
Wonder HoldCo A/S

Sletten 21, DK-7500 Holstebro

Annual Report for 1 May 2022 - 30 April 2023

CVR No 42 87 88 20

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/6 2023

Jesper Berg Folke
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Wonder HoldCo A/S for the financial year 1 May 2022 - 30 April 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 April 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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

Holstebro, 27 June 2023

Executive Board

Caroline Lundgaard Jensen
Executive Officer

Board of Directors

Martin Stephan Welna
Chairman

Morten Dalsgaard Nielsen

Caroline Lundgaard Jensen

Independent Auditor's Report

To the Shareholders of Wonder HoldCo A/S

Opinion

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 30 April 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 May 2022 - 30 April 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Wonder HoldCo A/S for the financial year 1 May 2022 - 30 April 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Independent Auditor's Report

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 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

Independent Auditor's Report

may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- 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.

Holstebro, 27 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Spencer Poulsen
statsautoriseret revisor
mne23324

Daniel Mogensen
statsautoriseret revisor
mne45831

Company Information

The Company

Wonder HoldCo A/S
Sletten 21
DK-7500 Holstebro

CVR No: 42 87 88 20
Financial period: 1 May - 30 April
Municipality of reg. office: Holstebro

Board of Directors

Martin Stephan Welna, Chairman
Morten Dalsgaard Nielsen
Caroline Lundgaard Jensen

Executive Board

Caroline Lundgaard Jensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Hjaltvej 16
DK-7500 Holstebro

Financial Highlights

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

	Group	
	2022/23	2021/22
	12 months	5 months
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	349.499	116.705
Gross profit/loss	86.009	29.812
EBITDA	54.655	6.667
Operating profit/loss	22.044	-5.241
Profit/loss before financial income and expenses	22.044	-3.867
Net financials	-15.502	-3.114
Net profit/loss for the year	-313	-9.481
Balance sheet		
Balance sheet total	584.974	628.160
Equity	329.474	329.783
Cash flows		
Cash flows from:		
- operating activities	41.733	-19.207
- investing activities	-8.659	-483.492
including investment in property, plant and equipment	-9.135	-2.072
- financing activities	-15.708	494.687
Change in cash and cash equivalents for the year	17.366	-8.012
Number of employees	177	169
Ratios		
Gross margin	24,6%	25,5%
Profit margin	6,3%	-3,3%
Return on assets	3,8%	-0,6%
Solvency ratio	56,3%	52,5%
Return on equity	-0,1%	-5,7%

Management's Review

Key activities

The Group's principal activities are to develop, market and sell quality packaging and accessories for the jewellery, watch and glasses trade.

Development in the year

The income statement of the Group for 2022/23 shows a loss of TDKK 313, and at 30 April 2023 the balance sheet of the Group shows equity of TDKK 329,474.

The past year and follow-up on development expectations from last year

Profit for the year meets the expectations as described in the Annual Report 2021/22. The profit for the year is considered satisfactory.

Foreign exchange risks

It is Group policy to cover special risks relating to currency as well as possible. Currency risks are covered via currency forwards.

Targets and expectations for the year ahead

In 2023/24, increasing activity is expected in both revenue and earnings growth of approx. 0-10%

External environment

During the year, the Group has on a current basis invested in reducing the environmental impact and has through these investments achieved minor energy consumption savings. The Group will keep its focus on this.

Statutory statement of corporate social responsibility, see section 99 a of the Danish Financial Statements Act

Please refer to our ESG report: https://www.westpack.com/eur_eu_eng/csr-and-policies

Statutory statement on gender representation on Board of Directors and in Management, see section 99 b of the Danish Financial Statements Act

The Company's Board of Directors consists of three members. The gender distribution is currently 67%/33%. The target of at least 40% representation is thus considered to have been met. The Company's Management consists of 11 members. The gender distribution is 64%/36%. Thus, the target of at least 40% representation of the underrepresented gender has not been met. Upon future replacement of members of Management, this matter will be taken into account. The same applies in the event of a possible expansion.

Management's Review

Statutory statement of data ethics, see section 99 d of the Danish Financial Statements Act

The Group complies with every aspect of personal data legislation. Consequently, it is the Group's assessment that a data ethics policy is currently not needed.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

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

Income Statement 1 May - 30 April

	Note	Koncern		Morderselskab	
		2022/23	2021/22	2022/23	2021/22
		12 months TDKK	5 months TDKK	12 months TDKK	5 months TDKK
Revenue	1	349.499	116.705	0	0
Cost of sales	2	-263.490	-86.893	0	0
Gross profit/loss		86.009	29.812	0	0
Distribution expenses	2	-47.146	-15.794	0	0
Administrative expenses	2	-16.819	-19.259	-32	-20
Operating profit/loss		22.044	-5.241	-32	-20
Other operating income		0	1.374	0	0
Income from investments in subsidiaries	3	0	0	-288	-9.465
Financial income		536	147	0	0
Financial expenses		-16.038	-3.261	0	0
Profit/loss before tax		6.542	-6.981	-320	-9.485
Tax on profit/loss for the year	4	-6.855	-2.500	7	4
Net profit/loss for the year		-313	-9.481	-313	-9.481

Balance Sheet 30 April

Assets

	Note	Koncern		Morderselskab	
		2023 TDKK	2022 TDKK	2023 TDKK	2022 TDKK
Software		631	1.338	0	0
Goodwill		437.316	463.534	0	0
Development projects in progress		322	0	0	0
Intangible assets	5	438.269	464.872	0	0
Plant and machinery		14.619	10.564	0	0
Other fixtures and fittings, tools and equipment		3.146	4.023	0	0
Leasehold improvements		165	262	0	0
Prepayments for property, plant and equipment		1.580	2.030	0	0
Property, plant and equipment	6	19.510	16.879	0	0
Investments in subsidiaries	7	0	0	329.287	328.821
Fixed asset investments		0	0	329.287	328.821
Fixed assets		457.779	481.751	329.287	328.821
Inventories	8	84.876	99.259	0	0
Trade receivables		30.349	38.207	0	0
Other receivables		215	1.012	0	0
Corporation tax receivable from group enterprises		0	0	11	4
Prepayments	9	2.069	2.101	0	0
Receivables		32.633	41.320	11	4
Cash at bank and in hand		9.686	5.830	202	978
Currents assets		127.195	146.409	213	982
Assets		584.974	628.160	329.500	329.803

Balance Sheet 30 April

Liabilities and equity

	Note	Koncern		Moderselskab	
		2023 TDKK	2022 TDKK	2023 TDKK	2022 TDKK
Share capital		339.778	339.778	339.778	339.778
Other reserves		2.654	0	2.654	0
Retained earnings		-12.958	-9.995	-12.958	-9.995
Equity		329.474	329.783	329.474	329.783
Provision for deferred tax	11	2.159	2.578	0	0
Provisions		2.159	2.578	0	0
Credit institutions		182.094	205.463	0	0
Lease obligations		498	741	0	0
Long-term debt	12	182.592	206.204	0	0
Credit institutions	12	24.032	29.642	0	0
Lease obligations	12	244	240	0	0
Prepayments received from customers		4.465	5.029	0	0
Trade payables		16.241	21.745	26	20
Corporation tax		6.267	9.189	0	0
Other payables		19.500	23.750	0	0
Short-term debt		70.749	89.595	26	20
Debt		253.341	295.799	26	20
Liabilities and equity		584.974	628.160	329.500	329.803
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	15				
Related parties	16				
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Statement of Changes in Equity

Koncern

	Share capital	Other reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 May	339.778	3.131	-13.126	329.783
Exchange adjustments	0	-477	0	-477
Fair value adjustment of hedging instruments, beginning of year	0	0	720	720
Fair value adjustment of hedging instruments, end of year	0	0	-103	-103
Tax on adjustment of hedging instruments for the year	0	0	-136	-136
Net profit/loss for the year	0	0	-313	-313
Equity at 30 April	339.778	2.654	-12.958	329.474

Moderselskab

Equity at 1 May	339.778	3.131	-13.126	329.783
Exchange adjustments	0	-477	0	-477
Fair value adjustment of hedging instruments, beginning of year	0	0	720	720
Fair value adjustment of hedging instruments, end of year	0	0	-103	-103
Tax on adjustment of hedging instruments for the year	0	0	-136	-136
Net profit/loss for the year	0	0	-313	-313
Equity at 30 April	339.778	2.654	-12.958	329.474

Cash Flow Statement 1 May - 30 April

	Note	Koncern	
		2022/23	2021/22
		12 months TDKK	5 months TDKK
Net profit/loss for the year		-313	-9.481
Adjustments	13	54.491	16.148
Change in working capital	14	12.865	-20.940
Cash flows from operating activities before financial income and expenses		67.043	-14.273
Financial income		537	147
Financial expenses		-15.515	-3.257
Cash flows from ordinary activities		52.065	-17.383
Corporation tax paid		-10.332	-1.824
Cash flows from operating activities		41.733	-19.207
Purchase of intangible assets		-412	0
Purchase of property, plant and equipment		-9.135	-2.072
Business acquisition		888	-481.420
Cash flows from investing activities		-8.659	-483.492
Repayment of loans from credit institutions		-15.469	-66.274
Reduction of lease obligations		-239	-79
Raising of loans from credit institutions		0	221.262
Cash capital increase		0	339.778
Cash flows from financing activities		-15.708	494.687
Change in cash and cash equivalents		17.366	-8.012
Cash and cash equivalents at 1 May		-8.012	0
Cash and cash equivalents at 30 April		9.354	-8.012
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		9.686	5.830
Overdraft facility		-332	-13.842
Cash and cash equivalents at 30 April		9.354	-8.012

Notes to the Financial Statements

	Koncern		Moderselskab	
	2022/23	2021/22	2022/23	2021/22
	12 months	5 months	12 months	5 months
	TDKK	TDKK	TDKK	TDKK
1 Revenue				
Geographical segments				
Revenue, Denmark	48.854	25.546	0	0
Revenue, exports	300.645	91.159	0	0
	349.499	116.705	0	0
Business segments				

Revenue is distributed with 56% (62% last year) on the Brand Segment and 44% (38% last year) on the Retail Segment

Notes to the Financial Statements

	Koncern		Moderselskab	
	2022/23	2021/22	2022/23	2021/22
	12 months	5 months	12 months	5 months
	TDKK	TDKK	TDKK	TDKK
2 Staff				
Wages and Salaries	67.673	22.611	0	0
Pensions	4.807	1.415	0	0
Other social security expenses	1.696	521	0	0
Other staff expenses	2.050	-105	0	0
	76.226	24.442	0	0
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	49.698	15.815	0	0
Distribution expenses	12.786	4.482	0	0
Administrative expenses	13.742	4.145	0	0
	76.226	24.442	0	0
Average number of employees	177	169	0	0

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

The group has incentive programs for key employees that includes an option on new subscription, in the period from 2022 to 2026, of shares of up to 2% of the present share capital. Each assigned A-Warrant gives the right to subscribe for one B-Warrant in Wonder HoldCo A/S. The subscription price for A- and B-Warrants is DKK 1 increased by 9% per year.

Incentive programmes are not recognised in the Financial Statements.

Notes to the Financial Statements

	Moderselskab	
	2022/23	2021/22
	12 months	5 months
	TDKK	TDKK
3 Income from investments in subsidiaries		
Share of profits of subsidiaries	-288	-9.465
	-288	-9.465

	Koncern		Moderselskab	
	2022/23	2021/22	2022/23	2021/22
	12 months	5 months	12 months	5 months
	TDKK	TDKK	TDKK	TDKK
4 Tax on profit/loss for the year				
Current tax for the year	7.410	1.819	-7	-4
Deferred tax for the year	-419	681	0	0
	6.991	2.500	-7	-4
which breaks down as follows:				
Tax on profit/loss for the year	6.855	2.500	-7	-4
Tax on changes in equity	136	0	0	0
	6.991	2.500	-7	-4

5 Intangible assets

Koncern

	Software	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK
Cost at 1 May	5.155	506.595	0
Net effect from acquisition	0	-888	0
Additions for the year	90	0	322
Cost at 30 April	5.245	505.707	322
Impairment losses and amortisation at 1 May	3.817	43.061	0
Amortisation for the year	797	25.330	0
Impairment losses and amortisation at 30 April	4.614	68.391	0
Carrying amount at 30 April	631	437.316	322

Notes to the Financial Statements

6 Property, plant and equipment

Koncern

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Prepayments for property, plant and equipment
	TDKK	TDKK	TDKK	TDKK
Cost at 1 May	41.577	9.574	383	2.030
Exchange adjustment	0	11	14	0
Additions for the year	7.140	415	0	1.580
Transfers for the year	1.935	95	0	-2.030
Cost at 30 April	<u>50.652</u>	<u>10.095</u>	<u>397</u>	<u>1.580</u>
Impairment losses and depreciation at 1 May	31.013	5.558	155	0
Exchange adjustment	0	9	1	0
Depreciation for the year	<u>5.020</u>	<u>1.382</u>	<u>76</u>	<u>0</u>
Impairment losses and depreciation at 30 April	<u>36.033</u>	<u>6.949</u>	<u>232</u>	<u>0</u>
Carrying amount at 30 April	<u>14.619</u>	<u>3.146</u>	<u>165</u>	<u>1.580</u>
Including assets under finance leases amounting to	<u>452</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

	Moderselskab	
	2023	2022
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 May	338.800	0
Additions for the year	750	338.800
Cost at 30 April	<u>339.550</u>	<u>338.800</u>
Value adjustments at 1 May	-9.979	0
Exchange adjustment	-477	208
Net profit/loss for the year	-288	-9.465
Fair value adjustment of hedging instruments for the year	481	-722
Value adjustments at 30 April	<u>-10.263</u>	<u>-9.979</u>
Carrying amount at 30 April	<u>329.287</u>	<u>328.821</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Wonder BidCo A/S	Danmark	DKK 339.550.000	100%
Westpack A/S	Danmark	DKK 1.000.000	100%
Westpack Limited	Hong Kong	HKD 1	100%
Westpack Trading Ltd	Kina	RMB 1.000.000	100%

	Koncern		Moderselskab	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
8 Inventories				
Raw materials and consumables	10.724	9.932	0	0
Work in progress	4.910	4.734	0	0
Finished goods and goods for resale	68.716	82.827	0	0
Prepayments for goods	526	1.766	0	0
	<u>84.876</u>	<u>99.259</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

9 Prepayments

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

	Modererselskab	
	2022/23	2021/22
	12 months	5 months
	TDKK	TDKK
10 Distribution of profit		
Retained earnings	-313	-9.481
	-313	-9.481

	Koncern		Modererselskab	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
11 Provision for deferred tax				
Provision for deferred tax at 1 May	2.578	1.897	0	0
Amounts recognised in the income statement for the year	-419	681	0	0
Provision for deferred tax at 30 April	2.159	2.578	0	0

Notes to the Financial Statements

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Koncern		Moderselskab	
	2023 TDKK	2022 TDKK	2023 TDKK	2022 TDKK
Credit institutions				
After 5 years	0	107.500	0	0
Between 1 and 5 years	182.094	97.963	0	0
Long-term part	<u>182.094</u>	<u>205.463</u>	<u>0</u>	<u>0</u>
Within 1 year	23.700	15.800	0	0
Other short-term debt to credit institutions	332	13.842	0	0
Short-term part	<u>24.032</u>	<u>29.642</u>	<u>0</u>	<u>0</u>
	206.126	235.105	0	0
Lease obligations				
Between 1 and 5 years	498	741	0	0
Long-term part	<u>498</u>	<u>741</u>	<u>0</u>	<u>0</u>
Within 1 year	244	240	0	0
	742	981	0	0

13 Cash flow statement - adjustments

	Koncern	
	2022/23 12 months TDKK	2021/22 5 months TDKK
Financial income	-536	-147
Financial expenses	16.038	3.261
Depreciation, amortisation and impairment losses, including losses and gains on sales	32.611	10.534
Tax on profit/loss for the year	6.855	2.500
Other adjustments	-477	0
	54.491	16.148

Notes to the Financial Statements

	Koncern	
	2022/23	2021/22
	12 months	5 months
	TDKK	TDKK
14 Cash flow statement - change in working capital		
Change in inventories	14.386	-7.839
Change in receivables	8.709	-2.069
Change in trade payables, etc	-10.847	-10.722
Fair value adjustments of hedging instruments	617	-310
	12.865	-20.940

	Koncern		Moderselskab	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
	TDKK	TDKK	TDKK	TDKK
15 Contingent assets, liabilities and other financial obligations				

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	374	359	0	0
Between 1 and 5 years	157	287	0	0
	531	646	0	0

Rental obligations, period of non-terminability 136 months(148 months)	63.857	66.112	0	0
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Other contingent liabilities

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

Notes to the Financial Statements

16 Related parties

Basis

Controlling interest

Sileda VIII Group AB, Regeringsgatan 20,
111 53 Stockholm, Sverige

Ultimate Parent Company

	Koncern		Moterselskab	
	2022/23 12 months TDKK	2021/22 5 months TDKK	2022/23 12 months TDKK	2021/22 5 months TDKK
17 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	220	303	21	20
Tax advisory services	116	0	0	0
Andre ydelser	59	180	0	0
	395	483	21	20
SHENZHEN, CHINA				
Audit fee	9	9	0	0
	9	9	0	0
	404	492	21	20

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Wonder HoldCo A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022/23 are presented in TDKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Wonder HoldCo A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

18 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item

Notes to the Financial Statements

18 Accounting Policies (continued)

as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an out-flow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life.

Useful life is determined based on an assessment of the extent to which the enterprises are acquired for strategic purposes and have a significant market position and long-term earnings profile. Useful life is reassessed annually. The amortisation periods constitute 20 years.

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over 3 years.

Property, plant and equipment

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

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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

Plant and machinery	3-5 years	
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	5 years	

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

Notes to the Financial Statements

18 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

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

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

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Prepayments

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

Equity

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$

Notes to the Financial Statements

18 Accounting Policies (continued)

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

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