
LUXPLUS ApS

Teglværksgade 37, 1. tv, DK-2100 København Ø

Annual Report for 2024

CVR No. 25 09 07 05

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 18/2 2025

Mathias Lysholm
Faaborg
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of LUXPLUS ApS for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

København Ø, 18 February 2025

Executive Board

Mathias Lysholm Faaborg
CEO

Jesper Bramming
Chief Financial Officer

Board of Directors

Jens Christian Buhl
Chairman

Frederik Oliver Busch
Vice chairman

Peter Johan Sønderby-Wagner

Vilhelm Eigil Hahn-Petersen

Katrine Bjarkov Benthien

Independent Auditor's report

To the shareholder of LUXPLUS ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of LUXPLUS ApS for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

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.

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

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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Independent Auditor's report

- 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.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Hellerup, 18 February 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Kristian Højgaard Carlsen
State Authorised Public Accountant
mne44112

Sebastian Schmidt Hansen
State Authorised Public Accountant
mne51518

Company information

The Company	LUXPLUS ApS Teglværksgade 37, 1. tv DK-2100 København Ø Website: https://www.luxplus.dk/om_luxplus CVR No: 25 09 07 05 Financial period: 1 January - 31 December Incorporated: 26 November 2013 Financial year: 11th financial year Municipality of reg. office: Copenhagen
Board of Directors	Jens Christian Buhl, chairman Frederik Oliver Busch, vice chairman Peter Johan Sønderby-Wagner Vilhelm Eigil Hahn-Petersen Katrine Bjarkov Benthien
Executive Board	Mathias Lysholm Faaborg Jesper Bramming
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	53,825	43,374	27,694	31,934	28,800
Profit/loss of primary operations	21,608	13,497	2,768	11,346	20,732
Profit/loss of financial income and expenses	-2,120	-1,015	-524	-806	3,362
Net profit/loss for the year	14,559	9,764	1,745	12,117	19,273
Balance sheet					
Balance sheet total	98,217	73,463	80,789	82,672	85,340
Investment in property, plant and equipment	3,341	63	1,253	59	26
Equity	31,939	27,380	26,616	31,870	39,302
Number of employees	49	48	53	27	19
Ratios					
Solvency ratio	32.5%	37.3%	32.9%	38.5%	46.1%
Return on equity	49.1%	36.2%	6.0%	34.0%	51.7%

In 2022 the subsidiaries was merged into Luxplus ApS and the comparative figures for 2021 has been adjusted. The comparative figures from 2020 has not been restated.

Management's review

Management's review

The Annual Report of Luxplus ApS ("Luxplus" or the "Company") for the year of 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The private equity fund CataCap K/S II indirectly owns a majority of the shares in the Company following the acquisition completed in the fiscal year 2022. CataCap is a member of Active Owners. As the company is categorized as medium-sized enterprise of reporting class C it is exempt from Active Owners' guidelines for annual reports released in 2019 but have chosen to comply with the guidelines.

Primary activities

Luxplus is a subscription based online store selling FMCG products within beauty, personal care and adjacent segments across Denmark, Sweden, Norway, Finland, Netherlands, Belgium, and the UK. A monthly membership fee gives the members access to material savings on almost 1,000 brands with free shipment and fast delivery. Our headquarter is in Copenhagen and our external warehouse is in Northern Jutland. We employed 57 Full Time Equivalent employees in Luxplus at year end 2024.

Development in the year and expectations for the next year

In accordance with the Luxplus Group strategy, Luxplus has continued to add new brands enhancing the membership experience and creating more tangible benefits for our members. This has led to a positive trend of growing sales and membership numbers in 2024 ending the year with the highest number paying members in the history of Luxplus. To further strengthen the cooperation with the brands and to enhance the visibility of Luxplus we opened our first Luxplus Store in Roskilde, Denmark.

We upgraded and expanded the proprietary technological foundation that Luxplus is built on. In 2024 we have continued the journey of building the foundation for scalability and capacity to enable future performance and growth. This will continue in 2025 and deliver visible improvements in the member experience and efficiency of operations. In 2024 we improved the fulfilment processes of warehouse, delivery, and payment provider structures. This has realized visible savings and quality improvements to the benefit of our members.

Below table 1 showing consolidated group key figures from the Management review in the CC Toaster Holding I ApS Annual Report for 2024 (Consolidated Financial Statements for Luxplus).

Table 1: Key Figures (Luxplus Group Full Year consolidation)

DKKm	2024	2023	2022	2021	2020
Revenue	340,0	317,8	309,7	315,0	284,0
Contribution Margin	69,9	54,9	41,9	42,8	40,7
EBITDA before special items	24,9	18,6	3,8	21,9	26,2
EBITDA after special items	23,0	16,6	3,8	11,3	26,2

The income statement of Luxplus for 2024 shows a profit of DKKm 14,6, and on 31 December 2024 the balance sheet of the Group shows equity of DKKm 31,9. The Group result for 2024 is considered satisfactory and in line with the expectations outlined in Management Review of 2023. For 2025, the Group expects growth in membership base and revenue and Group Full Year EBITDA in the range of DKK 25-30m.

Management's review

Risks

The Board of Directors of the Company and the Management of the Group continuously monitor both internal and external business risks. Below are the risks that have been assessed as being particularly important:

Market risks

The Group operates within the online business-to-consumer business selling predominantly products for personal care through a member-based operating model. We are seeing competitors in some markets deploying different types of member-based models that to some degree compete for the Luxplus consumer. Furthermore, Luxplus is dependent on online marketing to retain and attract members. The online marketing environment is changing these years due to big tech companies challenging each other in this very lucrative environment, the entrance of new players raising prices, but also because it is subject to more public regulation than previously.

This makes it more challenging to utilize marketing spend effectively, as it increases the pricing for online marketing activities. Market risks are mitigated through continuous investments in the Luxplus business platform improving the shopping experience and general value proposition to members as well as an increasing online penetration of the personal care category expanding the overall market potential. Finally, Luxplus is present in seven markets which offers geographic diversification as well as significant runway for growing the membership base.

Currency risks

Luxplus has sales operations across Europe and procurement across predominantly Europe. Main foreign currencies are SEK, NOK, EUR, and GBP. Some exposure is netted via purchase and sales in same currency but for SEK, NOK, and GBP there is a net inflow due to sales and members' fees being higher than purchases in those currencies. This exposes the Group to the risk of currency fluctuations. The risk is mostly related to product margin and is mitigated through ongoing price and margin monitoring both in the buying process and the sales pricing process. Subscription revenue currency risk is to some extent mitigated through marketing costs being spend per market in local currency. Inventory turn is also high and thereby reducing the currency risk. Net inflow in SEK, NOK and GBP are sold on an ongoing basis to reduce exposure. The Group does not speculate in currency fluctuations. In 2024 the combined currency impact has been broadly neutral.

IT risks

The safety aspects of Luxplus' IT solutions, including the infrastructural part, is monitored, and evaluated in collaboration with internal employees and external consultants. Uniform systems, standards and controls is the target, so that the risk of data leaks, errors and omissions are continually lowered. In 2024 we have continued the process of bringing code quality and documentation up to the right level underpinning IT risk mitigation.

Management structure

Our principles for good corporate governance are based on our rules of procedures and our management structure, consisting of Board of Directors and our Management team. The board of directors meets according to a set schedule at least 5 times a year. In addition, monthly chairmanship meetings are held. An annual strategy meeting is also held to determine Luxplus' vision, goals, and strategy.

Governance

To provide transparency Luxplus now follows the industry association "Aktive Ejere" (formerly "Danish Venture Capital and Private Equity Association") guidelines for responsible ownership and good corporate governance. On this foundation, the Board of Directors, and the Executive Management team have established internal procedures to ensure active, secure, and value-creating management. Likewise, the Board of Directors and the Executive Board continuously monitor the Company's management structure and control systems to

Management's review

ensure that they are reliable and effective. At board level, the fixed procedures include monthly reporting on relevant economic and non-financial parameters, including risk assessment of investments and markets.

Environmental risks

We see very limited risks of Luxplus causing a significant environmental incident. Likewise, it is unlikely that a significant environmental development within our business causes major disturbances to the business or to the environment.

Unusual events

The financial position on 31 December 2024 of the Group and the results of the activities and cash flows of the Group for the financial year for 2024 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Gross profit		53,824,587	43,373,735
Staff expenses	1,2	-29,406,125	-26,738,831
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-2,810,403	-3,137,634
Profit/loss before financial income and expenses		21,608,059	13,497,270
Income from investments in subsidiaries		-1,078,245	-411,257
Financial income	4	1,064,712	1,672,744
Financial expenses	5	-2,106,393	-2,276,853
Profit/loss before tax		19,488,133	12,481,904
Tax on profit/loss for the year	6	-4,929,423	-2,717,532
Net profit/loss for the year		14,558,710	9,764,372

Balance sheet 31 December

Assets

	Note	2024	2023
		DKK	DKK
Completed development projects		9,335,722	8,006,688
Development projects in progress		1,226,431	1,276,954
Intangible assets	7	10,562,153	9,283,642
Other fixtures and fittings, tools and equipment		470,342	225,953
Leasehold improvements		3,131,213	282,690
Property, plant and equipment	8	3,601,555	508,643
Investments in subsidiaries	9	550,499	0
Deposits	10	843,988	287,097
Fixed asset investments		1,394,487	287,097
Fixed assets		15,558,195	10,079,382
Finished goods and goods for resale		56,703,339	44,606,194
Inventories		56,703,339	44,606,194
Trade receivables		13,800,709	9,169,471
Receivables from group enterprises		347,578	712,610
Other receivables		765,502	961,553
Prepayments	11	1,799,287	1,038,471
Receivables		16,713,076	11,882,105
Cash at bank and in hand		9,242,156	6,895,772
Current assets		82,658,571	63,384,071
Assets		98,216,766	73,463,453

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		DKK	DKK
Share capital		80,000	80,000
Reserve for development costs		8,238,479	7,241,241
Retained earnings		23,620,153	20,058,681
Equity		31,938,632	27,379,922
Provision for deferred tax	12	2,309,126	1,843,686
Other provisions	13	300,000	0
Provisions		2,609,126	1,843,686
Prepayments received from customers		4,335,283	3,804,670
Trade payables		35,100,617	15,608,552
Payables to group enterprises		2,204,285	2,304,285
Payables to group enterprises relating to corporation tax		2,905,866	2,459,020
Other payables		12,727,130	14,714,410
Deferred income	14	6,395,827	5,348,908
Short-term debt		63,669,008	44,239,845
Debt		63,669,008	44,239,845
Liabilities and equity		98,216,766	73,463,453
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Accounting Policies	17		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	80,000	7,241,241	20,058,681	27,379,922
Extraordinary dividend paid	0	0	-10,000,000	-10,000,000
Development costs for the year	0	997,238	-997,238	0
Net profit/loss for the year	0	0	14,558,710	14,558,710
Equity at 31 December	80,000	8,238,479	23,620,153	31,938,632

Notes to the Financial Statements

	2024	2023
	DKK	DKK
1. Staff expenses		
Wages and salaries	28,214,638	25,990,326
Pensions	1,157,945	1,006,843
Other social security expenses	333,664	438,289
Other staff expenses	2,287,304	1,737,141
	<u>31,993,551</u>	<u>29,172,599</u>
Transfer to production wages	-2,587,426	-2,433,768
	<u>29,406,125</u>	<u>26,738,831</u>
Including remuneration to the Executive Board and Board of Directors:		
Executive board	3,963,496	3,975,000
Board of directors	650,617	650,330
	<u>4,614,113</u>	<u>4,625,330</u>
Average number of employees	<u>49</u>	<u>48</u>
	2024	2023
	DKK	DKK
2. Special items		
Staff expenses - restructuring	0	1,971,056
	<u>0</u>	<u>1,971,056</u>
	2024	2023
	DKK	DKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,567,478	2,097,090
Depreciation of property, plant and equipment	242,925	279,299
Gain and loss on disposal	0	761,245
	<u>2,810,403</u>	<u>3,137,634</u>

Notes to the Financial Statements

	2024	2023
	DKK	DKK
4. Financial income		
Other financial income	304,466	144,748
Exchange adjustments	69,486	658,096
Exchange gains	690,760	869,900
	1,064,712	1,672,744

	2024	2023
	DKK	DKK
5. Financial expenses		
Other financial expenses	715,549	442,875
Exchange adjustments, expenses	247,736	608,736
Exchange loss	1,143,108	1,225,242
	2,106,393	2,276,853

	2024	2023
	DKK	DKK
6. Income tax expense		
Current tax for the year	4,463,983	2,171,752
Deferred tax for the year	465,440	682,265
Adjustment of tax concerning previous years	0	-136,485
	4,929,423	2,717,532

Notes to the Financial Statements

7. Intangible fixed assets

	Completed development projects	Development projects in progress
	DKK	DKK
Cost at 1 January	13,647,770	1,276,954
Additions for the year	2,789,448	1,126,070
Disposals for the year	-2,162,419	0
Transfers for the year	1,107,065	-1,176,593
Cost at 31 December	15,381,864	1,226,431
Impairment losses and amortisation at 1 January	5,641,082	0
Amortisation for the year	2,567,478	0
Reversal of impairment and amortisation of sold assets	-2,162,418	0
Impairment losses and amortisation at 31 December	6,046,142	0
Carrying amount at 31 December	9,335,722	1,226,431

Development projects include incurring costs for the development of new functionalities for the company's IT platform, BI system and the administrative systems. The amount consists of costs for external consultants and internal hours. The IT platform is used to manage the company's activities.

The amortisation period of completed development projects is 5 year

8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	1,268,952	404,640
Additions for the year	329,763	3,011,074
Disposals for the year	-603,245	0
Cost at 31 December	995,470	3,415,714
Impairment losses and depreciation at 1 January	1,042,999	121,950
Depreciation for the year	80,374	162,551
Reversal of impairment and depreciation of sold assets	-598,245	0
Impairment losses and depreciation at 31 December	525,128	284,501
Carrying amount at 31 December	470,342	3,131,213
Amortised over	3-5 years	5 years

Notes to the Financial Statements

	2024	2023
	DKK	DKK
9. Investments in subsidiaries		
Cost at 1 January	40,001	0
Net effect from merger and acquisition	0	40,001
Additions for the year	2,000,000	0
Cost at 31 December	2,040,001	40,001
Value adjustments at 1 January	-411,257	0
Net profit/loss for the year	-1,489,502	-411,257
Reversals for the year of revaluations in previous years	411,257	0
Value adjustments at 31 December	-1,489,502	-411,257
Equity investments with negative net asset value amortised over receivables	0	371,256
Carrying amount at 31 December	550,499	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes	Equity	Net profit/loss for the year
P Noergaard by LUXPLUS ApS	København	50,000	100%	550,499	-1,489,502
				550,499	-1,489,502

10. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	287,097
Additions for the year	556,891
Cost at 31 December	843,988
Carrying amount at 31 December	843,988

11. Prepayments

Prepayments consist of prepaid expenses relating to subsequent financial years.

Notes to the Financial Statements

	2024	2023
	DKK	DKK
12. Provision for deferred tax		
Deferred tax liabilities at 1 January	1,843,686	1,161,421
Amounts recognised in the income statement for the year	465,440	682,265
Deferred tax liabilities at 31 December	2,309,126	1,843,686

	2024	2023
	DKK	DKK
13. Other provisions		
Other provisions mainly consist of estimated costs for reestablishing leasehold premises.		
Other provisions	300,000	0
	300,000	0
The provisions are expected to mature as follows:		
Provisions falling due after 5 years	0	0
	0	0

14. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	2024	2023
	DKK	DKK
15. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,259,567	559,144
Between 1 and 5 years	1,183,333	0
	2,442,900	559,144

Guarantee obligations

The company has submitted a Letter of Comfort for its investment in P Noergaard by Luxplus ApS

Notes to the Financial Statements

2024	2023
DKK	DKK

15. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Company has entered into binding commitments to purchase additional stock of MDKK 6,7.

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

The company is involved in normal business disputes. Although the final outcome of these cases is unpredictable, in the opinion of the management, these cases will not have any significant effect on the company's result or financial situation.

16. Related parties and disclosure of consolidated financial statements

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the group:

Name	Place of registered office
CC Toaster Holding I ApS	C/O CataCap Management A/S

Notes to the Financial Statements

17. Accounting policies

The Annual Report of LUXPLUS ApS for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024 of CC Toaster Holding I ApS, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of CC Toaster Holding I ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Notes to the Financial Statements

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Revenue

Net revenue includes subscription revenues and sales of merchandise and finished goods. Sales of merchandise and finished goods are recognized in the income statement when delivery and risk transfer to the buyer have taken place. Subscription income is recognized in the income statement when accrued over the subscription period.

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

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes to the Financial Statements

The Company is jointly taxed with CC Toaster Invest ApS . The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Property, plant and equipment

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

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

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

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Notes to the Financial Statements

Investments in subsidiaries

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

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

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

The cost of goods for resale equals landed cost.

Receivables

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

Prepayments

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Notes to the Financial Statements

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$