Rainbow TopCo ApS

C/O Hobbii A/S Dortheavej 12A, 1., 2400 København NV

CVR no. 43 19 35 89

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 Rainbow TopCo ApS 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

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 Rainbow TopCo ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Rainbow TopCo ApS 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

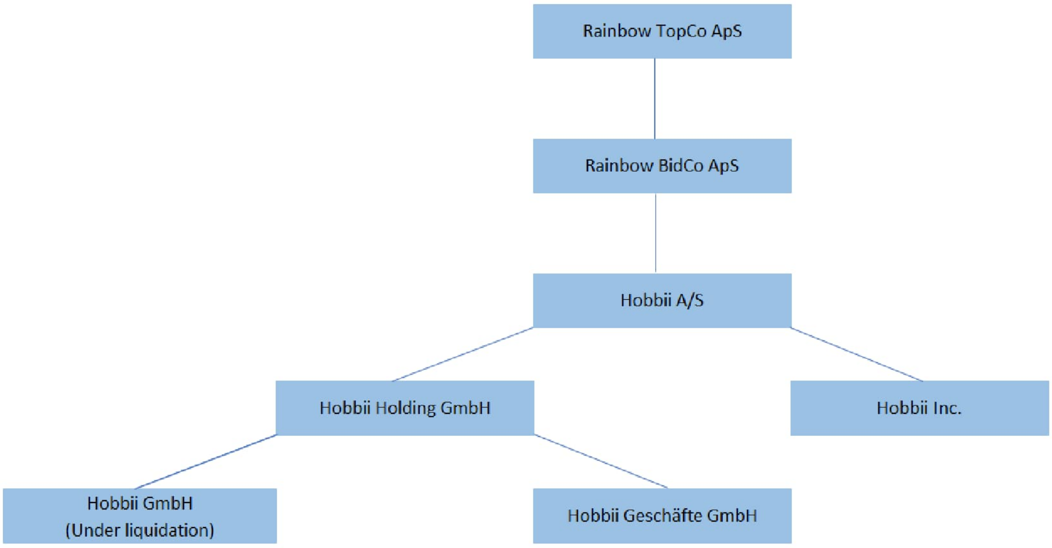
Management's review

Company details

Name	Rainbow TopCo ApS
Address, Postal code, City	C/O Hobbii A/S Dortheavej 12A, 1., 2400 København NV
CVR no.	43 19 35 89
Established	12 April 2022
Registered office	København
Financial year	1 January - 31 December
Website	https://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
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	2022 9 months
Key figures		
Revenue	585,474	351,188
Gross profit	142,782	78,457
Operating profit/loss	-45,364	-41,216
Net financials	-7,564	-7,620
Profit/loss for the year	-50,786	-43,663
Total assets	794,619	904,063
Investments in property, plant and equipment	60,106	3,073
Equity	577,223	623,823
Cash flows from operating activities	29,827	24,180
Net cash flows from investing activities	-18,110	-419,928
Cash flows from financing activities	4,243	434,562
Total cash flows	15,960	38,814
Financial ratios		
Gross margin	24.4%	22.3%
EBITDA-margin	9.1%	5.2%
Return on assets	-5.3%	-4.6%
Equity ratio	72.6%	69.0%
Return on equity	-8.5%	-7.0%
Adjusted equity ratio	72.6%	88.8%
Average number of full-time employees	**256**	**271**

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	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA) x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$
Adjusted equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Netted cash and bank debt}}$

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

The main activity of Rainbow TopCo ApS is the ownership of Hobbii A/S through the fully owned subsidiary Rainbow BidCo ApS. This review will refer to the consolidated accounts for Rainbow TopCo and its subsidiaries as the Group, which is mainly comprised of the activities in Hobbii A/S.

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. They develop yarn products and accessories together with producers in Europe, Asia and South America, and send them from their warehouse just outside Copenhagen to yarn enthusiasts all over the world.

Financial review

In 2023 the Group doubled down on profitability, lifting its EBITDA-margin from 5.0% to 9.1%, 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 the 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, management is pleased to close 2023 above 2022.

The Group increased net revenue in its 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 profitability. As described in our FY21/22 annual report, a contract was signed to partly automate the warehouse in January 2023, and the project has progressed as planned. The first operational improvements were seen in the last months of 2023, and it is expected that further improvements will materialise 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 the latest financial statements of DKK 20-50m. In addition to the automation in the warehouse, the development was driven by improvements in the supply chain.

Knowledge resources

As a tech-based company there is a high dependency on specialised knowledge and skills to build and maintain the business. The critical business knowledge is increasingly being formalised and documented, to avoid dependencies on lore and particular individuals. Though these initiatives make the current processes more robust, the continuous development of the Group still depends on its 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, the Group is inherently exposed to the general spending patterns and disposable income of the target customers. This risk has been addressed through geographical diversification, but some exposure to the global economic cycles remains, as also seen in 2023.

Being geographically diversified, introduces currency risks as the base currency of the Group is DKK. Due to the high volume of transactions every day, it has been assessed that the cost of currency hedging outweighs the benefits. Moving the main sourcing spend from DKK-denominated Danish wholesales to USD- or EUR-denominated producers increases the natural currency hedge.

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 the Group puts 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 the Group is exposed to the risks associated with cyber-attacks and tech-related disturbances. During 2023 a number of large-scale initiatives have been initiated, which among other things will address these risks, and the work will continue in 2024.

As the share of products sourced directly from producers increases, the ability to rely on middlemen to handle potential issues in our supply chain diminishes. To address this, the Group has increased the investments in supply chain management significantly over the past two years to handle this shift.

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 the business model.

Climate and Environment

As a consumer goods company, the Group’s 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, the crafting product category encourages a slower lifestyle, focus on craftsmanship, care, and durability, with the customers investing time and skill to create long-lasting items. It is the policy of the Group to minimise the negative impact its 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 the Group prioritises to partner with reputable suppliers.
During 2023, Hobbii’s implementation of the supplier Code of Conduct, which was launched in FY21/22, has continued. The code requires 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 the Group will be looking into more specific initiatives to allow a closer follow-up with the suppliers.

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

Management's review

Staff

The Group's success is directly tied to the quality of its team, and it prioritises a safe, inspiring, and inclusive work environment that fosters collaboration and professional growth. In the event this endeavour fails partly or in full, it will have a negative impact on the Group's business.
Further, there are inherent safety risks associated with having warehouse operations and retail stores.

The wellbeing of employees is monitored on a bi-monthly basis through anonymous surveys. All leaders in the Group get access to their personal survey results and receive support from Hobbii's People & Culture team, as needed. The overall results for the office-based employees are in line with FY21/22.

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

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

The Group will continue our work with ensuring a healthy work life for the employees for the year to come.

Social factors

The Group is a member of the communities it serves, and it believes in contributing positively to society. It creates job opportunities for skilled and unskilled workers and does not engage in aggressive tax planning. It also supports initiatives that promote kindness and mental well-being, recognising the positive impact the customers' use of the products can have on their mental well-being and happiness.

Human rights

The Group believes that upholding human rights is fundamental. It draws the understanding of these rights from the Universal Declaration of Human Rights, its related treaties and declarations, and the broader ethical reasoning behind their development.

The Group has not previously experienced any issues with human rights, and this has also been the case in 2023.

As the number of products sourced directly from producers increases, rather than relying on Danish wholesalers, there is an increased risk of inadvertently doing business with companies who do not share these beliefs. To address this, Hobbii 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 Hobbii has completed the process of having all its major suppliers sign the Code of Conduct.
In 2024 Hobbii will be looking into more specific initiatives to allow a closer follow-up with our suppliers.

Management's review

Fighting corruption and bribery

The Group has a zero-tolerance policy for corruption and bribery and does 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 the Group's supply chain or vendor network may lead to an exposure to corrupt practices, which would impact its operational efficiency and brand reputation.

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

The policy is communicated to all employees, and during FY21/22 it was also formalised in Hobbii's supplier Code of Conduct. During 2023 Hobbii has completed the process of having all its major suppliers sign the Code of Conduct.
In 2024 Hobbii will be looking into more specific initiatives to allow a closer follow-up with its suppliers.

Report on the gender composition of Management

A commitment to diversity and inclusion is a priority for the Group. 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.

The Board of Directors in neither Rainbow TopCo, Rainbow BidCo nor Hobbii meet this target, as they consist of the same five individuals who are all male. Following the investment in Hobbii in May 2022, the boards consist of two of Hobbii's 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 the importance of actively recruiting qualified female candidates in a future selection process has been firmly established.
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.

As Rainbow TopCo does not have any employees, and thereby employes less than 50 people, the company does set gender composition targets for any other level of management.

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	1
Underrepresented gender in %	0

Supreme governing body

Rainbow TopCo ApS'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.

Management's review

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 the following 0 women and 1 man.

Data ethics

The Group takes its responsibility for processing customer and user data seriously. It strives to limit the processing of sensitive personal information to what is necessary for operational purposes, customer-specific activities, and personnel administration.
While the Group does not have an explicit policy for data ethics, all Group 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, the Group currently expects to continue to grow its topline in 2024, although still at a modest pace, while continuing to see a positive impact on profitability from an increasing share of directly sourced products and full-year effect of the warehouse automation.

For 2024, the expectation for the Group and the parent company is net revenue between DKK 550m and 650m and EBITDA between DKK 40m and 60m.

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

Income statement

		Group		Parent company	
Note	DKK'000	2023 12 months	2022 9 months	2023 12 months	2022 9 months
3	**Revenue**	585,474	351,188	0	0
	Cost of sales	-300,151	-174,575	0	0
	Other operating income	539	35	0	0
4	Other external expenses	-143,080	-98,191	-485	-229
	Gross profit	142,782	78,457	-485	-229
5	Staff costs	-89,710	-60,195	0	0
6	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-97,898	-59,442	0	0
	Profit/loss before net financials	-44,826	-41,180	-485	-229
	Income from investments in group enterprises	0	0	-50,480	-43,466
	Financial income	5,266	1,129	94	3
	Financial expenses	-12,830	-8,749	-2	-7
	Profit/loss before tax	-52,390	-48,800	-50,873	-43,699
7	Tax for the year	1,604	5,137	87	36
	Profit/loss for the year	-50,786	-43,663	-50,786	-43,663

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

Balance sheet

		Group		Parent company	
Note	DKK'000	2023	2022	2023	2022
	ASSETS				
	Fixed assets				
9	**Intangible assets**				
	Completed development projects	17,898	8,022	0	0
	Acquired intangible assets	187	50	0	0
	Company trade name	107,085	119,871	0	0
	Customer relationships	87,674	113,651	0	0
	Goodwill	351,202	393,137	0	0
	Development projects in progress	7,245	15,861	0	0
		571,291	650,592	0	0
10	**Property, plant and equipment**				
	Plant and machinery	58,345	0	0	0
	Fixtures and fittings, other plant and equipment	2,841	5,610	0	0
	Leasehold improvements	5,364	8,626	0	0
		66,550	14,236	0	0
11	**Investments**				
	Investments in group enterprises	0	0	569,673	620,209
	Deposits	5,540	6,150	0	0
		5,540	6,150	569,673	620,209
	Total fixed assets	643,381	670,978	569,673	620,209
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	71,677	95,137	0	0
	Prepayments for goods	161	975	0	0
		71,838	96,112	0	0
	Receivables				
	Trade receivables	6,451	3,956	0	0
14	Deferred tax assets	0	0	0	36
	Corporation tax receivable	0	1,386	0	0
	Joint taxation contribution receivable	194	0	123	0
	Other receivables	10,893	12,474	0	2,000
12	Prepayments	7,144	6,186	0	0
		24,682	24,002	123	2,036
	Cash	54,718	112,971	7,830	1,738
	Total non-fixed assets	151,238	233,085	7,953	3,774
	TOTAL ASSETS	794,619	904,063	577,626	623,983

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

Balance sheet

		Group		Parent company	
Note	**DKK'000**	**2023**	**2022**	**2023**	**2022**
	EQUITY AND LIABILITIES				
	Equity				
13	Share capital	1,180	1,173	1,180	1,173
	Share premium account	0	0	0	0
	Translation reserve	-56	0	-56	0
	Retained earnings	576,099	622,650	576,099	622,650
	Total equity	577,223	623,823	577,223	623,823
	Provisions				
14	Deferred tax	47,425	54,694	0	0
16	Other provisions	10,954	20,635	0	0
	Total provisions	58,379	75,329	0	0
	Liabilities other than provisions				
15	**Non-current liabilities other than provisions**				
	Lease liabilities	49,914	0	0	0
	Other payables	2,573	2,535	0	0
		52,487	2,535	0	0
	Current liabilities other than provisions				
15	Short-term part of long-term liabilities other than provisions	2,888	0	0	0
	Bank debt	0	74,157	0	0
	Trade payables	60,486	100,329	130	160
	Payables to group enterprises	0	0	273	0
	Corporation tax payable	4,521	192	0	0
	Other payables	35,736	25,645	0	0
	Deferred income	2,899	2,053	0	0
		106,530	202,376	403	160
	Total liabilities other than provisions	159,017	204,911	403	160
	TOTAL EQUITY AND LIABILITIES	794,619	904,063	577,626	623,983

1 Accounting policies
2 Events after the balance sheet date
8 Appropriation of profit/loss
17 Contractual obligations and contingencies, etc.
18 Security and collateral
19 Related parties

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

Statement of changes in equity

Note	DKK'000	Group: Share capital	Share premium account	Translation reserve	Retained earnings	Total
	Cash payments concerning formation of enterprise	40	0	0	0	40
	Capital increase	1,133	666,313	0	0	667,446
	Transfer through appropriation of loss	0	0	0	-43,663	-43,663
	Transferred from share premium account	0	-666,313	0	666,313	0
	Equity at 1 January 2023	1,173	0	0	622,650	623,823
	Capital increase	7	4,235	0	0	4,242
	Transfer through appropriation of loss	0	0	0	-50,786	-50,786
	Transferred from share premium account	0	-4,235	0	4,235	0
	Exchange rate adjustments	0	0	-56	0	-56
	Equity at 31 December 2023	1,180	0	-56	576,099	577,223

Note	DKK'000	Parent company: Share capital	Share premium account	Translation reserve	Retained earnings	Total
	Cash payments concerning formation of enterprise	40	0	0	0	40
	Capital increase	1,133	666,313	0	0	667,446
8	Transfer, see "Appropriation of profit/loss"	0	0	0	-43,663	-43,663
	Transferred from share premium account	0	-666,313	0	666,313	0
	Equity at 1 January 2023	1,173	0	0	622,650	623,823
	Capital increase	7	4,235	0	0	4,242
8	Transfer, see "Appropriation of profit/loss"	0	0	0	-50,786	-50,786
	Transferred from share premium account	0	-4,235	0	4,235	0
	Exchange rate adjustments	0	0	-56	0	-56
	Equity at 31 December 2023	1,180	0	-56	576,099	577,223

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

Cash flow statement

Note	DKK'000	Group 2023 12 months	Group 2022 9 months
	Profit/loss for the year	-50,786	-43,663
20	Adjustments	103,886	61,924
	Cash generated from operations (operating activities)	53,100	18,261
21	Changes in working capital	-15,537	12,465
	Cash generated from operations (operating activities)	37,563	30,726
	Interest received, etc.	721	64
	Other financial income	4,545	1,065
	Interest paid, etc.	-4,684	-1,978
	Income taxes paid	-172	-49
	Other financial expenses	-8,146	-5,648
	Cash flows from operating activities	29,827	24,180
	Additions of intangible assets	-12,153	-6,690
	Additions of tangible assets	-1,255	0
22	Additions of property, plant and equipment	-6,050	-3,073
	Disposals of property, plant and equipment	1,348	80
23	Acquisition of companies and activities	0	-410,245
	Cash flows to investing activities	-18,110	-419,928
	Repayments of loan to old share holders	0	-5,249
	Share capital	0	40
	Cash capital increase	7	1,133
	Share premium	4,236	438,638
	Cash flows from financing activities	4,243	434,562
	Net cash flow	15,960	38,814
	Cash and cash equivalents at 1 January	38,814	0
	Foreign exchange adjustments	-56	0
	Cash and cash equivalents at 31 December	54,718	38,814

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

Notes to the financial statements

1 Accounting policies

The annual report of Rainbow TopCo ApS 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.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

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

Notes to the financial statements

1 Accounting policies (continued)

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of group entities which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

Amortisation/depreciation and impairment

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

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

Company trade name	10 years
Customer relationships	5 years
Goodwill	10 years
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.

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

Notes to the financial statements

1 **Accounting policies (continued)**

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.

The item includes dividend received from group entities.

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

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is recognised at cost. Subsequently, goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the expected economic life of the asset, measured by reference to an assessment of Management’s experience in the individual business markets, earnings and market position of the acquired entity etc. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

Other intangible assets include development projects and other acquired intangible assets, company trade name and customer relationships.

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

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

Notes to the financial statements

1 Accounting policies (continued)

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 are measured at amortised cost and represent lease deposits, etc.

Investments in group entities

Equity investments in group entities are 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.

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

Notes to the financial statements

1 Accounting policies (continued)

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. Impairment losses on goodwill are not reversed.

Inventories

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

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

Receivables

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

Receivables are measured at amortised cost.

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

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

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

Prepayments

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

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

Notes to the financial statements

1 Accounting policies (continued)

Cash

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

Equity

Share classes

Certain share classes have special economic rights in respect of allocation of proceeds. Those rights have been evaluated and judgement has been applied in connection with classification of the shares as equity.

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.

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".

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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	2022 9 months	2023 12 months	2022 9 months
3	**Segment information**				
	Breakdown of revenue by business segment:				
	E-Commerce	542,574	326,254	0	0
	Retail	42,900	24,934	0	0
		585,474	351,188	0	0
	Breakdown of revenue by geographical segment:				
	Nordics	72,853	44,045	0	0
	Denmark	86,211	51,754	0	0
	Germany	145,099	87,026	0	0
	Rest of Europe	161,023	90,855	0	0
	United States	92,470	58,672	0	0
	Rest of world	27,818	18,836	0	0
		585,474	351,188	0	0

		Group	
	DKK'000	2023 12 months	2022 9 months
4	**Fee to the auditors appointed in general meeting**		
	Total fees to EY	1,097	905
	Statutory audit	465	394
	Assurance engagements	0	20
	Tax assistance	209	32
	Other assistance	423	459
		1,097	905

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

Notes to the financial statements

DKK'000	Group 2023 12 months	Group 2022 9 months	Parent company 2023 12 months	Parent company 2022 9 months
5 Staff costs and incentive programmes				
Wages/salaries	94,770	61,872	0	0
Pensions	1,421	684	0	0
Other social security costs	3,099	2,252	0	0
Staff costs transferred to development projects	-9,580	-4,613	0	0
	89,710	60,195	0	0
Average number of full-time employees	256	271	0	0
Remuneration to members of Management:				
Executive Board	4,477	4,102	0	0
Board of Directors	300	150	0	0
	4,777	4,252	0	0

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.

DKK'000	Group 2023 12 months	Group 2022 9 months	Parent company 2023 12 months	Parent company 2022 9 months
6 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	90,154	54,765	0	0
Impairment of intangible assets	1,300	0	0	0
Depreciation of property, plant and equipment	6,444	4,677	0	0
	97,898	59,442	0	0

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

Notes to the financial statements

		Group		Parent company	
	DKK'000	2023 12 months	2022 9 months	2023 12 months	2022 9 months
7	**Tax for the year**				
	Estimated tax charge for the year	5,776	192	-123	0
	Deferred tax adjustments in the year	-7,380	-5,329	36	-36
		-1,604	-5,137	-87	-36

		Parent company	
	DKK'000	2023 12 months	2022 9 months
8	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-50,786	-43,663
		-50,786	-43,663

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

Notes to the financial statements

9 Intangible assets

	Group						
DKK'000	**Completed development projects**	**Acquired intangible assets**	**Company trade name**	**Customer relationships**	**Goodwill**	**Development projects in progress**	**Total**
Cost at 1 January 2023	12,317	84	127,862	129,887	419,346	15,861	705,357
Additions	0	159	0	0	0	11,994	12,153
Disposals	0	0	0	0	0	-1,300	-1,300
Transferred	19,310	0	0	0	0	-19,310	0
Cost at 31 December 2023	31,627	243	127,862	129,887	419,346	7,245	716,210
Impairment losses and amortisation at 1 January 2023	4,295	34	7,991	16,236	26,209	0	54,765
Impairment losses for the year	0	0	0	0	0	1,300	1,300
Amortisation for the year	9,434	22	12,786	25,977	41,935	0	90,154
Reversal of accumulated amortisation and impairment of assets disposed	0	0	0	0	0	-1,300	-1,300
Impairment losses and amortisation at 31 December 2023	13,729	56	20,777	42,213	68,144	0	144,919
Carrying amount at 31 December 2023	17,898	187	107,085	87,674	351,202	7,245	571,291
Amortised over	3 years	5 years	10 years	5 years	10 years		

Completed development projects

Completed development projects primarily relate to development of the company's customer oriented internal 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

10 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	8,253	10,625	18,878
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	5,161	9,788	74,480
Impairment losses and depreciation at 1 January 2023	0	2,643	1,999	4,642
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	2,320	4,424	7,930
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 18 provides more details on security for loans, etc. as regards property, plant and equipment.

11 Investments

	Group
DKK'000	**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

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

Notes to the financial statements

11 Investments (continued)

DKK'000	Parent company Investments in group enterprises
Cost at 1 January 2023	663,675
Cost at 31 December 2023	663,675
Value adjustments at 1 January 2023	-43,466
Foreign exchange adjustments	-56
Profit/loss for the year	-50,480
Value adjustments at 31 December 2023	-94,002
Carrying amount at 31 December 2023	**569,673**

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Rainbow BidCo ApS	ApS	Copenhagen	100.00%	569,645	-50,654
Hobbii A/S	A/S	Copenhagen	100.00%	66,420	21,693
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	2,554

12 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, DKK 7,144 thousand (2022: DKK 6,186 thousand).

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

Notes to the financial statements

13 Share capital

The share capital consists of 1,180 thousand shares divided into 74 thousand A-shares, 742 thousand B-shares, 324 thousand C-shares, 34 thousand D-Shares and 6 thousand E-shares, each with a nominal value of 1 DKK.
Each B and C share of DKK 1 carries one vote at the general meeting.
The A, D and E share are non-voting and without representation right.

For the different share classes there are separate economic rights in connection to distribution of proceeds in accordance with the Company's Articles of Association, which will be followed if distribution of proceeds will be decided in the coming years.

Analysis of changes in the share capital over the past 2 years:

DKK'000	2023	2022
Opening balance	1,173	40
Capital increase	7	1,133
	1,180	1,173

The share premium account of DKK 4,235 thousand consists of DKK 7,242 in nominal shares at a premium of 58,591, all paid in cash.

	Group		Parent company	
DKK'000	2023	2022	2023	2022
14 Deferred tax				
Deferred tax at 1 January	54,694	0	-36	0
Additions on merger/corporate acquisition	0	60,086	0	0
Deferred tax of the results of the year	-7,269	-5,392	36	-36
Deferred tax at 31 December	47,425	54,694	0	-36
Deferred tax relates to:				
Intangible assets	46,895	55,835	0	0
Property, plant and equipment	12,146	-542	0	0
Provisions	0	-51	0	0
Liabilities	-11,616	0	0	0
Tax loss	0	-548	0	-36
	47,425	54,694	0	-36

15 Non-current liabilities other than provisions

	Group			
DKK'000	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

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

Notes to the financial statements

DKK'000	Group 2023	Group 2022	Parent company 2023	Parent company 2022
16 Other provisions				
Opening balanceat1 January	20,635	0	0	0
Other provisions through mergers and business combinations	0	9,380	0	0
Provisions utilised in the year	-12,942	-2,347	0	0
Provisions in the year	3,262	13,602	0	0
Other provisions at 31 December	10,955	20,635	0	0
The provisions are expected to be payable in:				
0-1 year	4,836	15,361	0	0
> 1 year	6,119	5,274	0	0
	10,955	20,635	0	0

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

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

17 Contingent liabilities and other financial obligations

Contingent liabilities

DKK'000	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Rent liabilities	57,055	66,721	0	0
	57,055	66,721	0	0

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.

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

Notes to the financial statements

18 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 anominal 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.

19 Related parties

Group

Rainbow TopCo ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Goldcup 100920 AB	Sweden	Participating interest

Information on the remuneration to management

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

Information about security for loans relating to group entities

Information about security for loans relating to group entities appears from 18, "Security and collateral".

		Group	
	DKK'000	2023 12 months	2022 9 months
20	**Adjustments**		
	Amortisation/depreciation and impairment losses	97,898	59,442
	Financial income	-5,266	-1,129
	Financial expenses	12,830	8,749
	Tax for the year	-1,576	-5,138
		103,886	61,924
21	**Changes in working capital**		
	Change in inventories	24,274	-26,188
	Change in receivables	-1,262	-4,207
	Change in trade and other payables	-38,549	42,860
		-15,537	12,465

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

Notes to the financial statements

	DKK'000	Group 2023 12 months	Group 2022 9 months
22	**Transactions without liquidity effect**		
	Additions of property, plant and equipment, see note 10	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
23	**Acquisition of enterprises and activities**		
	Intangible assets	0	279,321
	Property, plant and equipment	0	15,875
	Investments	0	5,678
	Inventories	0	69,924
	Receivables	0	18,881
	Coporations tax	0	1,337
	Cash	0	19,379
	Other provisions	0	-9,380
	Deferred tax	0	-60,086
	Trade payables	0	-73,924
	Other payables	0	-29,052
		0	237,953
	Goodwill	0	419,346
	Cost of acquisition	0	657,299
	Cash	0	-19,379
	Reinvestment amount etc.	0	-227,675
	Cost of acquisition paid in cash	0	410,245

Jeppe Kallesøe Odefey
Direktion
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Nils Kristof Tipsmark Bouchet
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Simon Kallesøe Blendstrup

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