Hobbii A/S

Dortheavej 12A, st. tv., København NV

CVR no. 36 90 95 87

Annual report 2023

Approved at the Company's annual general meeting on 15 April 2024

Chair of the meeting:

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Jeppe Kallesøe Odefey

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 January - 31 December 2023.

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 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2023.

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, 11 April 2024
Executive Board:

Jeppe Kallesøe Odefey	Martin Egeland Diernisse	Morten Spliid

Board of Directors:

Johannes Emil Kjærsgaard Gadsbøll Chair	Jens Reimer Olesen	Morten Petersen
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 January - 31 December 2023, 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 2023, 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 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

Independent auditor's report

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 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.

Independent auditor's report

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, 11 April 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kennet Hartmann	Simon Blendstrup
State Authorised Public Accountant	State Authorised Public Accountant
mne40036	mne44060

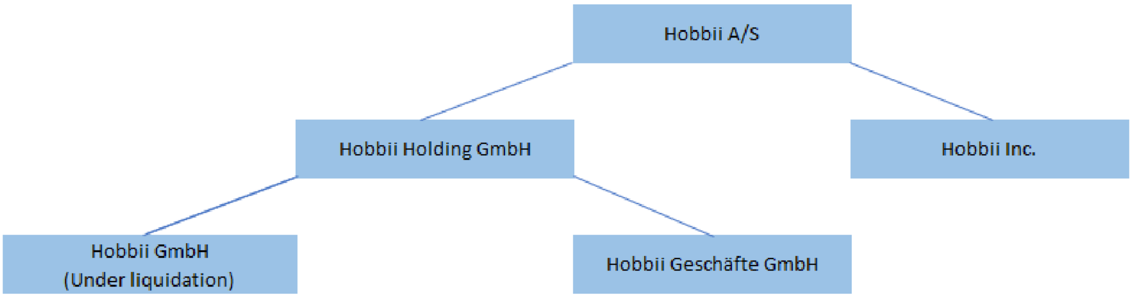
Management's review

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 January - 31 December
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 Petersen 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	2023 12 months	2021/22 18 months	2020/21 12 months	2019/20 12 months	2018/19 12 months
Key figures					
Revenue	585,474	835,905	458,958	0	0
Gross profit	143,308	176,962	122,042	72,557	32,571
Operating profit/loss	35,859	16,614	14,903	20,056	5,084
Net financials	-7,658	-11,904	-6,428	-3,375	-1,393
Profit for the year	21,721	4,454	14,628	13,114	2,941
Total assets	240,737	273,278	154,565	77,599	36,980
Investments in property, plant and equipment	60,106	8,181	8,102	2,517	2,517
Equity	66,448	44,783	34,970	23,034	6,998
Cash flows from operating activities	28,305	58,407	18,055	11,717	6,306
Net cash flows from investing activities	-18,110	-20,697	-20,632	-11,453	-4,908
Cash flows from financing activities	0	0	0	0	0
Total cash flows	10,195	37,710	-2,577	264	1,398
Financial ratios					
Gross margin	24.5%	21.2%	26.6%	0.0%	0.0%
EBITDA-margin	9.2%	4.1%	6.9%	0.0%	0.0%
Return on assets	14.0%	7.8%	12.8%	35.0%	16.7%
Equity ratio	27.6%	16.4%	22.6%	29.7%	18.9%
Return on equity	39.1%	11.2%	50.4%	87.3%	53.2%
Adjusted equity ratio	27.6%	22.5%	28.4%	31.4%	20.4%
Average number of full-time employees	**256**	**281**	**236**	**121**	**67**

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

Operating profit/loss: Profit/loss before net financials +/- Other operating income and other operating expenses

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

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

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

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

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

Adjusted equity ratio: $\frac{\text{Equity, year-end} \times 100}{\text{Netted cash and bank debt}}$

Key figures for revenue and related financial ratios for the financial years 2018/19 - 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 develop our yarns and accessories together with producers in Europe, Asia and South America, and send them from our warehouse just outside Copenhagen to yarn enthusiasts all over the world.

Financial review

In 2023 we doubled down on profitability, lifting our EBITDA-margin from 5.0% to 9.2%, while maintaining revenue in line with 2022 (calendar year).

Net revenue reached DKK 585m slightly above net revenue for 2022 (calendar year) and in line with the outlook in our latest financial statements of DKK 500-700m. The overall revenue development for the year was negatively impacted by a number of supply chain disruptions towards the end of the year, leading to replenishment issues on a number of high-runner products. In light of these issues and the current macroeconomic environment in general, we are pleased to close 2023 above 2022.

We increased net revenue in our retail stores by 14% in 2023 to DKK 43m, with positive developments across all eight stores.

The key focus in 2023 has been on improving our profitability. As described in our FY21/22 annual report, we signed a contract to partly automate our warehouse in January 2023, and the project has progressed as planned. We saw the first operational improvements in the last months of 2023, and we expect to see additional effects during 2024.

EBITDA for 2023 rose to DKK 54m from DKK 29m in 2022 (calendar year) despite the similar revenue level, and exceeded the outlook in our latest financial statements of DKK 20-50m. In addition to the automation in our warehouse, the development was driven by improvements in our supply chain.

Knowledge resources

As a tech-based company we depend on specialised knowledge and skills 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 addressed this risk through geographical diversification, but we are still exposed to global economic cycles, as we have also seen in 2023.

Being geographically diversified, introduces currency risks as our base currency is DKK. We have a high volume of transactions every day, and therefore we have assessed that the cost of currency hedging outweighs the benefits. Moving our main sourcing spend from DKK-denominated Danish wholesales to USD- or EUR-denominated producers increases our natural currency hedges.

Operating in a global environment also involves the challenges of staying updated and compliant with local rules and regulations, particularly related to sales taxes and consumer protection. Though we put a significant effort into compliance, there is always the risk of local rules, changes or interpretations that we are unaware of.

As a digital company we are exposed to the risks associated with cyber-attacks and tech-related disturbances. During 2023 we initiated a number of large-scale initiatives, which among other things will address these risks, and we will continue this work in 2024.

As we increase the share of products sourced directly from producers, we are to a lesser extent relying on middlemen to handle potential issues in our supply chain. We have increased our investments in supply chain management significantly over the past two years to handle this.

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” in the first section of this Management Review 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. Shipping goods globally also has a negative impact on the environment. However, our products encourage a slower lifestyle, focus on craftsmanship, care, and durability, with our customers investing time and skill to create long-lasting items. 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 2023 we have continued the implementation of our supplier Code of Conduct, which we launched in FY21/22. 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. During 2023 all major suppliers have signed the Code of Conduct.
In 2024 we will be looking into more specific initiatives to allow a closer follow-up with our suppliers.

During 2023 we have worked to establish our first greenhouse gas reporting baseline. This work will continue in 2024, with the aim of identifying key focus areas.

Management's review

Staff

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 employees bi-monthly through anonymous surveys. All leaders in the company get access to their personal survey results and receive support from the People & Culture team, as needed. The overall results for our office-based employees are in line with FY21/22.

During 2023 we extended the well-being surveys to include employees in the warehouse and in retail stores as well. In 2024 we will focus on increasing the well-being score where necessary, and maintaining a high level in the rest of the organisation.

In FY21/22 we implemented a whistleblower program with a direct link to a dedicated member of our Board of Directors, and during 2023 there have not been any notifications.

We will 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 we do not engage in aggressive tax planning. We also support initiatives that promote kindness and mental well-being, recognising the positive impact our customers' use of our products can have on their mental well-being 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 have not previously experienced any issues with human rights, and this has also been the case in 2023.

As we increase the number of products sourced directly from producers rather than relying on Danish wholesalers, there is an increased risk that we inadvertently do business with companies who do not share our beliefs. To address this, we implemented a supplier Code of Conduct in FY21/22 which clearly dictates the requirements for working with Hobbii, including a commitment to honouring human rights and facilitating a safe and inclusive work environment. During 2023 we have completed the process of having all our major suppliers sign the Code of Conduct.
In 2024 we will be looking into more specific initiatives to allow a closer follow-up with our suppliers.

Fighting corruption and bribery

We have a zero-tolerance policy for corruption and bribery and do not accept any form of direct or indirect money, goods or services that may be considered part of recognised local or international corruption or bribery practice.

A lack of integrity and transparency in our supply chain or vendor network may lead to an exposure to corrupt practices, which would impact our operational efficiency and brand reputation.

We have not experienced any issues with bribery or corruption in the past, and this has also been the case in 2023.

We communicate our policy to all employees, and during FY21/22 it was also formalised in our supplier Code of Conduct. During 2023 we have completed the process of having all our major suppliers sign the Code of Conduct.
In 2024 we will be looking into more specific initiatives to allow a closer follow-up with our suppliers.

Management's review

Report on 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. During 2023 there have not been any new appointments to the Board of Directors, but we have established the importance of actively recruiting qualified female candidates in a future selection process.
We remain committed to having no more than 80% of the Board consisting of members with the same gender identity by the end of 2025.

Our Executive Management team is our first management level. It consists of our CEO and his direct management team. During 2023 the gender composition of the team remained unchanged with 5 males out of 6 members (83%), short of our target for 2023 of reaching below 80% by the end of 2025. During the year we conducted one recruitment process to the Executive Management team, where gender diversity among the candidates was a key criterion. Despite significant efforts to attract non-male candidates with the necessary qualifications and skills, the new Executive Management member is male, the same as his predecessor.
In Q1 2024 the team was expanded with one non-male team member, reducing the number of individuals with the same gender identity to 71%. After the balance sheet date, we have therefore updated our target, so that no more than 60% of the Executive Management team should have the same gender identity by the end of 2026.

Our Extended Management team is our second management level. It consists of persons with staff responsibilities, who refer directly to the Executive Management. Out of 14 members, 8 are male, equal to 57%, in line with our target of less than 80%.
We have therefore updated our target, so that we maintain that no more than 60% of the Extended Management team should have the same gender identity.

5 years overview

	2023
Supreme governing body	
Total number of members	5
Underrepresented gender in %	0
Target figure in %	20
Year in which the target figure is expected to be met	2025
Other levels of management	
Total number of members	20
Underrepresented gender in %	35
Target figure in %	40
Year in which the target figure is expected to be met	2026

Supreme governing body

Hobbii A/S's goal has been to get 20% of the underrepresented gender in the top management body, which the company has not achieved in 2023, as the top management body consists of 0 women and 5 men.

Other levels of management

The company's other levels of management consist of the company's registered executive board, as well as the heads of the organization's individual functions, who report directly to the registered executive board. The other management levels consist of 7 women and 13 men.

Management's review

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.
While we do not have an explicit policy for data ethics, all Hobbii employees and partners are obliged to handle personal data responsibly and in accordance with our GDPR and privacy policies.

Outlook

Despite a challenging start to 2024 due to supply chain issues, we currently expect to continue to grow our topline in 2024, although still at a modest pace. We expect to continue to see a positive impact on our profitability from an increasing share of directly sourced products and full-year effect of our warehouse automation.
For 2024, we anticipate net revenue between DKK 550m and 650m for the Group and between DKK 450m and 550m for the parent company, Hobbii A/S. We expect EBITDA for the Group and for Hobbii A/S between DKK 40m and 60m.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group 2023 12 months	Group 2021/22 18 months	Parent company 2023 12 months	Parent company 2021/22 18 months
3	**Revenue**	585,474	835,905	579,894	831,129
	Cost of sales	-300,151	-455,730	-297,313	-457,773
	Other operating income	539	35	539	0
4	Other external expenses	-142,554	-203,248	-147,185	-205,252
	Gross profit	143,308	176,962	135,935	168,104
5	Staff costs	-89,710	-142,741	-86,780	-137,807
6	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-17,200	-17,571	-16,234	-16,426
	Profit before net financials	36,398	16,650	32,921	13,871
	Income/loss from investments in group enterprises	0	0	2,313	2,473
7	Financial income	5,169	2,202	5,207	2,271
	Financial expenses	-12,827	-14,106	-12,768	-14,061
	Profit before tax	28,740	4,746	27,673	4,554
8	Tax for the year	-7,019	-292	-5,952	-100
	Profit for the year	21,721	4,454	21,721	4,454

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	**DKK'000**	**2023**	**2021/22**	**2023**	**2021/22**
	ASSETS				
	Fixed assets				
10	**Intangible assets**				
	Completed development projects	17,898	8,022	17,898	8,022
	Acquired other similar rights	187	50	187	50
	Development projects in progress	7,245	15,861	7,245	15,861
		25,330	23,933	25,330	23,933
11	**Property, plant and equipment**				
	Plant and machinery	58,345	0	58,345	0
	Fixtures and fittings, other plant and equipment	2,841	5,610	2,759	5,489
	Leasehold improvements	5,364	8,626	3,815	6,193
		66,550	14,236	64,919	11,682
12	**Investments**				
	Investments in group enterprises	0	0	2,660	403
	Deposits	5,540	6,150	5,472	6,082
		5,540	6,150	8,132	6,485
	Total fixed assets	97,420	44,319	98,381	42,100
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	71,677	95,137	69,700	93,037
	Prepayments for goods	161	975	161	975
		71,838	96,112	69,861	94,012
	Receivables				
	Trade receivables	6,451	3,956	5,291	3,950
	Receivables from group enterprises	273	0	7,562	8,257
	Corporation tax receivable	0	1,386	0	1,386
	Other receivables	10,893	10,583	10,633	10,407
13	Prepayments	7,144	6,186	6,488	5,661
		24,761	22,111	29,974	29,661
	Cash	46,718	110,736	40,638	106,943
	Total non-fixed assets	143,317	228,959	140,473	230,616
	TOTAL ASSETS	240,737	273,278	238,854	272,716

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	**DKK'000**	**2023**	**2021/22**	**2023**	**2021/22**
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	1,025	1,025	1,025	1,025
	Net revaluation reserve according to the equity method	0	0	2,402	145
	Reserve for development costs	0	0	19,612	18,630
	Translation reserve	-56	0	0	0
	Retained earnings	65,479	43,758	43,409	24,983
	Total equity	66,448	44,783	66,448	44,783
	Provisions				
16	Deferred tax	4,468	3,419	4,468	3,419
18	Other provisions	10,954	20,635	10,954	20,635
	Total provisions	15,422	24,054	15,422	24,054
	Liabilities other than provisions				
17	**Non-current liabilities other than provisions**				
	Lease liabilities	49,914	0	49,914	0
	Other payables	2,573	2,535	2,573	2,535
		52,487	2,535	52,487	2,535
	Current liabilities other than provisions				
17	Short-term part of long-term liabilities other than provisions	2,888	0	2,888	0
	Bank debt	0	74,157	0	74,157
	Trade payables	60,336	99,859	59,922	99,760
	Payables to group enterprises	0	0	1,537	0
	Corporation tax payable	4,521	192	3,790	0
	Other payables	35,736	25,645	33,843	25,374
	Deferred income	2,899	2,053	2,517	2,053
		106,380	201,906	104,497	201,344
	Total liabilities other than provisions	158,867	204,441	156,984	203,879
	TOTAL EQUITY AND LIABILITIES	240,737	273,278	238,854	272,716

1 Accounting policies
2 Events after the balance sheet date
9 Appropriation of profit
15 Treasury shares
19 Contractual obligations and contingencies, etc.
20 Security and collateral
21 Related parties

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group			
Note	DKK'000	Share capital	Translation reserve	Retained earnings	Total
	Equity at 1 July 2021	1,000	0	33,970	34,970
	Capital increase	25	0	5,335	5,360
	Transfer through appropriation of profit	0	0	4,454	4,454
	Exchange rate adjustments	0	0	-1	-1
	Purchase of treasury shares and warrants	0	0	-25,874	-25,874
	Contribution from group	0	0	25,874	25,874
	Equity at 1 January 2023	1,025	0	43,758	44,783
	Transfer through appropriation of profit	0	0	21,721	21,721
	Exchange rate adjustments	0	-56	0	-56
	Equity at 31 December 2023	1,025	-56	65,479	66,448

Consolidated financial statements and parent company financial statements 1 January - 31 December

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 2021	1,000	0	10,851	23,119	34,970
	Capital increase	25	0	0	5,335	5,360
9	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 1 January 2023	1,025	145	18,630	24,983	44,783
9	Transfer, see "Appropriation of profit"	0	0	982	18,426	19,408
	Exchange rate adjustments	0	-56	0	0	-56
	Profit/loss in subsidiaries	0	2,313	0	0	2,313
	Equity at 31 December 2023	1,025	2,402	19,612	43,409	66,448

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2023 12 months	Group 2021/22 18 months
	Profit for the year	21,721	4,454
22	Adjustments	31,906	29,773
	Cash generated from operations (operating activities)	53,627	34,227
23	Changes in working capital	-17,108	39,079
	Cash generated from operations (operating activities)	36,519	73,306
	Interest received, etc.	625	65
	Interest paid, etc.	-4,680	-4,915
	Income taxes paid	-556	-2,918
	Other financial income	4,544	0
	Other financial expenses	-8,147	-7,131
	Cash flows from operating activities	28,305	58,407
	Additions of intangible assets	-12,153	-17,945
	Additions of tangible assets	-1,255	-8,181
24	Additions of property, plant and equipment	-6,050	0
	Disposals of property, plant and equipment	1,348	69
	Capital increase	0	5,360
	Cash flows to investing activities	-18,110	-20,697
	Net cash flow	10,195	37,710
	Cash and cash equivalents at 1 January	36,579	-1,131
	Foreign exchange adjustments	-56	0
	Cash and cash equivalents at 31 December	46,718	36,579

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Hobbii A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

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 group entities controlled by the Parent Company.

Control means a parent company's power to direct a group entity'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 group entities' 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 group entities are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities 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.

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

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 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment

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

The basis of depreciation, which is calculated as cost less any residual value, is depreciated 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
Plant and machinery	10 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 group entities

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

The proportionate share of the individual group entities' 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 January - 31 December

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.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Deposits

Deposits consist of prepaid rent.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in group entities

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

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities 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.

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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 group entities 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.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in group entities and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

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".

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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

The Company has chosen IAS 39 as interpretation for 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.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

2 Events after the balance sheet date

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

	Group		Parent company	
DKK'000	2023 12 months	2021/22 18 months	2023 12 months	2021/22 18 months
3 Segment information				
Breakdown of revenue by business segment:				
E-Commerce	542,574	779,903	543,792	786,579
Retail	42,900	56,002	36,102	44,550
	585,474	835,905	579,894	831,129
Breakdown of revenue by geographical segment:				
Nordics	72,853	105,649	72,849	105,644
Denmark	86,211	120,030	86,211	120,030
Germany	145,099	202,492	138,298	197,733
Rest of Europe	161,023	225,788	161,019	225,781
United States	92,470	132,085	93,700	132,082
Rest of world	27,818	49,861	27,817	49,859
	585,474	835,905	579,894	831,129

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group	
	DKK'000	2023 12 months	2021/22 18 months
4	**Fee to the auditors appointed in general meeting**		
	Total fees to auditor	791	384
	Statutory audit	363	300
	Assurance engagements	0	20
	Tax assistance	198	18
	Other assistance	230	46
		791	384

		Group		Parent company	
	DKK'000	2023 12 months	2021/22 18 months	2023 12 months	2021/22 18 months
5	**Staff costs and incentive programmes**				
	Wages/salaries	94,770	148,481	92,713	144,974
	Pensions	1,421	1,150	1,421	1,150
	Other social security costs	3,099	5,054	2,226	3,627
	Staff costs transferred to development projects	-9,580	-11,944	-9,580	-11,944
		89,710	142,741	86,780	137,807
	Average number of full-time employees	256	281	238	265
	Remuneration to members of Management:				
	Executive Board	4,477	4,102	4,477	4,102
	Board of Directors	300	150	300	150
		4,777	4,252	4,777	4,252

Incentive programmes

Equity-based incentive programs are 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 2023, a total of 77,467 warrants had been issued under the programs in Hobbii A/S' parent company Rainbow TopCo Aps.

		Group		Parent company	
	DKK'000	2023 12 months	2021/22 18 months	2023 12 months	2021/22 18 months
6	**Amortisation/depreciation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	9,456	8,006	9,456	8,006
	Impairment of intangible assets	1,300	0	1,300	0
	Depreciation of property, plant and equipment	6,444	9,565	5,478	8,420
		17,200	17,571	16,234	16,426

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group 2023 12 months	Group 2021/22 18 months	Parent company 2023 12 months	Parent company 2021/22 18 months
7 Financial income				
Interest receivable, group entities	0	0	144	69
Other interest income	623	42	623	42
Exchange gain	4,546	2,160	4,440	2,160
	5,169	2,202	5,207	2,271
8 Tax for the year				
Estimated tax charge for the year	5,970	192	4,903	0
Deferred tax adjustments in the year	1,049	100	1,049	100
	7,019	292	5,952	100

DKK'000	Parent company 2023 12 months	Parent company 2021/22 18 months
9 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	2,313	145
Reserve for development costs	982	7,779
Retained earnings/accumulated loss	18,426	-3,470
	21,721	4,454

10 Intangible assets

DKK'000	Group: Completed development projects	Acquired other similar rights	Development projects in progress	Total
Cost at 1 January 2023	18,403	112	15,861	34,376
Additions	0	159	11,994	12,153
Disposals	0	0	-1,300	-1,300
Transferred	19,310	0	-19,310	0
Cost at 31 December 2023	37,713	271	7,245	45,229
Impairment losses and amortisation at 1 January 2023	10,381	62	0	10,443
Impairment losses for the year	0	0	1,300	1,300
Amortisation for the year	9,434	22	0	9,456
Reversal of accumulated amortisation and impairment of assets disposed	0	0	-1,300	-1,300
Impairment losses and amortisation at 31 December 2023	19,815	84	0	19,899
Carrying amount at 31 December 2023	17,898	187	7,245	25,330
Amortised over	3 years	5 years		

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Intangible assets (continued)

	Parent company			
DKK'000	Completed development projects	Acquired other similar rights	Development projects in progress	Total
Cost at 1 January 2023	18,403	112	15,861	34,376
Additions	0	159	11,994	12,153
Disposals	0	0	-1,300	-1,300
Transferred	19,310	0	-19,310	0
Cost at 31 December 2023	37,713	271	7,245	45,229
Impairment losses and amortisation at 1 January 2023	10,381	62	0	10,443
Impairment losses for the year	0	0	1,300	1,300
Amortisation for the year	9,434	22	0	9,456
Reversal of accumulated amortisation and impairment of assets disposed	0	0	-1,300	-1,300
Impairment losses and amortisation at 31 December 2023	19,815	84	0	19,899
Carrying amount at 31 December 2023	17,898	187	7,245	25,330
Amortised over	3 years	5 years		

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

11 Property, plant and equipment

	Group			
DKK'000	**Plant and machinery**	**Fixtures and fittings, other plant and equipment**	**Leasehold improvements**	**Total**
Cost at 1 January 2023	0	17,345	14,087	31,432
Foreign exchange adjustments	0	0	8	8
Additions	59,531	439	136	60,106
Disposals	0	-3,531	-981	-4,512
Cost at 31 December 2023	59,531	14,253	13,250	87,034
Impairment losses and depreciation at 1 January 2023	0	11,735	5,461	17,196
Foreign exchange adjustments	0	0	3	3
Depreciation	1,186	2,553	2,705	6,444
Reversal of accumulated depreciation and impairment of assets disposed	0	-2,876	-283	-3,159
Impairment losses and depreciation at 31 December 2023	1,186	11,412	7,886	20,484
Carrying amount at 31 December 2023	58,345	2,841	5,364	66,550
Property, plant and equipment include finance leases with a carrying amount totalling	58,345	0	0	58,345
Depreciated over	10 years	3-5 years	5 years	

Note 20 provides more details on security for loans, etc. as regards property, plant and equipment.

	Parent company			
DKK'000	**Plant and machinery**	**Fixtures and fittings, other plant and equipment**	**Leasehold improvements**	**Total**
Cost at 1 January 2023	0	17,181	10,512	27,693
Additions	59,531	401	136	60,068
Disposals	0	-3,531	-981	-4,512
Cost at 31 December 2023	59,531	14,051	9,667	83,249
Impairment losses and depreciation at 1 January 2023	0	11,692	4,319	16,011
Depreciation	1,186	2,476	1,816	5,478
Reversal of accumulated depreciation and impairment of assets disposed	0	-2,876	-283	-3,159
Impairment losses and depreciation at 31 December 2023	1,186	11,292	5,852	18,330
Carrying amount at 31 December 2023	58,345	2,759	3,815	64,919
Depreciated over	10 years	3-5 years	5 years	

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

12 Investments

DKK'000	Group Deposits
Cost at 1 January 2023	6,150
Disposals	-610
Cost at 31 December 2023	5,540
Carrying amount at 31 December 2023	5,540

	Parent company		
DKK'000	Investments in group enterprises	Deposits	Total
Cost at 1 January 2023	258	6,082	6,340
Disposals	0	-610	-610
Cost at 31 December 2023	258	5,472	5,730
Value adjustments at 1 January 2023	145	0	145
Foreign exchange adjustments	-56	0	-56
Profit/loss for the year	2,313	0	2,313
Value adjustments at 31 December 2023	2,402	0	2,402
Carrying amount at 31 December 2023	2,660	5,472	8,132

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Hobbii Holding GmbH	GmbH	Hamburg	100.00%	102	-231
Hobbii GmbH	GmbH	Handewitt	100.00%	-29	-88
Hobbii Geschäfte GmbH	GmbH	Hamburg	100.00%	478	-98
Hobbii Inc.	Inc.	Delaware	100.00%	2,557	2,544

13 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, DKK 7,144 thousand (2021/22: DKK 6,186 thousand).

Parent company

Prepayments include accrual of expenses relating to subsequent financial years, DKK 6,488 thousand (2021/22: DKK 5,661 thousand).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

14 Share capital

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

DKK'000	2023	2021/22	2020/21	2019/20	2018/19
Opening balance	1,025	1,000	1,000	63	63
Capital increase	0	25	0	937	0
	1,025	1,025	1,000	1,000	63

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

15 Treasury shares

Group

Treasury shares in the group

	Number	Nominal value	Share of capital
		DKK'000	
Treasury shares at 31 December 2023	10,172	10	0.99%

Parent company

	Number	Nominal value	Share of capital
		DKK'000	
Balance at 1 January 2023	10,172	10	0.99%
Balance at 31 December 2023	10,172	10	0.99%

	Group		Parent company	
DKK'000	2023	2021/22	2023	2021/22
16 Deferred tax				
Deferred tax at 1 January	3,419	3,319	3,419	3,319
Deferred tax of the results of the year	1,049	100	1,049	100
Deferred tax at 31 December	4,468	3,419	4,468	3,419
Deferred tax relates to:				
Intangible assets	3,938	4,473	3,938	4,473
Property, plant and equipment	12,146	-542	12,146	-542
Liabilities	-11,616	0	-11,616	0
Tax loss	0	-512	0	-512
	4,468	3,419	4,468	3,419

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

17 Non-current liabilities other than provisions

DKK'000	Group Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Lease liabilities	52,802	2,888	49,914	23,405
Other payables	2,573	0	2,573	2,573
	55,375	2,888	52,487	25,978

DKK'000	Parent company Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Lease liabilities	52,802	2,888	49,914	23,405
Other payables	2,573	0	2,573	2,573
	55,375	2,888	52,487	25,978

	Group		Parent company	
DKK'000	2023	2021/22	2023	2021/22
18 Other provisions				
Opening balance at 1 January	20,635	9,380	20,635	9,380
Provisions in the year	3,262	13,602	3,262	13,602
Provisions utilised in the year	-12,942	-2,347	-12,942	-2,347
Other provisions at 31 December	10,955	20,635	10,955	20,635
The provisions are expected to be payable in:				
0-1 year	4,836	15,361	4,836	15,361
> 1 year	6,119	5,274	6,119	5,274
	10,955	20,635	10,955	20,635

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

19 Contingent liabilities and other financial obligations

Contingent liabilities

	Group		Parent company	
DKK'000	**2023**	**2021/22**	**2023**	**2021/22**
Rent liabilities	57,055	66,721	55,658	65,668
	57,055	66,721	55,658	65,668

Group

The Group has a 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 9,793 thousand.

Parent company

The Company has a 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 9,793 thousand.

20 Security and collateral

As security for Hobbii A/S' bank loans of DKK 0 at 31 December 2023 and guarantee commitments of DKK 13,843 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 108,526 thousand. Breakdown of the carrying amount at 31 December 2023:

- Intangible assets at a carrying amount of DKK 25,330 thousand.
- Tangible assets at a carrying amount of DKK 8,205 thousand.
- Inventories at a carrying amount of DKK 69,700 thousand.
- Trade receivables at a carrying amount of DKK 5,291 thousand.

As security for Hobbii A/S' lease liability at 31 December 2023, the company has provided security in the leased asset. The total carrying amount of the asset is tDKK 58,345.

21 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/

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

21 Related parties (continued)

Related party transactions

DKK'000	2023	2021/22
Group		
Equity group contribution	0	25,874
Parent Company		
IC Revenue	79,150	6,698
Cost of sales	-3,395	-6,698
Other external costs	-7,611	-5,363
Currency adjustment	-179	-30
Interest received	144	69
Equity group contribution	0	25,874
Receivables from group entities	7,289	8,257
Payables to group entities	1,537	0

Information on the remuneration to management

Information on the remuneration to Management appears from note 5, "Staff costs".

		Group	
	DKK'000	2023 12 months	2021/22 18 months
22	**Adjustments**		
	Depreciation, amortisation, and impairment	17,200	17,571
	Other financial income	-5,169	-2,202
	Other financial expenses	12,827	14,106
	Tax for the year	7,048	292
	Other adjustments	0	6
		31,906	29,773
23	**Changes in working capital**		
	Change in inventories	24,274	-19,334
	Change in receivables	-3,153	-11,418
	Change in trade and other payables	-38,229	69,831
		-17,108	39,079
24	**Transactions without liquidity effect**		
	Additions of property, plant and equipment, see note 11	58,852	0
	Of which financial leasing assets	-52,802	0
	Paid in respect of the additions of property, plant and equipment	6,050	0

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Direktion
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IP: 82.192.xxx.xxx
2024-04-15 10:00:01 UTC

Jeppe Kallesøe Odefey
Direktion
På vegne af: Hobbii A/S
Serienummer: 1bbf3aad-965a-4841-a8a0-e6d577d7281a
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Martin Egeland Diernisse
Direktion
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Jens Reimer Olesen
Bestyrelse
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Serienummer: jro@hobbii.dk
IP: 85.190.xxx.xxx
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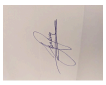

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Nils Kristof Tipsmark Bouchet
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Simon Kallesøe Blendstrup
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsautoriseret revisor
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Kennet Hartmann
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