



Kite Topco ApS

Kuglegårdsvej 17
1434 Copenhagen
CVR No. 43304828

Annual report 2023

The Annual General Meeting adopted the annual report on 03.04.2024

Jens Christian Buhl
Chairman of the General Meeting

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Entity details

Entity

Kite Topco ApS
Kuglegårdsvej 17
1434 Copenhagen

Business Registration No.: 43304828
Registered office: Copenhagen
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Jens Christian Buhl, Chairman
Simon Friberg Andersen
Boris Tobias Kawohl
Pierre-Axel, Emmanuel Botuha
Emilie Konge Breindal
Peter Duedahl Sørensen

Executive Board

Jesper Wærum Schreiber, CEO
Emilie Konge Breindal
Tonny Dragheim

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kite Topco ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 03.04.2024

Executive Board

Jesper Wærum Schreiber
CEO

Emilie Konge Breindal

Tonny Dragheim

Board of Directors

Jens Christian Buhl
Chairman

Simon Friberg Andersen

Boris Tobias Kawohl

Pierre-Axel, Emmanuel Botuha

Emilie Konge Breindal

Peter Duedahl Sørensen

Independent auditor's report

To the shareholders of Kite Topco ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Kite Topco ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 03.04.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant
Identification No (MNE) mne33712

Arif Aygar

State Authorised Public Accountant
Identification No (MNE) mne50634

Management commentary

Financial highlights

	2023	2022
	DKK'000	DKK'000
Key figures		
Gross profit/loss	136,247	32,261
Operating profit/loss	2,603	(46,016)
Net financials	(62,063)	(22,953)
Profit/loss for the year	(62,040)	(62,813)
Balance sheet total	1,181,165	1,250,624
Investments in property, plant and equipment	4,965	6,343
Equity	416,941	499,116
Cash flows from operating activities	47,205	6,561
Cash flows from investing activities	(13,037)	(1,044,550)
Cash flows from financing activities	(2,606)	1,082,578
Ratios		
Equity ratio (%)	35.30	39.91

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Balance sheet total

Primary activities

Kite Group designs and produces children clothing, home interior and toys which it sells to retailers and directly to consumers through its own e-com channel.

Development in activities and finances

In 2023, Kite group sales continued the growth trajectory through both our retailers as well as our own e-com channel, selling products in close to 100 countries worldwide.

We continued the strong investments in future growth during the year 2023. We increased our staff as well as initiated significant investments in continued process digitalization while focusing on operational efficiencies.

Furthermore, we established our first foreign entity – Konges Sløjd Inc in the US.

Profit/loss for the year in relation to expected developments

The loss after tax for the year was t.DKK 62.040, which is in line with expectations.

Outlook

Current consumer environment is volatile, and a number of our retailers have had a challenging year. Management expects limited sales growth driven by our direct sales to consumers. Loss after tax is expected to end at the same level as 2023.

Statutory report on corporate social responsibility

Statutory report on ESG & Product Compliance

Supplier Compliance remain a key topic, targeting extended due diligence measures throughout or supply chain and in line with OECD guidelines, besides perpetually developing our certification strategy on products.

Better material and certified fibers

Certifications now held include GOTS (Global Organic Textile Standard, OekoTex100 & FSC (Forest Stewardship Council), OCS (Organic Content Standard), RWS (Responsible Wool Standard), RDS (Responsible Down Standard), GRS (Global Recycled Standard) & RCS (Recycled Claim Standard).

Responsible production

Our entire Tier 1 supplier base is enrolled with minimum one of several Internationally recognized frameworks within social compliance. Hence all are subject to independent 3rd party auditing. We recognize different schemes such as Amfori (BSCI), Sedex, ICTI, GOTS & SA8000.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		136,247,205	32,261,462
Staff costs	1	(50,073,104)	(19,368,391)
Depreciation, amortisation and impairment losses	2	(83,571,262)	(32,568,045)
Other operating expenses		0	(26,340,856)
Operating profit/loss		2,602,839	(46,015,830)
Other financial income	3	1,669,800	232,046
Other financial expenses	4	(63,732,835)	(23,184,791)
Profit/loss before tax		(59,460,196)	(68,968,575)
Tax on profit/loss for the year	5	(2,579,940)	6,155,395
Profit/loss for the year	6	(62,040,136)	(62,813,180)

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	8	1,217,224	1,842,134
Acquired intangible assets		729,247,662	776,627,860
Acquired trademarks		1,111,459	566,891
Goodwill		280,172,229	312,499,794
Development projects in progress	8	5,676,634	0
Intangible assets	7	1,017,425,208	1,091,536,679
Other fixtures and fittings, tools and equipment		3,214,297	4,245,530
Leasehold improvements		4,120,212	1,356,225
Property, plant and equipment	9	7,334,509	5,601,755
Deposits		2,514,766	939,788
Financial assets	10	2,514,766	939,788
Fixed assets		1,027,274,483	1,098,078,222
Manufactured goods and goods for resale		49,071,534	71,417,500
Prepayments for goods		4,516,195	5,829,358
Inventories		53,587,729	77,246,858
Trade receivables		23,193,430	22,363,865
Other receivables		417,248	7,541,426
Prepayments	11	540,914	805,392
Receivables		24,151,592	30,710,683
Cash		76,151,021	44,588,579
Current assets		153,890,342	152,546,120
Assets		1,181,164,825	1,250,624,342

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital	12	5,543,400	5,543,400
Reserve for fair value adjustments of hedging instruments		(1,610,297)	(1,234,601)
Retained earnings		413,008,357	494,807,063
Equity		416,941,460	499,115,862
Deferred tax	13	160,275,644	170,677,084
Provisions		160,275,644	170,677,084
Other payables		532,126,369	514,999,668
Non-current liabilities other than provisions	14	532,126,369	514,999,668
Convertible and profit-sharing debt instruments	15	24,109,998	24,109,998
Prepayments received from customers		804,339	4,762,590
Trade payables		27,561,629	19,219,901
Tax payable		7,981,380	2,836,036
Other payables	16	11,364,006	14,903,203
Current liabilities other than provisions		71,821,352	65,831,728
Liabilities other than provisions		603,947,721	580,831,396
Equity and liabilities		1,181,164,825	1,250,624,342
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	5,543,400	(1,234,601)	494,807,063	0	499,115,862
Extraordinary dividend paid	0	0	0	(22,109,774)	(22,109,774)
Exchange rate adjustments	0	0	(25,765)	0	(25,765)
Fair value adjustments of hedging instruments	0	(375,696)	0	0	(375,696)
Other entries on equity	0	0	2,376,969	0	2,376,969
Profit/loss for the year	0	0	(84,149,910)	22,109,774	(62,040,136)
Equity end of year	5,543,400	(1,610,297)	413,008,357	0	416,941,460

For the purpose of offering incentive pay in the form of warrants, the Company's Board of Directors are authorized for the period until October 31 2027 once or several times to issue up to 6,073,236 shares and to adopt the capital increase related to the exercise of warrants. The authorization empowers the Board of Directors to determine the terms for the granted share options, including the exercise price. Warrants can be issued to the board of directors, members of the executive management and employees in the company.

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		2,602,839	(46,015,830)
Amortisation, depreciation and impairment losses		83,571,262	32,568,045
Working capital changes	17	31,062,499	(3,239,380)
Transaction costs		0	26,340,856
Other adjustments		(132,343)	0
Cash flow from ordinary operating activities		117,104,257	9,653,691
Financial income received		1,669,800	232,046
Financial expenses paid		(63,732,835)	(3,324,937)
Taxes refunded/(paid)		(7,836,036)	0
Cash flows from operating activities		47,205,186	6,560,800
Acquisition etc. of intangible assets		(6,645,523)	(773,763)
Acquisition etc. of property, plant and equipment		(4,964,737)	(485,262)
Sale of property, plant and equipment		148,598	0
Acquisition of fixed asset investments		(1,878,777)	(164,131)
Sale of fixed asset investments		303,799	0
Acquisition of enterprises		0	(1,060,428,079)
Transaction costs		0	(26,340,856)
Cash from business combination		0	43,641,715
Cash flows from investing activities		(13,036,640)	(1,044,550,376)
Free cash flows generated from operations and investments before financing		34,168,546	(1,037,989,576)
Loans raised		0	519,249,812
Dividend paid		(22,109,774)	0
Cash capital increase		0	554,240,280
Received cash payment for options and warrants		2,376,969	9,088,063
Net change in funding from shareholder		17,126,701	0
Cash flows from financing activities		(2,606,104)	1,082,578,155

Increase/decrease in cash and cash equivalents	31,562,442	44,588,579
Cash and cash equivalents beginning of year	44,588,579	0
Cash and cash equivalents end of year	76,151,021	44,588,579
<hr/>		
Cash and cash equivalents at year-end are composed of:		
Cash	76,151,021	44,588,579
Cash and cash equivalents end of year	76,151,021	44,588,579
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Notes to consolidated financial statements

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	44,258,138	16,833,023
Pension costs	2,039,564	600,389
Other social security costs	492,931	203,818
Other staff costs	3,282,471	1,731,161
	50,073,104	19,368,391
Average number of full-time employees	80	69

Special incentive programmes

The company have a warrants program, which also includes the Executive Board.

The warrant program comprise of warrants in the ultimate parent company, Kite Topco ApS.

Remuneration of the Executive Board and Board of Directors amounted to DKK 5,510,000 (2022: DKK 2,700 thousand).

2 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	80,756,994	31,827,189
Depreciation on property, plant and equipment	2,780,344	740,856
Profit/loss from sale of intangible assets and property, plant and equipment	33,924	0
	83,571,262	32,568,045

3 Other financial income

	2023	2022
	DKK	DKK
Other interest income	1,669,800	219,832
Other financial income	0	12,214
	1,669,800	232,046

4 Other financial expenses

	2023	2022
	DKK	DKK
Other interest expenses	60,447,381	19,875,031
Exchange rate adjustments	2,583,821	2,923,480
Other financial expenses	701,633	386,280
	63,732,835	23,184,791

5 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	12,981,380	584,183
Change in deferred tax	(10,401,440)	(6,739,578)
	2,579,940	(6,155,395)

6 Proposed distribution of profit/loss

	2023	2022
	DKK	DKK
Extraordinary dividend distributed in the financial year	22,109,774	0
Retained earnings	(84,149,910)	(62,813,180)
	(62,040,136)	(62,813,180)

7 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Acquired trademarks DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	2,198,952	797,426,821	679,273	323,275,649	0
Transfers	123,103	0	0	0	(123,103)
Additions	12,672	0	833,114	0	5,799,737
Cost end of year	2,334,727	797,426,821	1,512,387	323,275,649	5,676,634
Amortisation and impairment losses beginning of year	(356,818)	(20,798,961)	(112,382)	(10,775,855)	0
Amortisation for the year	(760,685)	(47,380,198)	(288,546)	(32,327,565)	0
Amortisation and impairment losses end of year	(1,117,503)	(68,179,159)	(400,928)	(43,103,420)	0
Carrying amount end of year	1,217,224	729,247,662	1,111,459	280,172,229	5,676,634

8 Development projects

Completed development projects relate to construction and improvement of own webshop and other IT tools. Costs which add new functionality and add new domains to the webshop are capitalized when sales are expected to increase from these. Management expects that revenue will increase and revenue from own webshop will account for an increasingly larger portion of the total revenue the next five years and that new IT tools will help achieving these expectations.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalized costs for development projects in the reserve for development costs under equity.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost beginning of year	6,016,403	2,086,200
Additions	1,354,861	3,609,876
Disposals	0	(247,716)
Cost end of year	7,371,264	5,448,360
Depreciation and impairment losses beginning of year	(1,770,873)	(729,975)
Depreciation for the year	(2,386,094)	(697,291)
Reversal regarding disposals	0	99,118
Depreciation and impairment losses end of year	(4,156,967)	(1,328,148)
Carrying amount end of year	3,214,297	4,120,212

10 Financial assets

	Deposits
	DKK
Cost beginning of year	939,788
Additions	1,878,777
Disposals	(303,799)
Cost end of year	2,514,766
Carrying amount end of year	2,514,766

11 Prepayments

Prepayments under assets comprise costs related to subsequent financial years such as service agreements.

12 Contributed capital

	Nominal value DKK
Class Aa	99,862
Class Ac	100,427
Class B	871
Class C	2,790,000
Class D	100
Class E	2,262,683
Class F	287,457
Class G	1,000
	5,542,400

13 Deferred tax

	2023 DKK	2022 DKK
Changes during the year		
Beginning of year	170,677,084	0
Recognised in the income statement	(10,401,440)	(6,739,578)
Additions due to business combination	0	177,416,662
End of year	160,275,644	170,677,084

14 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Other payables	532,126,369	514,999,668
	532,126,369	514,999,668

Other payables consist of additional funding from the Company's shareholders.

15 Convertible and profit-sharing debt instruments

	Amounts outstanding DKK	Interest rate agreed %	Conversion price
Convertible loan agreement	24,109,998	0.00	10
	24,109,998		

16 Other payables

	2023	2022
	DKK	DKK
VAT and duties	1,419,124	2,359,952
Wages and salaries, personal income taxes, social security costs, etc. payable	657,065	41,773
Holiday pay obligation	1,647,785	2,084,159
Other costs payable	7,640,032	10,417,319
	11,364,006	14,903,203

17 Changes in working capital

	2023	2022
	DKK	DKK
Increase/decrease in inventories	23,659,129	(5,954,158)
Increase/decrease in receivables	6,559,091	4,402,278
Increase/decrease in trade payables etc.	844,279	(1,687,500)
	31,062,499	(3,239,380)

18 Unrecognised rental and lease commitments

	2023	2022
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	5,900,342	2,635,157

19 Contingent liabilities

There are no contingent liabilities at the balance sheet date.

20 Assets charged and collateral

As security for the engagement with bank institution, the value of shares in Konges Sløjd A/S has been pledged. The nominal value of shares amounts to DKK 400.000 at the balance sheet date.

21 Non-arm's length related party transactions

In the annual report only transactions with related parties which are not processed on market terms are described. No such transactions are processed in the financial year.

22 Subsidiaries

	Registered in	Corporate form	Ownership %
Konges Sløjd A/S	Copenhagen	A/S	100.00
Kite Bidco ApS	Copenhagen	ApS	100.00
Kite Midco ApS	Copenhagen	ApS	100.00
Konges Sloejd INC	USA	INC	100.00

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		(1,196,761)	(250,000)
Staff costs	1	(645,833)	0
Operating profit/loss		(1,842,594)	(250,000)
Income from investments in group enterprises		65,000,000	0
Other financial income	2	30,254	0
Other financial expenses	3	(60,331,059)	(19,859,854)
Profit/loss before tax		2,856,601	(20,109,854)
Tax on profit/loss for the year	4	5,090,204	4,424,156
Profit/loss for the year	5	7,946,805	(15,685,698)

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		1,073,669,792	1,073,669,792
Receivables from group enterprises		8,608,852	8,608,852
Financial assets	6	1,082,278,644	1,082,278,644
Fixed assets		1,082,278,644	1,082,278,644
Other receivables		0	299,511
Joint taxation contribution receivable		18,071,584	5,008,322
Receivables		18,071,584	5,307,833
Cash		5,510,710	0
Current assets		23,582,294	5,307,833
Assets		1,105,860,938	1,087,586,477

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		5,543,400	5,543,400
Retained earnings		530,313,245	542,099,245
Equity		535,856,645	547,642,645
Other payables		532,119,400	514,999,668
Non-current liabilities other than provisions	7	532,119,400	514,999,668
Convertible and profit-sharing debt instruments	8	24,109,998	24,109,998
Payables to group enterprises		5,336,340	0
Tax payable		7,981,380	584,166
Other payables		457,175	250,000
Current liabilities other than provisions		37,884,893	24,944,164
Liabilities other than provisions		570,004,293	539,943,832
Equity and liabilities		1,105,860,938	1,087,586,477
Contingent liabilities	9		
Assets charged and collateral	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	5,543,400	558,451,494	0	563,994,894
Adjustment of material errors	0	(16,352,249)	0	(16,352,249)
Adjusted equity, beginning of year	5,543,400	542,099,245	0	547,642,645
Extraordinary dividend paid	0	0	(22,109,774)	(22,109,774)
Other entries on equity	0	2,376,969	0	2,376,969
Profit/loss for the year	0	(14,162,969)	22,109,774	7,946,805
Equity end of year	5,543,400	530,313,245	0	535,856,645

For the purpose of offering incentive pay in the form of warrants, the Company's Board of Directors are authorized for the period until October 31 2027 once or several times to issue up to 6,073,236 shares and to adopt the capital increase related to the exercise of warrants. The authorization empowers the Board of Directors to determine the terms for the granted share options, including the exercise price. Warrants can be issued to the board of directors, members of the executive management and employees in the company.

Notes to parent financial statements

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	562,500	0
Other staff costs	83,333	0
	645,833	0
Average number of full-time employees	1	0

Remuneration of the Executive Board and Board of Directors amounted to DKK 645,833 (2022: DKK 0).

2 Other financial income

	2023	2022
	DKK	DKK
Other interest income	30,254	0
	30,254	0

3 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	313,421	0
Other interest expenses	60,010,069	19,859,854
Other financial expenses	7,569	0
	60,331,059	19,859,854

4 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Refund in joint taxation arrangement	(5,090,204)	(4,424,156)
	(5,090,204)	(4,424,156)

5 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Extraordinary dividend distributed in the financial year	22,109,774	0
Retained earnings	(14,162,969)	(15,685,698)
	7,946,805	(15,685,698)

6 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	1,073,669,792
Cost end of year	1,073,669,792
Carrying amount end of year	1,073,669,792

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

The Company's investments are recorded at cost and no impairment loss has been identified, as the net realisable value of the investments has not been assessed lower than the carrying amount.

7 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Other payables	532,119,400	514,999,668
	532,119,400	514,999,668

Other payables consist of additional funding from the Company's shareholders.

8 Convertible and profit-sharing debt instruments

	Amounts outstanding DKK	Interest rate agreed %	Conversion price
Convertible loan agreement	24,109,998	0.00	10
	24,109,998		

9 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

10 Assets charged and collateral

There are no assets charged or collateral at the balance sheet date.

11 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Material errors in previous years

The parent company has identified material errors concerning previous years. The error relates to incorrect treatment of a contribution to subsidiaries. With the application of the rules on the correction of significant errors from previous years, the adjustment of the error has been made in the opening balance sheet and comparative figures have been adjusted.

The error influences the parent income statement with a negative effect of DKK 16.3 million where DKK 4.6 million relates to tax for the year and parent company equity with DKK 16.3 million. The parent company's balance have been reduced by DKK 20.9 million.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on

transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, costs of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made and risk has passed to the buyer, and revenue from fees is recognised in the income statement when the service is performed. Revenue is recognised net of VAT, and duties and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes normal writedowns of such inventories.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds .

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for distribution, logistics, premises, marketing costs, IT-costs and corporate costs. This item also includes writedowns of receivables recognized in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies,.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For goodwill, it has not been possible to estimate useful life reliably, for

which reason such useful life has been set at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as consultants and amortisation that are directly and indirectly attributable to the development projects..

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. The amortisation period is a straight-line basis over their remaining duration which in the outset are 3-20 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.