BEIERHOLM
VI SKABER BALANCE

CROWD Nordics ApS

Albuen 37, 6000 Kolding

CVR no. 43 34 72 68

Annual report
for the financial year 24.06.22 - 31.12.22

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.06.23

Henrik Andersen
Dirigent

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Group information etc.

The company

CROWD Nordics ApS
Albuen 37
6000 Kolding
Danmark

Registered office: Kolding
CVR no.: 43 34 72 68
Financial year: 01.01 - 31.12
1. financial year

Executive Board

CEO Henrik Andersen

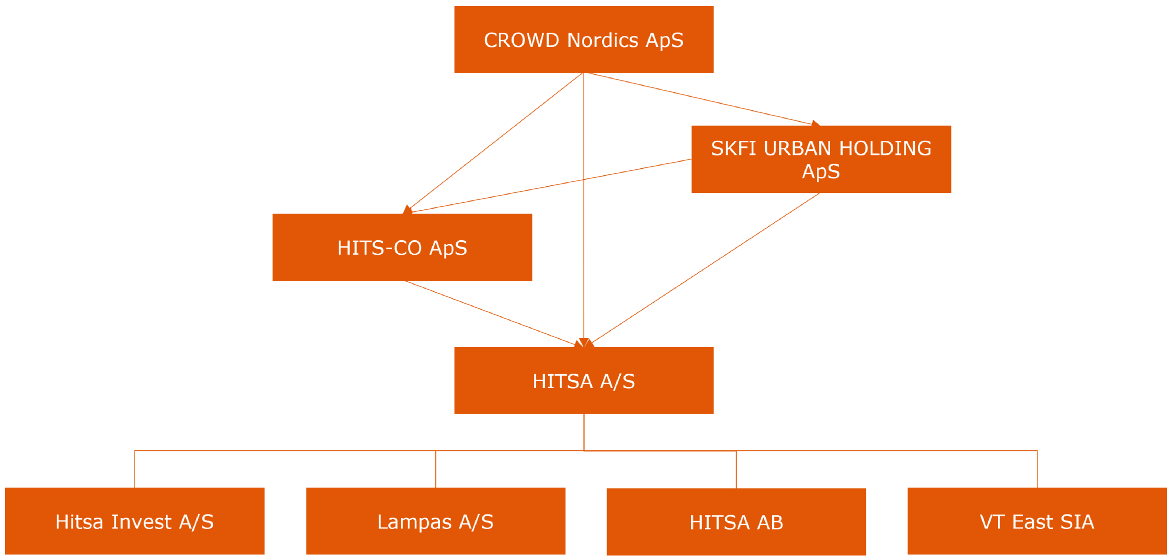
Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Subsidiaries

SKFI Urban Holding ApS, Kolding
Hits-Co ApS, Kolding
Hitsa A/S, Kolding
Hitsa Invest A/S, Kolding
Lampas A/S, Kolding
Hitsa AB, Sweden
VT East Sia, Latvia

Group chart


CROWD Nordics ApS
SKFI URBAN HOLDING ApS
HITS-CO ApS
HITSA A/S
Hitsa Invest A/S
Lampas A/S
HITSA AB
VT East SIA

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 24.06.22 - 31.12.22 for CROWD Nordics ApS.

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

In my opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.22 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 24.06.22 - 31.12.22.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Kolding, June 28, 2023

Executive Board

Henrik Andersen
CEO

To the capital owner of CROWD Nordics ApS

Opinion

We have audited the consolidated financial statements and parent company financial statements of CROWD Nordics ApS for the financial year 24.06.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 24.06.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 parent company financial statements” section of our report. We are independent of the group and the company 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 responsibility for the consolidated financial statements and parent company financial statements

The 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. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company 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 parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing 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 company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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 per-formance 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 regarding the management's review

Management is responsible for management's review.

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

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

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Haderslev, June 28, 2023

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Rasmus Ørskov
State Authorized Public Accountant
MNE-no. mne42777

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	24.06.22 31.12.22
Profit/loss	
Gross result	31,060
Profit/loss before depreciation, amortisation, write-downs and impairment losses	10,498
Operating profit/loss	4,584
Total net financials	-345
Profit before tax	4,239
Total tax	-2,425
Profit for the year	1,814
Balance	
Total assets	202,096
Investments in property, plant and equipment	14,860
Equity	35,182
Cashflow	
Net cash flow:	
Operating activities	-16,978
Investing activities	-115,973
Financing activities	145,202
Cash flows for the year	12,251

Ratios

	24.06.22 31.12.22
Profitability	
Return on equity	5%
Return on invested capital	26%
Equity ratio	
Solvency ratio	17%
Liquidity and financing	
Liquidity ratio	118%
Financing rate	80%

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Return on invested capital: $\frac{\text{EBITA x 100}}{\text{Avg. invested capital excl. goodwill}}$

EBITA: Operating profit plus amortisation and im-pairment losses on goodwill.

Invested capital excl. goodwill: Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Liquidity ratio: $\frac{\text{Current assets x 100}}{\text{Short-term payables}}$

Financing rate: $\frac{\text{Long-term payables x 100}}{\text{Non-current assets}}$

Primary activities

The group's principal activities consist of developing, producing and implementing urban space solutions and outdoor lighting. Special emphasis is placed on urban space furnishings and lighting that promote (urban) quality of life, sustainability, and social inclusion.

Uncertainty concerning recognition and measurement

There is no material uncertainty regarding recognition and measurement.

Exceptional conditions

The financial period is negatively impacted by high energy prices, a drop in the SEK exchange rate and the war in Ukraine.

Development in activities and financial affairs

The income statement for the period 24.06.22 - 31.12.22 shows a profit/loss of DKK 1,813,603. The balance sheet shows equity of DKK 35,181,506.

The year has presented challenges, especially with high energy prices. However, the ESG-related work on reducing CO2 has meant that energy costs have not fully materialised. Management finds the result for the year satisfactory considering a volatile market.

Result for the year compared to previously announced expectations

Crowd Nordics is a new start-up.

Outlook

The company a strengthened result in the coming years based on stable energy and raw material prices as well as synergies generated through the Crowd Group.

Financial risks

The Group is exposed to commodity price risks as several raw materials with fluctuating prices are included in the Group's products. In addition, the Group is also exposed to the Swedish krona. The impact on the result for the year has been significant, however, the Group has largely been able to compensate for the loss of income by focusing on internal optimisation.

External environment

As part of the overall strategy for the Group's environmental work, an environmental policy with associated objectives has been drawn up. This policy is based on environmentally sound operations and is a natural part of the Group's objectives for product quality, production conditions and CO2 reduction.

The Group acts in accordance with applicable environmental and safety legislation, and in 2022 the subsidiary HITSA A/S obtained environmental certification of the factory in Kolding in accordance with the ISO 14001 standard.

Research and development activities

Development activities consist of new products and solutions for installation in public spaces. The Group continuously invests in development and marketing with the aim of improving life in and around cities.

Subsequent events

No important events have occurred after the end of the financial year.

Corporate social responsibility (CSR - Corporate Social Responsibility, Social Responsibility, Sustainability)

The Group is responsible for implementing a strategy that helps to ensure that the Group constitutes a strong and inclusive community where people care for each other and where vulnerable people are given a special chance.

Against this background, the management has developed and implemented a social strategy in which the Group wants to make an extraordinary effort to help people on the edge of the labour market back into work and retain vulnerable people in their jobs.

See more information about the CSR/ESG work at: https://hitsa.dk/om-hitsa/baeredygtighed/

Income statement

Note		Group 24.06.22 31.12.22 DKK	Parent 24.06.22 31.12.22 DKK
	Gross result	**31,060,463**	**-3,027,961**
1	Staff costs	-20,562,741	-513,269
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**10,497,722**	**-3,541,230**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-5,879,585	0
	Other operating expenses	-33,990	0
	Operating profit/loss	**4,584,147**	**-3,541,230**
2	Income from equity investments in group enterprises	0	5,729,799
3	Financial income	575,505	0
4	Financial expenses	-920,708	-482,180
	Profit before tax	**4,238,944**	**1,706,389**
5	Tax on profit for the year	-2,425,341	107,214
	Profit for the year	**1,813,603**	**1,813,603**

6 Proposed appropriation account

Balance sheet

ASSETS

Note		Group 31.12.22 DKK	Parent 31.12.22 DKK
	Completed development projects	5,983,262	0
	Acquired rights	845,338	0
	Goodwill	89,505,403	0
	Development projects in progress	278,963	0
7	**Total intangible assets**	**96,612,966**	**0**
	Land and buildings	2,019,218	0
	Leasehold improvements	3,188,797	0
	Plant and machinery	5,968,888	0
	Other fixtures and fittings, tools and equipment	2,299,354	0
8	**Total property, plant and equipment**	**13,476,257**	**0**
9	Equity investments in group enterprises	0	135,010,049
10	Deposits	995,884	0
	Total investments	**995,884**	**135,010,049**
	Total non-current assets	**111,085,107**	**135,010,049**
	Raw materials and consumables	23,338,272	0
	Work in progress	29,423,563	0
	Total inventories	**52,761,835**	**0**
	Trade receivables	24,588,315	0
	Receivables from group enterprises	0	1,350,026
	Income tax receivable	0	107,214
	Other receivables	369,766	554
11	Prepayments	1,040,489	0
	Total receivables	**25,998,570**	**1,457,794**
	Cash	**12,250,895**	**83,716**
	Total current assets	**91,011,300**	**1,541,510**
	Total assets	**202,096,407**	**136,551,559**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.22 DKK	Parent 31.12.22 DKK
12	Share capital	50,000	50,000
	Reserve for net revaluation according to the equity method	0	5,097,704
	Reserve for development costs	3,173,110	0
	Retained earnings	31,958,396	30,033,802
	Total equity	**35,181,506**	**35,181,506**
13	Provisions for deferred tax	68,313	0
14	Other provisions	745,311	12,085
	Total provisions	**813,624**	**12,085**
15	Payables to group enterprises	75,395,086	75,395,086
15	Other payables	13,299,515	9,723,991
	Total long-term payables	**88,694,601**	**85,119,077**
15	Short-term part of long-term payables	8,732,808	8,732,808
	Payables to other credit institutions	2,000	500
	Prepayments received from customers	23,858,602	0
	Trade payables	8,458,342	58,555
	Payables to group enterprises	17,237,476	3,641,680
	Income taxes	2,780,310	0
	Other payables	16,309,645	3,805,348
16	Deferred income	27,493	0
	Total short-term payables	**77,406,676**	**16,238,891**
	Total payables	**166,101,277**	**101,357,968**
	Total equity and liabilities	**202,096,407**	**136,551,559**

17 Contingent liabilities
18 Charges and security
19 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Reserve for developmen t costs	Retained earnings	Total equity
Group:					
Statement of changes in equity for 24.06.22 - 31.12.22					
Foreign currency translation adjustment of foreign enterprises	0	0	0	-632,097	-632,097
Capital contributed on establishment	40,000	0	0	0	40,000
Capital increase	10,000	0	0	33,950,000	33,960,000
Transfers to/from other reserves	0	0	3,173,110	-3,173,110	0
Net profit/loss for the year	0	0	0	1,813,603	1,813,603
Balance as at 31.12.22	50,000	0	3,173,110	31,958,396	35,181,506
Parent:					
Statement of changes in equity for 24.06.22 - 31.12.22					
Foreign currency translation adjustment of foreign enterprises	0	-632,097	0	0	-632,097
Capital contributed on establishment	40,000	0	0	0	40,000
Capital increase	10,000	0	0	33,950,000	33,960,000
Net profit/loss for the year	0	5,729,801	0	-3,916,198	1,813,603
Balance as at 31.12.22	50,000	5,097,704	0	30,033,802	35,181,506

Consolidated cash flow statement

Note		Group 24.06.22 31.12.22 DKK
	Profit for the year	**1,813,603**
20	Adjustments	8,503,695
	Change in working capital:	
	Inventories	-52,761,835
	Receivables	-25,998,570
	Trade payables	8,458,342
	Other payables relating to operating activities	43,140,282
	Other provisions	745,311
	Cash flows from operating activities before net financials	**-16,099,172**
	Interest income and similar income received	575,505
	Interest expenses and similar expenses paid	-920,708
	Income tax paid	-534,000
	Cash flows from operating activities	**-16,978,375**
	Purchase of intangible assets	-102,673,243
	Sale of intangible assets	1,150,839
	Purchase of property, plant and equipment	-14,859,838
	Sale of property, plant and equipment	409,343
	Cash flows from investing activities	**115,972,899**
	Raising of additional capital	34,000,000
	Arrangement of payables to group entreprises	101,365,370
	Arrangement of other long-term payables	9,836,799
	Cash flows from financing activities	**145,202,169**
	Total cash flows for the year	**12,250,895**
	Cash, beginning of year	0
	Cash, end of year	**12,250,895**
	Cash, end of year, comprises:	
	Cash	12,250,895
	Total	**12,250,895**

	Group	Parent
	24.06.22 31.12.22 DKK	24.06.22 31.12.22 DKK

1. Staff costs

Wages and salaries	16,642,727	457,600
Pensions	3,011,235	54,912
Other social security costs	410,340	757
Other staff costs	498,439	0
Total	20,562,741	513,269
Average number of employees during the year	105	1

The remuneration of the Executive Board is not disclosed for parent as it consists of only one person.

2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	8,623,089
Amortisation of goodwill	0	-2,893,290
Total	0	5,729,799

3. Financial income

Other interest income	17,577	0
Foreign exchange gains	554,753	0
Other financial income	3,175	0
Total	575,505	0

	Group	Parent
	24.06.22 31.12.22 DKK	24.06.22 31.12.22 DKK

4. Financial expenses

Interest, group enterprises	429,984	367,502
Other interest expenses	252,444	112,808
Foreign currency translation adjustments	4,061	0
Foreign exchange losses	3,186	1,870
Other financial expenses	231,033	0
Other financial expenses	490,724	114,678
Total	920,708	482,180

5. Tax on profit for the year

Tax on profit or loss for the year	2,357,028	-107,214
Adjustment of deferred tax for the year	68,313	0
Total	2,425,341	-107,214

6. Proposed appropriation account

Reserve for net revaluation according to the equity method	0	5,729,801
Retained earnings	1,813,603	-3,916,198
Total	1,813,603	1,813,603

7. Intangible assets

Figures in DKK	Completed development projects	Acquired rights	Goodwill	Development projects in progress
Group:				
Additions during the year	5,924,636	1,256,468	93,492,981	1,999,158
Disposals during the year	-986,386	-198,053	0	0
Transfers during the year to/from other items	1,720,195	0	0	-1,720,195
Cost as at 31.12.22	6,658,445	1,058,415	93,492,981	278,963
Amortisation during the year	-680,682	-213,077	-3,987,578	0
Reversal of amortisation of and impairment losses on disposed assets	5,499	0	0	0
Amortisation and impairment losses as at 31.12.22	-675,183	-213,077	-3,987,578	0
Carrying amount as at 31.12.22	5,983,262	845,338	89,505,403	278,963

Completed development projects include the development of new products and solutions for installation in public spaces. The value is calculated as the cost of materials plus time spent on development. The carrying amount per project is estimated and written down if the fair value is lower than the carrying amount. Projects are completed on an ongoing basis and depreciated over 3-5 years.

Justification of goodwill amortization period
Investments relating to the acquisition of companies with significant market potential are considered to be of strategic importance. Taking into account the Group's business and earnings forecasts, the useful life of goodwill for such acquisitions has been set at 10 years.

8. Property, plant and equipment

Figures in DKK	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:				
Additions during the year	2,051,275	3,713,050	6,348,256	2,747,257
Disposals during the year	0	-327,142	-152,500	-197,294
Cost as at 31.12.22	2,051,275	3,385,908	6,195,756	2,549,963
Depreciation during the year	-32,057	-197,111	-351,742	-417,338
Reversal of depreciation of and impairment losses on disposed assets	0	0	124,874	166,729
Depreciation and impairment losses as at 31.12.22	-32,057	-197,111	-226,868	-250,609
Carrying amount as at 31.12.22	2,019,218	3,188,797	5,968,888	2,299,354

9. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Group:	
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0
Parent:	
Additions during the year	129,912,345
Cost as at 31.12.22	129,912,345
Foreign currency translation adjustment of foreign enterprises	-632,097
Amortisation of goodwill	-2,893,289
Net profit/loss from equity investments	8,623,090
Revaluations as at 31.12.22	5,097,704
Carrying amount as at 31.12.22	135,010,049
The item comprises goodwill as at 31.12.22 of	89,505,404
Positive balances ascertainable on initial recognition of equity investments measured at equity value	93,492,981

Name and registered office:	Ownership interest
Subsidiaries:	
SKFI Urban Holding ApS, Kolding	100%
Hits-Co ApS, Kolding	100%
Hitsa A/S, Kolding	100%
Hitsa Invest A/S, Kolding	100%

Lampas A/S, Kolding	100%
Hitsa AB, Sweden	100%
VT East Sia, Latvia	100%

10. Other non-current financial assets

Figures in DKK	Deposits
Group:	
Additions during the year	995,884
Cost as at 31.12.22	995,884
Carrying amount as at 31.12.22	995,884

	Group	Parent
	31.12.22 DKK	31.12.22 DKK
11. Prepayments		
Other prepayments	1,040,489	0

12. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	50,000	50,000
Capital increase during the financial year	10,000	10,000

The share capital has been fully paid in at the balance sheet date.

	Group	Parent
	31.12.22 DKK	31.12.22 DKK

13. Deferred tax

Deferred tax recognised in the income statement	68,313	0
Deferred tax as at 31.12.22	68,313	0

14. Other provisions

Figures in DKK	Warranty commitments	Other provisions
Group:		
Provisions during the year	700,000	45,311
Provisions as at 31.12.22	700,000	45,311
Parent:		
Provisions during the year	0	12,085
Provisions as at 31.12.22	0	12,085

	31.12.22 DKK	31.12.22 DKK
Other provisions are expected to be distributed as follows:		
Current liabilities	712,085	12,085

15. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 23.06.22
Group:				
Payables to group enterprises	8,620,000	0	84,015,086	84,015,086
Other payables	112,808	3,315,805	13,412,323	13,412,323
Total	8,732,808	3,315,805	97,427,409	97,427,409
Parent:				
Payables to group enterprises	8,620,000	0	84,015,086	84,015,086
Other payables	112,808	0	9,836,799	9,836,799
Total	8,732,808	0	93,851,885	93,851,885

	Group	Parent
	31.12.22 DKK	31.12.22 DKK
16. Deferred income		
Deferred income	27,493	0

17. Contingent liabilities

Group:

Lease commitments

The group has has entered into leasing contracts with a remaining term of 9-60 months and an average payment of DKK 17k and total commitment of DKK 1,153k.

The company has entered into an agreement for the lease of business premises with a total commitment of DKK 22.9 million in the non-cancellable period.

Recourse guarantee commitments

The group has provided a guarantee for group enterprises' debt to credit institutions

Other contingent liabilities

A Group Company has issued a declaration of support to another subsidiary in the Group. The declaration of support concerns a receivable of DKK 8,123k until the general meeting is held, where the annual report for the financial year 2023 will be presented for approval.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

18. Charges and security

Group:

At the balance sheet date, the Group has given a letter of indemnity secured by movable assets for all outstanding balances with banks. The security is maximised to a total of DKK 27,000k.

Parent:

The company has not provided any security over assets.

19. Related parties

Controlling influence	Basis of influence
Creators of the Outside World B.V., Holland	Parent company

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

The company is included in the consolidated financial statements of the parent Creators of the Outside World B.V., Holland.

20. Adjustments for the cash flow statement

Other operating income	-29,899
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	5,879,585
Other operating expenses	33,990
Financial income	-575,505
Financial expenses	920,708
Tax on profit or loss for the year	2,425,341
Other adjustments	-150,525
Total	8,503,695

21. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C with application of provisions for a higher reporting class.

No comparative figures have been provided as this is the parents' and the group's first financial year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds participating interests, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

21. Accounting policies - continued -

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

In connection with the purchase price allocation, management has assessed the valuation of the Group's assets with a focus on the Group's intangible assets, property, plant and equipment, inventories and work in progress.

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis based on the actual ownership interest in the acquired equity investments.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets in the consolidated financial statements and under equity investments in subsidiaries in the parent’s balance sheet. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets

21. Accounting policies - continued -

acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross result

Gross result comprises revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

21. Accounting policies - continued -

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment

21. Accounting policies - continued -

aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	3-10	0
Acquired rights	3	0
Goodwill	10	0
Buildings	30	0
Leasehold improvements	3-10	0
Plant and machinery	5-8	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

Goodwill is amortised over 10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises and associates

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

21. Accounting policies - continued -

Income from equity investments in equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

21. Accounting policies - continued -

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

21. Accounting policies - continued -

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises and associates

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

Equity investments in associates

In the balance sheet, equity investments in associates are recognised and measured according to the equity method. For equity investments in associates, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Accounting policies for the acquisition of equity investments in associates are subject to the same accounting policies as for business combinations, see the description in the 'Business combinations' section.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred. Where the cost on acquisition of equity investments includes a contingent purchase consideration, this consideration is measured at fair value at the date of acquisition. Subsequent value adjustment of contingent purchase consideration at fair value is recognised in the income statement.

21. Accounting policies - continued -

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

On the acquisition of non-controlling interests in subsidiaries, the principles for business combinations in the balance sheet of the parent, see the description in the 'Business combinations' section, are applied.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

Gains or losses on disposal of equity investments

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets

21. Accounting policies - continued -

or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered

21. Accounting policies - continued -

into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Provisions

Other provisions comprise expected expenses incidental to warranty commitments, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

21. Accounting policies - continued -

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

21. Accounting policies - continued -

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.