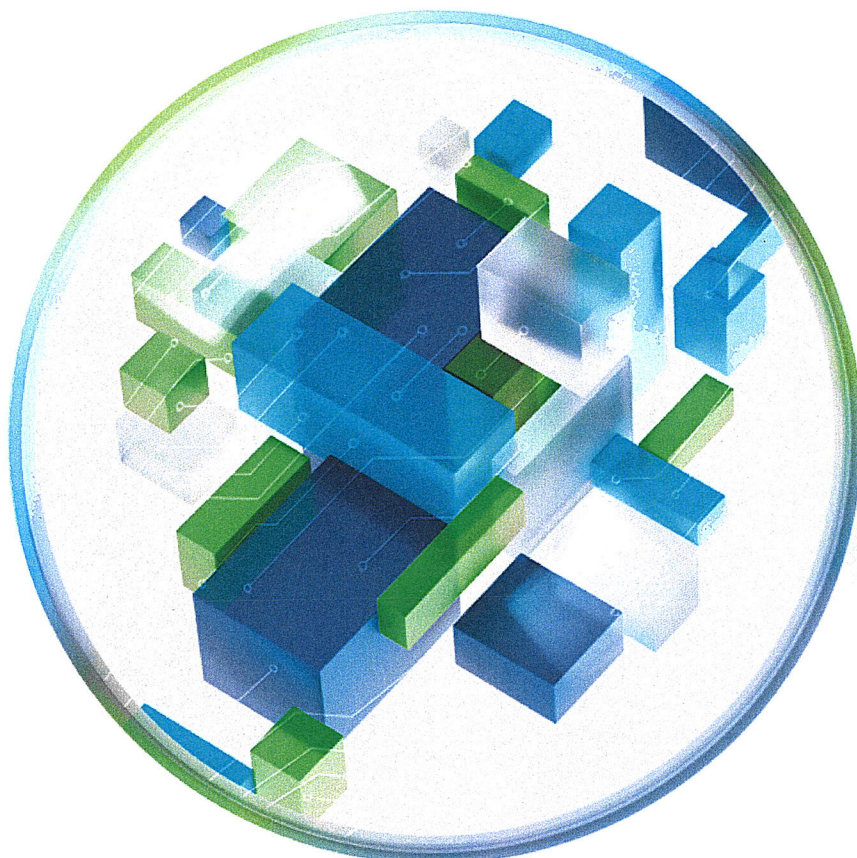


Deloitte.



Dansac A/S

Lille Kongevej 304
3480 Fredensborg
CVR No. 34094810

Annual report 2024

The Annual General Meeting adopted the
annual report on 06.06.2025

Signed by:

Kasper Calundann

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Kasper Calundann

Chairman of the General Meeting

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Entity details

Entity

Dansac A/S

Lille Kongevej 304

3480 Fredensborg

Business Registration No.: 34094810

Date of foundation: 02.11.1971

Registered office: Fredensborg

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Timothy Barton Finnerty, Chairman

Ole Møller Jeppesen

Patrick Michael Miner

Executive Board

Ole Møller Jeppesen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dansac A/S for the financial year 01.01.2024 - 31.12.2024.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024.

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

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

Fredensborg, 06.06.2025

Executive Board

Signed by:



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Ole Møller Jeppesen

Board of Directors

Signed by:



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Timothy Barton Finnerty

Chairman

Signed by:



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Patrick Michael Miner

Signed by:



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Ole Møller Jeppesen

Independent auditor's report

To the shareholder of Dansac A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Dansac A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 06.06.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556



Flemming Larsen
State Authorised Public Accountant
Identification No (MNE) mne27790



Ulrik Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne47242

Management commentary

Financial highlights

	2024 DKK'000	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000
Key figures					
Revenue	648,574	694,309	694,791	837,002	1,154,992
Operating profit/loss	43,381	153,422	173,481	194,193	219,487
Net financials	3,896	(8,165)	6,184	8,005	(4,939)
Profit/loss for the year	36,842	111,589	139,987	158,338	168,011
Balance sheet total	215,524	251,157	246,621	292,888	412,730
Investments in property, plant and equipment	7,999	15,177	7,449	7,095	6,726
Equity	83,493	162,570	185,212	215,938	260,198
Cash flows from operating activities	105,720	156,444	113,157	167,226	171,379
Cash flows from investing activities	(850)	(15,191)	(7,577)	(8,191)	(8,135)
Cash flows from financing activities	(115,976)	(130,000)	(166,621)	(199,263)	(184,523)
Average number of employees	231	230	230	231	256
Ratios					
Profit Margin%	6.69	22.10	24.97	23.20	19.00
Return on assets%	18.59	61.64	64.31	55.04	52.98
Return on equity %	29.95	64.17	69.79	66.51	61.71
Equity ratio (%)	38.74	64.73	75.10	73.73	63.04

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

Return on assets

Operating profit/loss * 100

Average operating assets

Profit margin:

Operating profit/loss * 100

revenue

Return on equity

Net profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The Group's activity comprises development, production and sale of ostomy products. Development and production takes place in Fredensborg. Sales activities are handled by the company's subsidiaries and affiliates. Consequently, the extent of transactions with related parties are significant.

The products are primarily sold in the European market.

Development in activities and finances

During 2024, it was decided to initiate a strategic restructuring of the production of certain products in the Hollister Group. The Group decided to close its production activities in Denmark and relocate production to a new Hollister production facility in Kaunas, Lithuania, to optimize cost structure and enhance competitiveness on the European market for ostomy products. Moreover to mirror the decline in market demand on the Nova products produced by Dansac A/S.

The decision was announced in January 2024, and the employees were informed that their employment will be terminated along with the production being closed. Management has set up a provision per 31.12.2024 related to severance costs for employees in connection with both retention and departure, DKK 63 million.

Likewise, the company's property has been put up for sale. Management anticipates to recognize a profit on the sale of the property, when sold. But in 2024 management has recognized a minor write-off of DKK 3 million on plant and machinery regarding machines that are planned scrapped.

In connection with the winding down of production in Denmark, tangible assets were sold in 2024 with a total gain of DKK 11 million. The sales prices were based on independent valuations of market value of the machines sold. Meanwhile, the production of the Nova products has continued in 2024 and the impact on revenue from the machines being transferred in 2024 is limited. In 2025 the production will continue until the machines are sold which will happen gradually. At present, it is management's expectation that the last machines will be sold in the middle of 2026. After the completion of the restructuring, Dansac A/S activity will comprise certain administration and sales activities only.

Net revenue for the fiscal year 2024 for the Group amounted to DKK 649 million, representing a decrease of approximately 7% compared to 2023. For the parent company revenue declined 9% to DKK 458 million in 2024 which is in line with the global decline in the Groups sale of Nova products of approximately 6%.

The Groups profit for 2024 amounts to DKK 37 million compared to DKK 112 million in 2023. Reference is made to the below section "Profit/loss for the year in relation to expected developments".

Cash flow

Cash flows from operating activities for the year amount to DKK 105.720 thousand against DKK 156.444 thousand in 2023. Cash flows from investing activities amount to DKK (850) thousand in 2024 against DKK (15.191) thousand in 2023.

Particular RisksBusiness risk:

Prices on raw materials have very volatile, both domestic and international, but seems to have settled on a higher level for now. Dansac A/S is also exposed to energy supply risk and in particular with the current situation in Ukraine. The cost of energy for the production represents a significant percentage of the Group's cost structure.

To some extent the company aims to minimize the risk connected with rising energy prices in liberalized markets by fixed priced agreements in regard to energy.

Therefore, we don't expect that the situation in Ukraine, will impact our financials, suppliers or customers on the short run.

Financial risk:

The Group is exposed to exchange rate adjustments. Attempts are made to minimise this exposure by a central control of financial exposure in the Parent as well as a coordinated cash management, including generation of capital and placement of additional cash flow. The ultimate Parent acts upon a finance policy with a low risk profile such that risks only arise on the basis of commercial issues. The Dansac A/S Group does not make use of financial instruments.

Currency risk

Dansac A/S is to a limited extent affected by exchange rate adjustments as revenue is invoiced in foreign currencies whereas expenses, including wages, are held in Danish kroner. 100 % of the Group's revenue originates from other countries than Denmark, mainly European countries. Revenue is primarily invoiced in EUR and USD. In addition, the Group is affected by exchange rate adjustments as the Foreign affiliates' year-end profit and equity are converted into DKK based on average rates and the rate of the balance sheet date, respectively.

The Group's German company is not affected by exchange rate fluctuations as both income and expenses are paid in EUR.

Credit risks

Credit risks attached to financial assets correspond to the values recognized in the balance sheet. The Group does not undertake any major risks on clients or co-operators. All major clients and other co-operators are credit rated on a current basis under the Group's policy for undertaking credit risks.

Cash flow

The Group's business procedures on cash management, including generation of capital and placement of additional cash flow are managed centrally by the ultimate Parent in the USA.

Profit/loss for the year in relation to expected developments

The Group profit of the year DKK 37 million is significantly lower than the expected profit of DKK 100-130 million published in the 2023 annual report. The decrease is primarily due to extraordinary costs associated with the closure of production in Denmark, including expenses related to severance costs for employees in connection with both retention and departure DKK 81 million.

Uncertainty relating to recognition and measurement

The preparation of Dansac A/S Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Significant uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgements based on several factors in the given circumstances.

- Provision related to severance costs.

Management has set up a provision per 31.12.2024 related to severance costs for employees in connection with both retention and departure, DKK 63 million. The provision is based on several assumptions, facts, and circumstances. E.g. timing of the transfer of machines in 2025 and 2026, which will impact the timing of employees leaving Dansac, and therefore impact the size of the provision. Likewise, the actual payout is impacted by the number of employees seeking other employment (early leavers).

Unusual circumstances affecting recognition and measurement

During 2024, it was decided to initiate a strategic restructuring of the production of certain products in the Group. The Group decided to close its production activities in Denmark and relocate production to a new facility in Kaunas, Lithuania.

Outlook

In 2025, management anticipates an additional decline in the Group's net revenue of 38-42 % or a decrease of DKK 250-275 mio. due to the transition to the production site in Kaunas. Full production level in Kaunas is expected to be achieved in the middle of 2026.

For 2025 management also anticipates that the result is a deficit in the range of DKK 5-10 mio. before a potential compensation of closing costs from Group after which management expects to return to positive results of operations in 2026 and onwards. The parent company has issued a letter of support.

Research and development activities

The costs arise from development activities and from ensuring a continuous improvement of existing products. The R&D-activities have been reduced compared to prior years.

Statutory report on corporate social responsibility

The company's underlying business concept is to develop, manufacture and market consumables for people living with a stoma. The mission is to help healthcare professionals deliver better products and services, and to make life more rewarding and dignified for users of ostomy products.

The products are distinguished by their uniform quality, which makes them highly reliable for the users.

Overall, the company wishes to deliver products preferred by the customers at the time agreed and to ensure that the employees are qualified and satisfied, and that procedures supporting a flexible, efficient organization are established.

The manufacturing process is certified to the quality standard ISO 13485.

From our parent company, Hollister, we have been given four immutable principles, which we strive to live every day.

- Dignity of the person: Our employees, indeed all people, have dignity and intrinsic value independent of the work they do. We treat our associates, and we treat each other, with respect. We vigilantly strive to meet the needs of those who use our products and services. In the process, we make life more rewarding for them and we ourselves become better human beings.
- Service: We serve those who use our product and services, our other customers, each other, and our

communities, all with humility, compassion, and perseverance.

- **Integrity:** Integrity is at the heart of how we do business. We believe the ethical way is the only way. We are open and truthful, treat others justly, and do the right thing even when it is difficult.
- **Stewardship:** We have been entrusted with an independent and employee-owned company. As stewards of that trust, we are guided by the policies and principles of our founder, John Dickinson Schneider (Hollister), to ensure that we continue in perpetuity as independent and employee owned and that as the company grows and prospers, it remains financially strong. We make decisions based on the long-term best interests of the company.

Social and employee matters

Our employees are one of the company's most important resources, and management realizes that attracting, retaining and developing qualified people are crucial for the ability to realize the corporate objectives and be competitive and successful in the future.

Management wants to shoulder its social responsibility by providing a diverse and tolerant workplace where the staff composition reflects the society in which we live and run our business.

We believe that diversity in the workforce and treating everybody with dignity and respect is important in order to constantly develop and be a competitive player in the global marketplace. At Dansac we strive to have a workforce representative for the markets and customers we serve. This affects the way we think, act, innovate and drive our business.

Although we do not have a specific policy around social and employee matters, we are committed to ensure the best possible workplace for our employees through our immutable principles, bringing integrity and dignity of the person in focus.

Our goal is to have the highest possible job satisfaction and best possible work environment, regulated through our employee handbook and the 'collective agreement for salaried employees in the industry.

We believe that our employee handbook and the collective agreements is sufficient, why we do not have a policy around social and employee matters.

Human Rights

We are committed to respecting the human rights of our customers, end users, business associates and employees and to reduce the risk of any violations. We do not have a separate policy on human rights as we find the laws and regulations sufficient, but our position is clear from our immutable principles, human resources approach and supporting documentation.

Environment and climate

At Dansac we take responsibility for our environmental impacts and works continuously to reduce any negative environmental impact in our day-to-day operations and in our development activities.

The corporate strategy is to reduce the total volume of waste generated by the manufacturing process, to reduce errors and waste, and to reduce the total amount of energy consumed, by investing amongst others in LEAN activities.

We recognize that profitability and our effect on the environment and climate goes hand in hand, which is why

we continuously try to lower our energy consumption and find better and more efficient ways to produce our products and reduce our consumption of materials and waste.

We have no policy regarding environment and climate, as the impact on both local and global environment from our production and products are minimal, but we strive to do everything better and more efficient, putting our immutable principles in front of everything that we do, to ensure a healthy environment and climate.

Anti-corruption and bribery

We hold integrity and ethics in front and follow local laws and regulations. We do not have a policy around anti-corruption and bribery, as we find the laws and regulations sufficient for our purpose, but expect all our employees and business associates to follow the laws and regulations. We believe that through a high ethical standard and complying with local rules and regulations we can ensure that we conduct our business in the best possible and ethical way.

Currently we do not have a specific policy for supplier management in relation to social responsibility, but it is part of the evaluation in the selection and qualification of new suppliers. Thus "Social Responsibility" is incorporated in the material, the supplier must demonstrate.

Statutory report on data ethics policy

Currently, Dansac A/S has among others, the following policies, procedures, and programs in place that touch upon and will inform the formation of the company's future data ethics principles:

- The Dansac A/S immutable principles
- Global Confidential Information and Data Protection Policy
- Information Security Policy
- Training Program
- "Good Practice" (i.e., Practice, Good Distribution Practice, Good Manufacturing Practice, of the business)

Regarding Dansac A/S immutable principles, the company ensures that the necessary approvals are obtained as required within the different jurisdictions around the world. Chief Data Protection Counsel ("CDPC") associate in the Law Department is responsible for Dansac A/S data protection and private programs. Any violation of the Policy may lead to disciplinary action, up to including termination of employment, in accordance with applicable law.

The Global Confidential Information and Data Protection Policy sets out the company's privacy principles with the aim to protect personal data processed on behalf of Dansac A/S and furthermore includes references to the SOP and process with guidance about how data subjects can exercise their rights.

In order to live up to the standards set out in the policy with regards to awareness and training the company implemented a training program detailing the expectations of the company with respect to how personal data is to be handled by employees.

All employees are asked to sign off on the Global Confidential Information and Data Protection Policy which obligates employees to raise concerns about misconduct or unethical behavior through the correct reporting lines.

The information Security Policy sets out specific standards to achieve the objectives confidentiality, integrity and availability which includes requirement for access control, data classification and information security awareness training.

Consolidated income statement for 2024

	Notes	2024 DKK'000	2023 DKK'000
Revenue	4	648,574	694,309
Changes in inventories of finished goods and work in progress		(331)	(3,482)
Other operating income	5	11,097	0
Cost of sales		(275,896)	(277,827)
Other external expenses	6	(97,839)	(93,490)
Gross profit/loss		285,605	319,510
Staff costs	7	(230,226)	(157,251)
Depreciation, amortisation and impairment losses	8	(11,998)	(8,837)
Operating profit/loss		43,381	153,422
Income from investments in associates		4,302	(2,732)
Other financial income	9	2,119	3,508
Other financial expenses	10	(2,525)	(8,941)
Profit/loss before tax		47,277	145,257
Tax on profit/loss for the year	11	(10,435)	(33,668)
Profit/loss for the year	12	36,842	111,589

Consolidated balance sheet at 31.12.2024

Assets

	Notes	2024 DKK'000	2023 DKK'000
Completed development projects	14	1,887	2,695
Intangible assets	13	1,887	2,695
Land and buildings		9,282	9,805
Plant and machinery		11,455	21,528
Other fixtures and fittings, tools and equipment		1,706	2,998
Property, plant and equipment in progress		16,270	14,737
Property, plant and equipment	15	38,713	49,068
Investments in associates		42,725	38,385
Other receivables		205	190
Financial assets	16	42,930	38,575
Non-current assets		83,530	90,338
Raw materials and consumables		37,533	24,482
Work in progress		15,814	17,490
Manufactured goods and goods for resale		4,282	960
Inventories		57,629	42,932
Trade receivables		183	1,568
Receivables from group enterprises		27,082	68,421
Deferred tax	17	11,676	0
Other receivables		2,101	4,925
Tax receivable		1,832	21
Prepayments	18	1,803	2,194
Receivables		44,677	77,129
Cash		29,688	40,758
Current assets		131,994	160,819

Assets	215,524	251,157
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Equity and liabilities

	Notes	2024 DKK'000	2023 DKK'000
Contributed capital		2,500	2,500
Translation reserve		18	29
Retained earnings		80,975	40,041
Proposed dividend for the financial year		0	120,000
Equity		83,493	162,570
Other provisions	19	62,903	0
Provisions		62,903	0
Deferred tax	17	0	1,146
Other payables	20	0	8,182
Non-current liabilities other than provisions		0	9,328
Trade payables		18,792	19,536
Payables to group enterprises		27,568	19,263
Tax payable		0	12,944
Other payables		22,768	27,516
Current liabilities other than provisions		69,128	79,259
Liabilities other than provisions		69,128	88,587
Equity and liabilities		215,524	251,157
Unusual circumstances	1		
Events after the balance sheet date	2		
Uncertainty relating to recognition and measurement	3		
Unrecognised rental and lease commitments	22		
Contingent liabilities	23		
Transactions with related parties	24		
Group relations	25		
Subsidiaries	26		

Consolidated statement of changes in equity for 2024

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Total DKK'000
Equity beginning of year	2,500	29	40,041	120,000	162,570
Ordinary dividend paid	0	0	0	(120,000)	(120,000)
Exchange rate adjustments	0	18	0	0	18
Other entries on equity	0	(29)	4,092	0	4,063
Profit/loss for the year	0	0	36,842	0	36,842
Equity end of year	2,500	18	80,975	0	83,493

Consolidated cash flow statement for 2024

	Notes	2024 DKK'000	2023 DKK'000
Operating profit/loss		43,381	153,422
Amortisation, depreciation and impairment losses		11,998	8,837
Other provisions		62,903	0
Working capital changes	21	25,857	17,150
Cash flow from ordinary operating activities		144,139	179,409
Financial income received		2,119	3,508
Financial expenses paid		(2,525)	(8,941)
Taxes refunded/(paid)		(38,013)	(17,532)
Cash flows from operating activities		105,720	156,444
Change financial assets		(14)	(14)
Acquisition / sale of property, plant and equipment (net)		(836)	(15,177)
Cash flows from investing activities		(850)	(15,191)
Free cash flows generated from operations and investments before financing		104,870	141,253
Dividend paid		(120,000)	(130,000)
Dividends received		4,024	0
Cash flows from financing activities		(115,976)	(130,000)
Increase/decrease in cash and cash equivalents		(11,106)	11,253
Cash and cash equivalents beginning of year		40,758	29,459
Currency translation adjustments of cash and cash equivalents		36	46
Cash and cash equivalents end of year		29,688	40,758
Cash and cash equivalents at year-end are composed of:			
Cash		29,688	40,758
Cash and cash equivalents end of year		29,688	40,758

Notes to consolidated financial statements

1 Unusual circumstances

During 2024, it was decided to initiate a strategic restructuring of the production of certain products in the Group. The Group decided to close its production activities in Denmark and relocate production to a new facility in Kaunas, Lithuania.

2 Events after the balance sheet date

Management anticipates a loss for 2025 before a potential compensation of closing costs. The parent company has issued a letter of support ensuring that Dansac A/S will be able to meet its financial obligations as they fall due the next 12 months.

3 Uncertainty relating to recognition and measurement

The preparation of Dansac A/S Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Significant uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgements based on several factors in the given circumstances.

- Provision related to severance costs.

Management has set up a provision related to severance costs for employees in connection with both retention and departure, DKK 63 million. The provision is based on several assumptions, facts, and circumstances. E.g. timing of the transfer of machines in 2025 and 2026, which will impact the timing of employees leaving Dansac, and therefore impact the size of the provision. Likewise, the actual payout is impacted by the number of employees seeking other employment (early leavers).

4 Revenue

	2024 DKK'000	2023 DKK'000
EMEA & North America	602,298	639,900
Australia, South America, Asia and rest of the world	46,276	54,409
Total revenue by geographical market	648,574	694,309
Medical devices	648,574	694,309
Total revenue by activity	648,574	694,309

5 Other operating income

	2024 DKK'000	2023 DKK'000
Profit from the sale of property, plant and equipment	11,097	0
	11,097	0

In connection with the winding down of production in Denmark, certain tangible assets were sold in 2024 with a total gain of DKK 11 million. The sales prices were based on independent valuations of market value of the machines sold.

6 Fees to the auditor appointed by the Annual General Meeting

	2024 DKK'000	2023 DKK'000
Statutory audit services	717	680
Other assurance engagements	0	30
Other services	80	20
	797	730

7 Staff costs

	2024 DKK'000	2023 DKK'000
Wages and salaries	204,388	132,860
Pension costs	14,423	14,241
Other social security costs	11,415	10,150
	230,226	157,251

Average number of full-time employees	231	230
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Wages and salaries include extraordinary costs associated with the closure of production in Denmark, including expenses related to severance costs for employees in connection with both retention and departure amounting to DKK 81 million, of which DKK 63 million is provision per 31.12.2024.

As only one person in the Company's Executive Board and Board of Directors receives remuneration, no disclosure has been made according to § 98 b, stk. 3, no. 2 in the Danish Financial Statements Act.

8 Depreciation, amortisation and impairment losses

	2024 DKK'000	2023 DKK'000
Amortisation of intangible assets	808	1,039
Depreciation on property, plant and equipment	8,467	7,798
Impairment losses on property, plant and equipment	2,723	0
	11,998	8,837

9 Other financial income

	2024 DKK'000	2023 DKK'000
Financial income from group enterprises	523	0
Other interest income	735	2,360
Exchange rate adjustments	861	1,148
	2,119	3,508

10 Other financial expenses

	2024	2023
	DKK'000	DKK'000
Financial expenses from group enterprises	23	0
Exchange rate adjustments	229	6,779
Other financial expenses	2,273	2,162
	2,525	8,941

11 Tax on profit/loss for the year

	2024	2023
	DKK'000	DKK'000
Current tax	23,227	33,629
Change in deferred tax	(12,846)	(83)
Adjustment concerning previous years	54	122
	10,435	33,668

12 Proposed distribution of profit/loss

	2024	2023
	DKK'000	DKK'000
Ordinary dividend for the financial year	0	120,000
Retained earnings	36,842	(8,411)
	36,842	111,589

13 Intangible assets

	Completed development projects DKK'000
Cost beginning of year	5,972
Cost end of year	5,972
Amortisation and impairment losses beginning of year	(3,277)
Amortisation for the year	(808)
Amortisation and impairment losses end of year	(4,085)
Carrying amount end of year	1,887

14 Development projects

Completed development projects comprise development of own projects for the use in the operations of the Group.

15 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	85,802	227,098	43,341	14,737
Transfers	200	5,054	162	(5,416)
Additions	98	726	226	6,949
Disposals	0	(42,262)	(37)	0
Cost end of year	86,100	190,616	43,692	16,270
Depreciation and impairment losses beginning of year	(75,997)	(205,570)	(40,343)	0
Exchange rate adjustments	0	0	(1)	0
Impairment losses for the year	0	(2,723)	0	0
Depreciation for the year	(821)	(5,999)	(1,648)	0
Reversal regarding disposals	0	35,131	6	0
Depreciation and impairment losses end of year	(76,818)	(179,161)	(41,986)	0
Carrying amount end of year	9,282	11,455	1,706	16,270

Additions on property, plant and equipment in progress includes capitalized labour costs of 179 DKK'000. (2023: 1.030 DKK'000).

Property, plant and equipment in progress comprise not completed upgrades etc. to machines for the use in operations of the Group.

16 Financial assets

	Investments in associates DKK'000	Other receivables DKK'000
Cost beginning of year	42,749	190
Exchange rate adjustments	38	0
Additions	0	15
Cost end of year	42,787	205
Revaluations beginning of year	(4,364)	0
Share of profit/loss for the year	4,302	0
Revaluations end of year	(62)	0
Carrying amount end of year	42,725	205

Associates	Registered in	Ownership %
Hollister S.P.A. (Per 31.12.2023)	Milano, Italy	49.00

17 Deferred tax

	2024
	DKK'000
Intangible assets	(415)
Property, plant and equipment	(1,351)
Inventories	(565)
Receivables	60
Provisions	13,947
Deferred tax	11,676

	2024
	DKK'000
Changes during the year	
Beginning of year	(1,146)
Recognised in the income statement	12,846
Recognised directly in equity	(24)
End of year	11,676

Deferred tax assets

The deferred tax asset relates to temporary differences between tax and accounting depreciation/impairment of assets and liabilities. Taking into account possibilities on future utilization, the entire tax asset has been recognised.

18 Prepayments

Prepayments classified as assets comprise prepaid costs incurred relating to rent, insurance premiums etc. that relates to subsequent accounting periods. Prepayments are measured at cost.

19 Other provisions

In connection with the Group's decision to close its production activities in Denmark and relocate production to a new Hollister production facility in Kaunas, Lithuania, Management has set up a provision related to severance costs for employees in connection with both retention and departure, of DKK 63 million. The provision is based on several assumptions, facts, and circumstances. E.g. timing of the transfer of machines in 2025 and 2026, which will impact the timing of employees leaving Dansac, and therefore impact the size of the provision. Likewise, the actual payout is impacted by the number of employees seeking other employment (early leavers).

20 Other payables

	2024	2023
	DKK'000	DKK'000
Holiday pay obligation	0	8,182
	0	8,182

21 Changes in working capital

	2024	2023
	DKK'000	DKK'000
Increase/decrease in inventories	(14,697)	(5,633)
Increase/decrease in receivables	45,943	7,979
Increase/decrease in trade payables etc.	2,793	16,030
Other changes	(8,182)	(1,226)
	25,857	17,150

22 Unrecognised rental and lease commitments

	2024	2023
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	3,275	3,031

23 Contingent liabilities

The Parent participate in a Danish joint taxation arrangement in which Dansac A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities.

24 Transactions with related parties

	Parent	Associates	Other related parties
	DKK'000	DKK'000	DKK'000
Sale of goods	3	15,712	415,054
Sale of services	3,513	0	47,337
Purchase of goods	127	0	392,393
Purchase of services	48,191	36	26,686
Financial income	0	0	523
Receivables	859	419	25,804
Liabilities other than provisions	9,245	5	18,318

25 Group relations

Name and registered office of the parent preparing consolidated financial statements for the largest group:
The Firm of John Dickinson Schneider, Libertyville, Illinois, United States.

The consolidated financial statements can be requested from the company.

Name and registered office of the parent preparing consolidated financial statements for the smallest group:
The Firm of John Dickinson Schneider, Libertyville, Illinois, United States.

The consolidated financial statements can be requested from the company.

26 Subsidiaries

	Registered in	Ownership %
Dansac GmbH	Munich, Germany	100.00

Parent income statement for 2024

	Notes	2024 DKK'000	2023 DKK'000
Revenue	4	458,123	503,862
Changes in inventories of finished goods and work in progress		(331)	(3,482)
Other operating income	5	11,097	0
Cost of sales		(134,324)	(137,101)
Other external expenses	6	(78,928)	(74,924)
Gross profit/loss		255,637	288,355
Staff costs	7	(210,437)	(137,543)
Depreciation, amortisation and impairment losses	8	(11,871)	(8,756)
Operating profit/loss		33,329	142,056
Income from investments in group enterprises		11,484	14,908
Other financial income	9	1,199	2,133
Other financial expenses	10	(2,433)	(8,226)
Profit/loss before tax		43,579	150,871
Tax on profit/loss for the year	11	(6,802)	(29,660)
Profit/loss for the year	12	36,777	121,211

Parent balance sheet at 31.12.2024

Assets

	Notes	2024 DKK'000	2023 DKK'000
Completed development projects	14	1,887	2,695
Intangible assets	13	1,887	2,695
Land and buildings		9,282	9,805
Plant and machinery		11,455	21,528
Other fixtures and fittings, tools and equipment		1,612	2,916
Property, plant and equipment in progress		16,270	14,737
Property, plant and equipment	15	38,619	48,986
Investments in group enterprises		193	193
Investments in associates		38,864	38,864
Financial assets	16	39,057	39,057
Non-current assets		79,563	90,738
Raw materials and consumables		37,533	24,482
Work in progress		15,814	17,490
Manufactured goods and goods for resale		3,884	447
Inventories		57,231	42,419
Trade receivables		183	57
Receivables from group enterprises		26,161	67,380
Deferred tax	17	11,499	0
Other receivables		2,092	4,925
Tax receivable		1,376	0
Prepayments	18	1,373	1,736
Receivables		42,684	74,098
Cash		13,919	16,126
Current assets		113,834	132,643
Assets		193,397	223,381

Equity and liabilities

	Notes	2024 DKK'000	2023 DKK'000
Contributed capital		2,500	2,500
Reserve for development costs		551	1,537
Retained earnings		65,194	27,431
Proposed dividend for the financial year		0	120,000
Equity		68,245	151,468
Other provisions	19	62,903	0
Provisions		62,903	0
Deferred tax	17	0	1,337
Payables to group enterprises		14,943	0
Other payables	20	0	8,182
Non-current liabilities other than provisions	21	14,943	9,519
Trade payables		15,666	18,417
Payables to group enterprises		14,191	8,474
Tax payable		0	12,944
Other payables		17,449	22,559
Current liabilities other than provisions		47,306	62,394
Liabilities other than provisions		62,249	71,913
Equity and liabilities		193,397	223,381
Unusual circumstances	1		
Events after the balance sheet date	2		
Uncertainty relating to recognition and measurement	3		
Unrecognised rental and lease commitments	22		
Contingent liabilities	23		
Related parties with controlling interest	24		
Transactions with related parties	25		

Parent statement of changes in equity for 2024

	Contributed capital DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	2,500	1,537	27,431	120,000	151,468
Ordinary dividend paid	0	0	0	(120,000)	(120,000)
Transfer to reserves	0	(986)	986	0	0
Profit/loss for the year	0	0	36,777	0	36,777
Equity end of year	2,500	551	65,194	0	68,245

Notes to parent financial statements

1 Unusual circumstances

During 2024, it was decided to initiate a strategic restructuring of the production of certain products in the Group. The Group decided to close its production activities in Denmark and relocate production to a new facility in Kaunas, Lithuania.

2 Events after the balance sheet date

Management anticipates a loss for 2025 before a potential compensation of closing costs. The parent company has issued a letter of support ensuring that Dansac A/S will be able to meet its financial obligations as they fall due the next 12 months.

3 Uncertainty relating to recognition and measurement

The preparation of Dansac A/S's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Significant uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgements based on several factors in the given circumstances.

- Provision related to severance costs.

Management has set up a provision related to severance costs for employees in connection with both retention and departure, DKK 63 million. The provision is based on several assumptions, facts, and circumstances. E.g. timing of the transfer of machines in 2025 and 2026, which will impact the timing of employees leaving Dansac, and therefore impact the size of the provision. Likewise, the actual payout is impacted by the number of employees seeking other employment (early leavers).

4 Revenue

	2024 DKK'000	2023 DKK'000
EMEA & North America	411,847	449,453
Australia, South America, Asia and rest of the world	46,276	54,409
Total revenue by geographical market	458,123	503,862
Medical devices	458,123	508,862
Total revenue by activity	458,123	508,862

5 Other operating income

	2024 DKK'000	2023 DKK'000
Profit from the sale of property, plant and equipment	11,097	0
	11,097	0

In connection with the winding down of production in Denmark, tangible assets were sold in 2024 with a total gain of DKK 11 million. The sales prices were based on independent valuations of market value of the machines

sold.

6 Fees to the auditor appointed by the Annual General Meeting

	2024 DKK'000	2023 DKK'000
Statutory audit services	717	680
Other assurance engagements	0	30
Other services	80	20
	797	730

7 Staff costs

	2024 DKK'000	2023 DKK'000
Wages and salaries	187,749	116,286
Pension costs	13,851	13,691
Other social security costs	8,837	7,566
	210,437	137,543

Average number of full-time employees	212	211
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Wages and salaries include extraordinary costs associated with the closure of production in Denmark, including expenses related to severance costs for employees in connection with both retention and departure amounting to DKK 81 million, of which DKK 63 million is provision per 31.12.2024.

As only one person in the Company's Executive Board and Board of Directors receives remuneration, no disclosure has been made according to § 98 b, stk. 3, no. 2 in the Danish Financial Statements Act.

8 Depreciation, amortisation and impairment losses

	2024 DKK'000	2023 DKK'000
Amortisation of intangible assets	808	1,039
Depreciation on property, plant and equipment	8,340	7,717
Impairment losses on property, plant and equipment	2,723	0
	11,871	8,756

9 Other financial income

	2024 DKK'000	2023 DKK'000
Other interest income	338	985
Exchange rate adjustments	861	1,148
	1,199	2,133

10 Other financial expenses

	2024	2023
	DKK'000	DKK'000
Financial expenses from group enterprises	23	0
Exchange rate adjustments	229	6,779
Other financial expenses	2,181	1,447
	2,433	8,226

11 Tax on profit/loss for the year

	2024	2023
	DKK'000	DKK'000
Current tax	19,584	29,544
Change in deferred tax	(12,836)	(6)
Adjustment concerning previous years	54	122
	6,802	29,660

12 Proposed distribution of profit and loss

	2024	2023
	DKK'000	DKK'000
Ordinary dividend for the financial year	0	120,000
Retained earnings	36,777	1,211
	36,777	121,211

13 Intangible assets

	Completed development projects DKK'000
Cost beginning of year	5,972
Cost end of year	5,972
Amortisation and impairment losses beginning of year	(3,277)
Amortisation for the year	(808)
Amortisation and impairment losses end of year	(4,085)
Carrying amount end of year	1,887

14 Development projects

Completed development projects comprise development of own projects for the use in the operations of the Company.

15 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	85,802	227,098	42,458	14,737
Transfers	200	5,054	161	(5,416)
Additions	98	726	86	6,949
Disposals	0	(42,262)	(37)	0
Cost end of year	86,100	190,616	42,668	16,270
Depreciation and impairment losses beginning of year	(75,997)	(205,570)	(39,542)	0
Impairment losses for the year	0	(2,723)	0	0
Depreciation for the year	(821)	(5,999)	(1,520)	0
Reversal regarding disposals	0	35,131	6	0
Depreciation and impairment losses end of year	(76,818)	(179,161)	(41,056)	0
Carrying amount end of year	9,282	11,455	1,612	16,270

Additions on property etc in progress includes capitalized labour costs of 179 DKK'000. (2023: 1.030 DKK'000).

Property, plant and equipment in progress comprise not completed upgrades etc. to machines for the use in operations of the Company.

16 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000
Cost beginning of year	193	38,864
Cost end of year	193	38,864
Carrying amount end of year	193	38,864

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

Investments in associates	Registered in	Ownership %	Equity DKK'000	Profit/loss DKK'000
Hollister S.P.A	Milano, Italy	49.00	87,193	8,780

17 Deferred tax

	2024
	DKK'000
Intangible assets	(415)
Property, plant and equipment	(1,359)
Inventories	(565)
Provisions	13,838
Deferred tax	11,499

	2024
	DKK'000
Changes during the year	
Beginning of year	(1,337)
Recognised in the income statement	12,836
End of year	11,499

Deferred tax assets

The deferred tax asset relates to temporary differences between tax and accounting depreciation/impairment of assets and liabilities. Taking into account possibilities on future utilization, the entire tax asset has been recognised.

18 Prepayments

Prepayments classified as assets comprise prepaid costs incurred relating to rent, insurance premiums etc. that relates to subsequent accounting periods. Prepayments are measured at cost.

19 Other provisions

In connection with the Group's decision to close its production activities in Denmark and relocate production to a new Hollister production facility in Kaunas, Lithuania, Management has set up a provision related to severance costs for employees in connection with both retention and departure, of DKK 63 million. The provision is based on several assumptions, facts, and circumstances. E.g. timing of the transfer of machines in 2025 and 2026, which will impact the timing of employees leaving Dansac, and therefore impact the size of the provision. Likewise, the actual payout is impacted by the number of employees seeking other employment (early leavers).

20 Other payables

	2024	2023
	DKK'000	DKK'000
Holiday pay obligation	0	8,182
	0	8,182

21 Non-current liabilities other than provisions

	Due after more than 12 months 2024 DKK'000
Payables to group enterprises	14,943
	14,943

22 Unrecognised rental and lease commitments

	2024 DKK'000	2023 DKK'000
Total liabilities under rental or lease agreements until maturity	737	1,559

23 Contingent liabilities

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

24 Related parties with controlling interest

The company's principal shareholder is Hollister Incorporated, 2000 Hollister Drive, Libertyville, Illinois, USA.

The Company's ultimate parent is The Firm of John Dickinson Schneider incorporated, 2000 Hollister Drive, Libertyville, Illinois, USA.

Name and registered office of the parent preparing consolidated financial statements for the largest group:
The Firm of John Dickinson Schneider, Libertyville, Illinois, United States.

The consolidated financial statements can be requested from the company.

Name and registered office of the parent preparing consolidated financial statements for the smallest group:
The Firm of John Dickinson Schneider, Libertyville, Illinois, United States.

The consolidated financial statements can be requested from the company.

25 Transactions with related parties

	Parent	Subsidiaries	Associates	Other related parties
	DKK'000	DKK'000	DKK'000	DKK'000
Sale of goods	3	0	15,712	430,769
Sale of services	3,512	0	0	43,896
Purchase of goods	127	0	0	239,285
Purchase of services	48,191	0	36	12,496
Financial expenses	0	23	0	0
Receivables	859	0	419	24,883
Liabilities other than provisions	9,245	14,943	5	4,941

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise Dansac A/S (the parent company) and Group enterprises where the parent company directly or indirectly is in control. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

The consolidated financial statements are prepared by combining uniform items. On consolidation intra-group income and expenses, intra-group balances and dividend as well as intra-group profits between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Investments in subsidiaries are offset against the pro rata share of the fair value of the affiliates' net assets and liabilities at the time of the establishment of the Group relations.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been

settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

Income statement

Revenue

Revenue from sale of articles of commerce and finished goods are recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised exclusive of Vat, duties and rebates in connection with the sale and is measured at the fair value of the agreed compensation.

Changes in inventories of finished goods and work in progress

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise expenses for payroll and wages including social expenses, pensions etc. for personnel.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year.

Income from investments in group enterprises

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

Income from investments in associates

In the parent financial statements income from investments in associates comprises dividends etc. received from the individual associates in the financial year.

Other financial income

Financial income comprise interest income, realised and unrealised income and loss from transactions in foreign exchange, charges and compensations for the tax on account scheme.

Other financial expenses

Financial expenses comprise interest expenses, realised and unrealised income and loss from transactions in foreign exchange and bank charges.

Tax on profit/loss for the year

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

The Company is jointly taxed with Dansac and Hollister Danmark (branch of Dansac and Hollister Scandinavia Inc. USA) and Kirstine Hardam A/S. The current Danish income tax is allocated proportionally to the taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intangible assets**

Intangible assets comprise development projects in progress and completed development projects including licences and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the project in question, are recognised as intangible assets if the cost can be measured reliably and if sufficient security exists for the future income to cover production, sales and administration costs and the development costs. Other development costs are recognised in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisations or to the lower of recoverable amount. Completed development projects are amortised over five years.

Residual values are determined at nil.

Development costs comprise costs, salaries and amortisation that are directly and indirectly attributable to the Group's development projects.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation or to the lower of its recoverable value. Land is not depreciated.

Residual values are determined at nil.

Cost comprises the acquisition price and costs directly attributable to the acquisition until it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, sub suppliers and labour costs.

Interest expenses are not included under cost.

The basis for depreciation is costs less expected scrap value at the end of the expected useful life. Straight-line depreciation is made on the basis of the following assessment of the expected useful lives:

	Useful life
Buildings	30 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years

Profits and losses from the disposals of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised as depreciation in the income statement.

Investments in group enterprises

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

Investments in associates

Investments in associates are measured at cost in the parent financial statements. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Investments in associates are measured in the Group's annual report using the equity method. The income statement reflects the Group's share of results of associates.

Receivables

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

Inventories

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

Cost of goods for resale as well as raw materials and consumables consists of purchase price plus landing costs.

Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs as well as indirect production costs.

Indirect production costs comprise indirect material and labour costs as well as costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of quality management and factory administration.

The net realisable value of inventories is calculated as the estimated selling price reduced for completion and sales costs.

The net realisable value is fixed in consideration of marketability and obsolescence.

Deferred tax

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

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

Tax payable or receivable

The current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividends are measured as a liability at the time of the resolution made on the Annual General Meeting. The proposed dividend for the accounting period is classified as a separate item under equity.

Other provisions

Other provisions comprise anticipated severance costs.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

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

Cash flow statement

The cash flow statement of the Group shows cash flows for the year from operating, investing and financing

activities for the year, change of cash for the year as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the Group's share of profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payment in connection with purchase and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, installments on interest-bearing debt, and payment of dividends to members.

A cash flow statement for the Parent has not been prepared separately as this is included in the Group cash flow statement.