



**Grant Thornton**  
Godkendt  
Revisionspartnerselskab

Lautrupsgade 11  
2100 København  
CVR-nr. 34209936

T (+45) 33 110 220

[www.grantthornton.dk](http://www.grantthornton.dk)


**NAKED ApS**  
**Bryggernes Plads 14, 1799 København V**

**Company reg. no. 28 10 88 93**

**Annual report**

**1 October 2023 - 30 September 2024**

The annual report was submitted and approved by the general meeting on the 17 December 2024.

DocuSigned by:  
  
BA97033A8F6A4B7...  
Tommas Rubini Olsen  
Chairman of the meeting

Contents

---

	<u>Page</u>
<b>Reports</b>	
Management's statement	1
Independent auditor's report	2
<b>Management's review</b>	
Company information	5
Financial highlights	6
Management's review	7
<b>Financial statements 1 October 2023 - 30 September 2024</b>	
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes	13
Accounting policies	18

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's statement

---

Today, the Supervisory Board and the Executive Board has approved the annual report of NAKED ApS for the financial year 1 October 2023 - 30 September 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

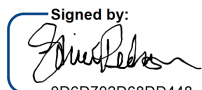
We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2024 and of the results of the Company's operations for the financial year 1 October 2023 – 30 September 2024.

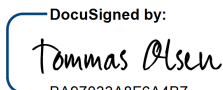
Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

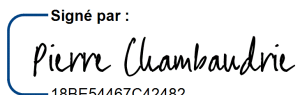
København V, 17 December 2024


### Executive board

Signed by:  
  
0D6D702D68DD448...  
Stine Lindholm Pedersen

DocuSigned by:  
  
BA97033A8F6A4B7...  
Tommas Rubini Olsen

### Supervisory board

Signé par :  
  
18BE54467C42482...  
Pierre Thierry Chambaudrie

DocuSigned by:  
  
0A0C9F0303184D0...  
Sandra Carmo Alves

Signé par :  
  
84B52014D0BE4C6...  
Franck-Olivier José Michel Broudin

## **Independent auditor's report**

---

### **To the Shareholders of NAKED ApS**

#### **Opinion**

We have audited the financial statements of NAKED ApS for the financial year 1 October 2023 - 30 September 2024, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2024, and of the results of the Company's operations for the financial year 1 October 2023 - 30 September 2024 in accordance with the Danish Financial Statements Act.

#### **Basis for conclusion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the 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 Responsibilities for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

## **Independent auditor's report**

---

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 Management's Review**

Management is responsible for Management's Review.

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

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

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

## Independent auditor's report

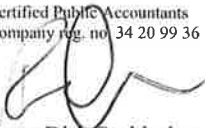
---

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 17 December 2024

### Grant Thornton

Certified Public Accountants  
Company reg. no. 34 20 99 36



Peter Birk Stokholm  
State Authorised Public Accountant  
mpe48468

## Company information

---

**The company**

NAKED ApS  
Bryggernes Plads 14  
1799 København V

Company reg. no.      28 10 88 93  
Financial year:        1 October - 30 September

**Supervisory board**

Pierre Thierry Chambaudrie  
Sandra Carmo Alves  
Franck-Olivier José Michel Broudin

**Executive board**

Stine Lindholm Pedersen  
Tommas Rubini Olsen

**Auditors**

Grant Thornton, Godkendt Revisionspartnerselskab  
Stockholmsgade 45  
2100 København Ø

**Parent company**

Groupe Courir SAS

## Financial highlights

DKK in thousands.

2023/24    2022/23

### Income statement:

Gross profit	12.238	24.053
Profit from operating activities	-19.138	-2.815
Net financials	-1.627	-911
Net profit or loss for the year	-20.486	-2.970

### Statement of financial position:

Balance sheet total	62.149	64.693
Investments in property, plant and equipment	461	4.065
Equity	-3.261	17.225

### Employees:

Average number of full-time employees	59	44
---------------------------------------	----	----

### Key figures in %:

Acid test ratio	146,7	224,3
Solvency ratio	-5,2	26,6
Return on equity	-293,4	-34,5

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The financial highlights for 2023/24 solely comprise the period 2023/24 and 2022/23.

Due to the changes in the accounting policies from changes in reporting classes the company has decided not to include the financial highlights for the period 2019/20 - 2021/22 in accordance with the Danish Financial Statements Act §101 (3).

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

<b>Acid test ratio</b>	$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$
<b>Solvency ratio</b>	$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$
<b>Return on equity</b>	$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$

## Management's review

---

### Description of key activities of the company

Like previous years, the principal activities is sales of fashion wear and shoes.

### Development in activities and financial matters

The gross profit for the year totals DKK 12.237.646 against DKK 24.053.182 last year. Income or loss from ordinary activities after tax totals DKK -20.485.604 against DKK -2.970.035 last year. Management considers the net profit or loss for the year unsatisfactory.

Management considers the net profit or loss for the year unsatisfactory. Yet, this result is also negatively impacted by strong investments made in 2023 / 2024 to develop the activity in both Retail and Online.

During the year 2024, Naked CPH France, an affiliate of Naked ApS, has been opening a new Flagship in Paris to develop its activity on the French Market. As it is considered a marketing activity, all the losses are fully covered by Naked ApS.

During the year 2024, Naked ApS has been implementing a new platform for its webshop to develop new online features and enhance its omnichannel activities. Unfortunately, go-live of the platform have generated difficulties on Online sales.

During the year 2024, Naked ApS has been using an Authorization Request of the shareholder agreement loan for 2 M€ to support investments done during the year.

The company has received a letter of support from its parent company, Groupe Courir. The letter of support ensures the company's liquidity until September 30, 2025.

### Expected developments

The company is focused on expanding its market presence, particularly in France, through both physical retail and online channels. Investment in technological infrastructure, such as the new webshop platform, is expected to enhance customer engagement and improve operational efficiency. The company is also exploring new opportunities in emerging markets, with the goal of strengthening its brand and driving future growth.

Despite the current financial result, Naked ApS remains confident in the strategic vision and the long-term potential of the company. The actions taken throughout 2024 are foundational to achieving sustainable growth, expanding the market reach, and delivering exceptional value to the customers in the years to come.

Naked ApS is committed to continue efforts to drive profitability and return to a strong financial position as we move into 2025. In Budget 2024/2025, Naked ApS net revenue expectations at +30% vs 2023/2024. Gross Profit is expected to increase 89%, equivalent to an increase of 11M DKK. Target consolidated 3rd party sales are expected to increase by 32% with EBITDA level back to positive.

## **Management's review**

---

### **Knowledge resources**

The company continues to invest in human capital, digital tools, and strategic partnerships to support growth and innovation. In particular, there is a focus on enhancing the skill sets of the retail and digital teams, ensuring they are equipped to handle the evolving demands of the fashion industry and customer preferences.

### **Environmental issues**

There were no significant environmental concerns raised during the year, and the company continues to monitor its environmental footprint in alignment with industry standards.

### **Research and development activities**

In 2024, the company invested in R&D activities aimed at improving its digital capabilities, including enhancing its online shopping platform, streamlining supply chain processes, and exploring new sustainable materials for its fashion products. These initiatives are part of the company's ongoing efforts to stay competitive and meet changing consumer expectations.

### **Financial risks and the use of financial instruments**

The company is exposed to various financial risks, including foreign exchange risk due to its international operations, credit risk from customer transactions, and liquidity risk. The company uses financial instruments such as shareholder loans to manage these risks effectively and ensure that its financial stability is maintained.

### **Events occurring after the end of the financial year**

No events materially affecting the assessments of the annual report have occurred after the balance sheet date.

## **Income statement 1 October - 30 September**

---

All amounts in DKK.

<u>Note</u>	<u>2023/24</u>	<u>2022/23</u>
<b>Gross profit</b>	<b>12.237.646</b>	<b>24.053.182</b>
2 Staff costs	-25.130.891	-22.474.909
Depreciation and impairment of non-current assets	-6.245.052	-4.392.921
<b>Operating profit</b>	<b>-19.138.297</b>	<b>-2.814.648</b>
Other financial income	71.109	81.364
3 Other financial expenses	-1.697.880	-992.593
<b>Pre-tax net profit or loss</b>	<b>-20.765.068</b>	<b>-3.725.877</b>
Tax on net profit or loss for the year	279.464	755.842
<b>4 Net profit or loss for the year</b>	<b>-20.485.604</b>	<b>-2.970.035</b>

**Balance sheet at 30 September**

All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>2024</u>	<u>2023</u>
<b>Non-current assets</b>			
5	Acquired concessions, patents, licenses, trademarks, and similar rights	7.637.442	9.920.327
	Total intangible assets	7.637.442	9.920.327
6	Other fixtures, fittings, tools and equipment	403.222	177.391
7	Leasehold improvements	3.066.205	3.785.532
	Total property, plant, and equipment	3.469.427	3.962.923
8	Investments in group enterprises	297.448	297.448
9	Deposits	1.001.639	1.177.104
	Total investments	1.299.087	1.474.552
	<b>Total non-current assets</b>	<b>12.405.956</b>	<b>15.357.802</b>
<b>Current assets</b>			
	Manufactured goods and goods for resale	27.280.345	28.280.634
	Prepayments for goods	0	856.037
	Total inventories	27.280.345	29.136.671
	Trade receivables	3.442.702	2.081.162
	Receivables from group enterprises	12.815.986	7.228.863
	Income tax receivables	817.392	0
	Other receivables	140.146	1.195.488
10	Prepayments	1.784.048	2.767.358
	Total receivables	19.000.274	13.272.871
	Cash and cash equivalents	3.462.806	6.925.323
	<b>Total current assets</b>	<b>49.743.425</b>	<b>49.334.865</b>
	<b>Total assets</b>	<b>62.149.381</b>	<b>64.692.667</b>

**Balance sheet at 30 September**

All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2024</u>	<u>2023</u>
<b>Equity</b>			
	Contributed capital	126.000	126.000
	Retained earnings	-3.386.559	17.099.081
	<b>Total equity</b>	<b>-3.260.559</b>	<b>17.225.081</b>
<b>Provisions</b>			
11	Provisions for deferred tax	0	279.464
	<b>Total provisions</b>	<b>0</b>	<b>279.464</b>
<b>Liabilities other than provisions</b>			
12	Payables to group enterprises	31.508.271	25.193.963
	Total long term liabilities other than provisions	31.508.271	25.193.963
	Bank loans	0	3.658
	Trade payables	28.898.365	17.171.600
	Payables to group enterprises	1.199.338	0
	Income tax payable	0	506.290
	Other payables	3.568.966	4.312.611
13	Deferred income	235.000	0
	Total short term liabilities other than provisions	33.901.669	21.994.159
	<b>Total liabilities other than provisions</b>	<b>65.409.940</b>	<b>47.188.122</b>
	<b>Total equity and liabilities</b>	<b>62.149.381</b>	<b>64.692.667</b>

- 1 Capital Resources**
- 14 Charges and security**
- 15 Contingencies**
- 16 Related parties**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 October 2023	126.000	17.099.045	17.225.045
Retained earnings for the year	0	-20.485.604	-20.485.604
	126.000	-3.386.559	-3.260.559

## Notes

---

All amounts in DKK.

### 1. Capital Resources

The company is subject to statutory capital loss regulations, and it will be explained at the general meeting that the capital is expected to be restored through the company's own earnings.

The company has received a letter of support from the parent company, Groupe Courir. The letter of support ensures the company's liquidity until September 30, 2025.

	<u>2023/24</u>	<u>2022/23</u>
<b>2. Staff costs</b>		
Salaries and wages	23.472.281	21.205.227
Pension costs	1.203.969	1.030.024
Other costs for social security	454.641	239.658
	<u><b>25.130.891</b></u>	<u><b>22.474.909</b></u>
Executive board and board of directors	<u>2.897.005</u>	<u>0</u>
Average number of employees	<u>59</u>	<u>44</u>

According to the exception provision in the Danish Financial Statements Act (ÅRL) § 98b, subsection 3, the remuneration is shown in total for both the board of directors and the executive management.

### 3. Other financial expenses

Financial costs, group enterprises	1.198.441	443.040
Other financial costs	499.439	549.553
	<u><b>1.697.880</b></u>	<u><b>992.593</b></u>

### 4. Proposed distribution of net profit

Allocated from retained earnings	<u>-20.485.604</u>	<u>-2.970.035</u>
<b>Total allocations and transfers</b>	<u><b>-20.485.604</b></u>	<u><b>-2.970.035</b></u>

## Notes

All amounts in DKK.

### 5. Acquired concessions, patents, licenses, trademarks, and similar rights

Cost 1 October 2023	18.042.439	10.121.658
Additions during the year	3.008.083	7.920.781
<b>Cost 30 September 2024</b>	<b>21.050.522</b>	<b>18.042.439</b>
Amortisation and write-down 1 October 2023	-8.122.112	-4.336.527
Amortisation and depreciation for the year	-5.290.968	-3.785.585
<b>Amortisation and write-down 30 September 2024</b>	<b>-13.413.080</b>	<b>-8.122.112</b>
<b>Carrying amount, 30 September 2024</b>	<b>7.637.442</b>	<b>9.920.327</b>

### 6. Other fixtures, fittings, tools and equipment

Cost 1 October 2023	598.076	453.861
Additions during the year	322.854	144.215
<b>Cost 30 September 2024</b>	<b>920.930</b>	<b>598.076</b>
Amortisation and write-down 1 October 2023	-420.685	-368.495
Amortisation and depreciation for the year	-97.023	-52.190
<b>Amortisation and write-down 30 September 2024</b>	<b>-517.708</b>	<b>-420.685</b>
<b>Carrying amount, 30 September 2024</b>	<b>403.222</b>	<b>177.391</b>

### 7. Leasehold improvements

Cost 1 October 2023	4.919.778	998.908
Additions during the year	137.735	3.920.870
<b>Cost 30 September 2024</b>	<b>5.057.513</b>	<b>4.919.778</b>
Depreciation and write-down 1 October 2023	-1.134.246	-599.776
Amortisation and depreciation for the year	-857.062	-534.470
<b>Depreciation and write-down 30 September 2024</b>	<b>-1.991.308</b>	<b>-1.134.246</b>
<b>Carrying amount, 30 September 2024</b>	<b>3.066.205</b>	<b>3.785.532</b>

## Notes

All amounts in DKK.

	30/9 2024	30/9 2023
<b>8. Investments in group enterprises</b>		
Cost 1 October 2023	297.448	297.448
<b>Carrying amount, 30 September 2024</b>	<b>297.448</b>	<b>297.448</b>
<b>9. Deposits</b>		
Cost 1 October 2023	1.177.104	1.254.662
Disposals during the year	-175.465	-77.558
<b>Cost 30 September 2024</b>	<b>1.001.639</b>	<b>1.177.104</b>
<b>Carrying amount, 30 September 2024</b>	<b>1.001.639</b>	<b>1.177.104</b>
<b>10. Prepayments</b>		
Prepaid Expenses	206.240	1.985.159
Accrued year end Rebates	1.577.808	780.834
Other prepayments	0	1.365
	<b>1.784.048</b>	<b>2.767.358</b>
<b>11. Provisions for deferred tax</b>		
Provisions for deferred tax 1 October 2023	279.464	1.035.306
Deferred tax relating to the net profit or loss for the year	-279.464	-755.842
	<b>0</b>	<b>279.464</b>
<b>12. Payables to group enterprises</b>		
<b>Total payables to group enterprises</b>	<b>31.508.271</b>	<b>25.193.963</b>
Share of liabilities due after 5 years	31.508.271	25.193.963

Notes

All amounts in DKK.

	30/9 2024	30/9 2023
13. Deferred income		
Accruals and deferred income	235.000	0
	235.000	0

14. Charges and security

The company has no charges or security as of 30 September 2024.

15. Contingencies

Contingent liabilities

Rent liabilities

The company has a lease obligation under opreating leases in relation to the rental agreement. The total future lease payments amounts to t. DKK 4.210

Leasing liabilities

The company has assumed leasing libilities totalling t. DKK 729, expiring latest in 2029

## Notes

---

All amounts in DKK.

### 16. Related parties

#### Controlling interest

Groupe Courir SAS, Avenue Ledru- Rollin 91, 75011, Paris, France

Majority shareholder

#### Transactions

The company has the following related party transactions:

	<u>2023/24</u>
Sales of goods and services to Parent company	-11.232.606
Purchase of goods and services from Parent company	3.516.968
Sales of goods to Group entity	-6.244.932
Purchase of services from Parent company by Group entity	7.006.128
Loan from Parent company	-29.836.867
Loan interest to Parent company	1.198.441
Loan to Group entity	7.974.257
Marketing contribution to Group entity	3.759.112

Payables to associates and subsidiaries are disclosed in the balance sheet and financial expenses are disclosed in note 3.

## **Accounting policies**

---

The annual report for NAKED ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of NAKED ApS and its group enterprises are included in the consolidated financial statements for Groupe Courir S.A.S., 91 Avenue Ledru-Rollin - 75011 Paris.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Groupe Courir S.A.S..

### **Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### **Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

## **Accounting policies**

---

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

### **Income statement**

#### **Gross profit**

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

#### **Staff costs**

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

#### **Depreciation, amortisation, and write-down for impairment**

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, and transactions in foreign currency etc.

#### **Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

## Accounting policies

---

### Statement of financial position

#### Intangible assets

##### Patents, licences and right to use acquired.

Patents and licenses relates to money on leases and external development of website application and infrastructure. Software and key money are recognised in the balance sheet as costs in the year of recognition. Software and key money measured at costs less accumulated amortisation and less any accumulated impairment losses.

Software and key moneys are amortised on a stright-line basis over the expected useful lives of the assets, which assessed at is 3- 5 years.

#### Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

#### Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

#### Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

## Accounting policies

---

### Investments

#### Investments in group enterprises

Investments in group enterprises are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

### Deposits

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

#### Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

### Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

### Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

### Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

## **Accounting policies**

---

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

### **Liabilities other than provisions**

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

### **Deferred income**

Payments received concerning future income are recognised under deferred income.