more details on security for loans, etc. as regards property, plant and equipment.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

10 Property, plant and equipment (continued)

	Parent company		
DKK'000	**Fixtures and fittings, other plant and equipment**	**Leasehold improvements**	**Total**
Cost at 1 July 2021	15,977	6,518	22,495
Additions	1,273	3,994	5,267
Disposals	-69	0	-69
Cost at 31 December 2022	17,181	10,512	27,693
Impairment losses and depreciation at 1 July 2021	5,668	1,943	7,611
Depreciation	6,058	2,376	8,434
Depreciation and impairment of disposals	-34	0	-34
Impairment losses and depreciation at 31 December 2022	11,692	4,319	16,011
Carrying amount at 31 December 2022	5,489	6,193	11,682
Depreciated over	3-5 years	5 years	

11 Investments

	Group
DKK'000	**Deposits**
Cost at 1 July 2021	6,286
Additions	1,263
Disposals	-1,399
Cost at 31 December 2022	6,150
Carrying amount at 31 December 2022	6,150

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

11 Investments (continued)

	Parent company		
DKK'000	Investments in group enterprises	Deposits	Total
Cost at 1 July 2021	186	6,218	6,404
Additions	72	1,263	1,335
Disposals	0	-1,399	-1,399
Cost at 31 December 2022	258	6,082	6,340
Value adjustments at 1 July 2021	-186	0	-186
Foreign exchange adjustments	-1	0	-1
Profit/loss for the year	332	0	332
Value adjustments at 31 December 2022	145	0	145
Carrying amount at 31 December 2022	403	6,082	6,485

Value adjustments at 1 July 2021 consists of revaluations of DKK -2,327 thousand and offset against debtors and provisions for liabilities of DKK 2,141 thousand.

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Hobbii Holding GmbH	GmbH	Hamburg	100.00%	72	-54
Hobbii GmbH	GmbH	Handewitt	100.00%	78	-72
Hobbii Geschäfte GmbH	GmbH	Hamburg	100.00%	315	2,359
Hobbii Inc.	Inc.	Delaware	100.00%	0	0

Information regarding the German subsidiaries is of 30 June 2022.

Hobbii Inc. is established in the financial year, no annual report has been published.

12 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, DKK 6,186 thousand (2020/21: DKK 1,514 thousand).

Parent company

Prepayments include accrual of expenses relating to subsequent financial years, DKK 5,661 thousand (2020/21: DKK 1,514 thousand).

13 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK'000	2021/22	2020/21	2019/20	2018/19	2017/18
Opening balance	1,000	1,000	63	63	63
Capital increase	25	0	937	0	0
	1,025	1,000	1,000	63	63

The share capital consists of 1,024,904 shares, each with a nominal value of DKK 1.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

14 Treasury shares

Group

Treasury shares in the group

	Number	Nominal value	Share of capital
		DKK'000	
Treasury shares at 31 December 2022	10,172	10	0.99%

Parent company

	Number	Nominal value	Share of capital	Purchase/ sales sum
		DKK'000		DKK'000
Purchased in the year	10,172	10	0.99%	6,167
Balance at 31 December 2022	10,172	10	0.99%	

	Group		Parent company	
DKK'000	2021/22	2020/21	2021/22	2020/21
15 Deferred tax				
Deferred tax at 1 July	3,319	1,799	3,319	1,799
Deferred tax of the results of the year	100	1,520	100	1,520
Deferred tax at 31 December	3,419	3,319	3,419	3,319
Deferred tax relates to:				
Intangible assets	4,473	3,061	4,473	3,061
Property, plant and equipment	-542	258	-542	258
Tax loss	-512	0	-512	0
	3,419	3,319	3,419	3,319

16 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	2,535	0	2,535	2,535
	2,535	0	2,535	2,535

	Parent company			
DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	2,535	0	2,535	2,535
	2,535	0	2,535	2,535

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

DKK'000	Group 2021/22	Group 2020/21	Parent company 2021/22	Parent company 2020/21
17 Other provisions				
Opening balance at1 July	9,380	0	9,380	0
Provisions in the year	13,602	9,380	13,602	9,380
Provisions utilised in the year	-2,347	0	-2,347	0
Other provisions at 31 December	20,635	9,380	20,635	9,380
The provisions are expected to be payable in:				
0-1 year	15,361	2,347	15,361	2,347
> 1 year	5,274	7,033	5,274	7,033
	20,635	9,380	20,635	9,380

Provisions consist of provisions for Sales Tax and VAT in countries outside the EU as well as provisions for Customer Loyalty Programs.

The company is currently in the process of being registered for Sales Tax and VAT in countries where the company has exceeded the distance selling limits. There are uncertainties associated with the provided provisions as well as the timing of the due dates for the provisions. The booked value of the provisions has been prepared based on best estimates and in cooperation with local experts and thus the management believes that this presents a fair view of the provisions

18 Contingent liabilities and other financial obligations

Contingent liabilities

	Group 2021/22	Group 2020/21	Parent company 2021/22	Parent company 2020/21
Rent liabilities	66,721	84,239	65,668	83,738
	66,721	84,239	65,668	83,738

Group

The Group has an lease liability concerning rent for offices and warehousing facilities. Apart from rent, the company has not undertaken any other lease liabilities. Lease liability due >5 years is DKK 16,071 thousand.

Parent company

The Company has an lease liability concerning rent for offices and warehousing facilities. Apart from rent, the company has not undertaken any other lease liabilities. Lease liability due >5 years is DKK 16,071 thousand.

19 Collateral

As security for Hobbii A/S' bank loans of DKK 74,157 thousand at 31 December 2022 and guarantee commitments of DKK 13,842 thousand, the company has provided security in company assets representing a nominal value of DKK 100,000 thousand. The total carrying amount of these assets is DKK 144,236 thousand. Breakdown of the carrying amount at 31 December 2022:

- Intangible assets at a carrying amount of DKK 29,933 thousand.
- Tangible assets at a carrying amount of DKK 14,235 thousand.
- Inventories at a carrying amount of DKK 96,111 thousand.
- Trade receivables at a carrying amount of DKK 3,956 thousand.

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

20 Related parties

Group

Hobbii A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Rainbow BidCo ApS	DK	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Rainbow TopCo ApS	DK	https://datacvr.virk.dk/

Related party transactions

DKK'000	2021/22	2020/21
Group		
Equity group contribution	25,874	0
Parent Company		
IC Revenue	6,698	663
Cost of sales	-6,698	0
Other external costs	-5,363	2,130
Staff costs	0	-782
Currency adjustment	69	0
Interest received	-30	619
Equity group contribution	25,874	0
Receivables from group entities	8,257	3,548
Payables to group entities	0	1,681

Information on the remuneration to management

Information on the remuneration to Management appears from note 6, "Staff costs".

	Parent company	
DKK'000	2021/22 18 months	2020/21 12 months
21 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	145	0
Reserve for development costs	7,779	0
Retained earnings/accumulated loss	-3,470	14,628
	4,454	14,628

Consolidated financial statements and parent company financial statements 1 July 2021 - 31 December 2022

Notes to the financial statements

	DKK'000	Group 2021/22 18 months	Group 2020/21 12 months
22	**Adjustments**		
	Depreciation, amortisation, and impairment	17,571	6,588
	Other financial income	-2,202	-71
	Other financial expenses	14,106	6,499
	Tax for the year	292	4,210
	Other adjustments	6	-1
		29,773	17,225

	DKK'000	Group 2021/22 18 months	Group 2020/21 12 months
23	**Changes in working capital**		
	Change in inventories	-19,334	-38,563
	Change in receivables	-11,418	-9,103
	Change in trade and other payables	69,831	42,478
		39,079	-5,188

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Martin Egeland Diernisse
Direktion
På vegne af: Hobbii A/S
Serienummer: 22bd20f1-20e9-496a-8b75-546a8e65e7e5
IP: 82.192.xxx.xxx
2023-06-19 12:58:19 UTC

Martin Egeland Diernisse
Dirigent
På vegne af: Hobbii A/S
Serienummer: 22bd20f1-20e9-496a-8b75-546a8e65e7e5
IP: 82.192.xxx.xxx
2023-06-19 12:58:19 UTC

Jeppe Kallesøe Odefey
Direktion
På vegne af: Hobbii A/S
Serienummer: 1bbf3aad-965a-4841-a8a0-e6d577d7281a
IP: 82.192.xxx.xxx
2023-06-19 13:43:09 UTC

Morten Spliid
Direktion
På vegne af: Hobbii A/S
Serienummer: 5404cc70-8abd-4f0d-9d6a-a7a5d2e10b21
IP: 77.241.xxx.xxx
2023-06-20 06:09:40 UTC

Nils Kristof Tipsmark Bouchet
Bestyrelse
På vegne af: Hobbii A/S
Serienummer: cb797787-ffe9-4263-a3f2-7922aa82f2af
IP: 93.160.xxx.xxx
2023-06-20 08:48:53 UTC

Morten Petersen
Bestyrelse
På vegne af: Hobbii A/S
Serienummer: 2e16c520-4714-4d7d-a82e-1cc625b1bbb3
IP: 79.142.xxx.xxx
2023-06-20 09:35:21 UTC

Daniel Erik Philip Ahlstrand
Bestyrelse
På vegne af: Hobbii A/S
Serienummer: 19820608xxxx
IP: 83.241.xxx.xxx
2023-06-20 10:02:39 UTC

BankID

Johannes Emil Kjærsgaard Gadsbøll
Bestyrelsesformand
På vegne af: Hobbii A/S
Serienummer: fe0090cf-7c52-4b7a-9005-a7aa80b98ee9
IP: 80.208.xxx.xxx
2023-06-20 11:26:58 UTC

MitID

Jens Reimer Olesen
Bestyrelse
På vegne af: Hobbii A/S
Serienummer: e3220b69-29fa-4207-9b23-a872fa6b22e9
IP: 87.52.xxx.xxx
2023-06-20 12:28:09 UTC

MitID

Simon Blendstrup
Statsautoriseret revisor
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: CVR:30700228-RID:17954776
IP: 145.62.xxx.xxx
2023-06-20 12:48:52 UTC

NEM ID

Kennet Hartmann
Statsautoriseret revisor
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: de305962-8180-429e-beaa-47b4c4d9be84
IP: 145.62.xxx.xxx
2023-06-21 13:43:51 UTC

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