SCANCOM INTERNATIONAL A/S

Amager Strandvej, st 60, DK-2300 Copenhagen

Annual Report for 1 September 2023 - 31 August 2024

CVR No. 18 47 98 93

The Annual Report was presented and adopted at the Annual General Meeting of the company on 18/12 2024

Jesper Lund
Chairman of the general meeting

pwc

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SCANCOM INTERNATIONAL A/S for the financial year 1 September 2023 - 31 August 2024.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 August 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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.

Copenhagen, 18 December 2024

Executive Board

Peter Dornonville de la Cour
Andsager
CEO

Board of Directors

Jan Bøgh
Chairman

Jesper Lund

Ole Lund Andersen

Peter Dornonville de la Cour
Andsager

Independent Auditor's report

To the shareholder of SCANCOM INTERNATIONAL A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 September 2023 - 31 August 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of SCANCOM INTERNATIONAL A/S for the financial year 1 September 2023 - 31 August 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 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.

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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group´s and the Parent Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent 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 Group´s and the Parent Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Aarhus C, 18 December 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Keld A. M. Nielsen
State Authorised Public Accountant
mne40037

Company information

The Company	SCANCOM INTERNATIONAL A/S Amager Strandvej, st 60 DK-2300 Copenhagen CVR No: 18 47 98 93 Financial period: 1 September 2023 - 31 August 2024 Municipality of reg. office: Copenhagen
Board of Directors	Jan Bøgh, chairman Jesper Lund Ole Lund Andersen Peter Dornonville de la Cour Andsager
Executive Board	Peter Dornonville de la Cour Andsager
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Bankers	Nordea Bank Danmark A/S Skt. Clemens Torv 2-6 8000 Aarhus C

Group Chart

Company	Residence	Ownership
SCANCOM INTERNATIONAL A/S	**Copenhagen DK**	
ScanCom Vietnam Ltd.	Ho Chi Minh City, VN	100%
PT ScanCom Indonesia	Semarang, IN	100%
ScanCom Hong Kong	Hong Kong	100%
ScanCom Deutschland GmbH	Cologne, DE	100%
ScanCom do Brasil Ltda.	Telemaco Borba, BR	100%
ScanCom UK Ltd.	Essex, UK	100%
ScanCom North America, Inc.	California, US	100%
ScanCom International A/S Sucursal EN Espana	Mallorca, SP	100%

Financial Highlights

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

	Group				
	2023/24	2022/23	2021/22	2020/21	2019/20
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	861	974	1,225	1,291	1,301
Gross profit	42	186	238	289	278
Profit/loss of primary operations	-172	-22	-40	9	4
Profit/loss of financial income and expenses	-25	-46	57	-7	-12
Net profit/loss for the year	-166	-54	5	-1	-7
Balance sheet					
Balance sheet total	774	915	1,174	916	939
Investment in property, plant and equipment	16	25	56	56	119
Equity	594	760	833	794	142
Number of employees	2,351	2,690	3,662	4,516	4,831
Ratios					
Gross margin	4.9%	19.1%	19.4%	22.4%	21.4%
Profit margin	-20.0%	-2.3%	-3.3%	0.7%	0.3%
Solvency ratio	76.7%	83.1%	71.0%	86.7%	15.1%
Return on equity	-24.5%	-6.8%	0.6%	-0.2%	-4.3%

Management's review

Key activities

The principal activity of ScanCom is to design, sell and manufacture garden furniture. The products are manufactured in the Far East and marketed throughout most of the world.

The legal headquarters of ScanCom is in Denmark and own production is in Vietnam and Indonesia

To ensure access to certified wood both short and long term, ScanCom has a set up a business in Brazil Besides from that ScanCom is working closely with a number of contract manufacturers in Vietnam, Indonesia and Brazil. The use of contract manufacturers forms an important part of ScanCom's production activities.

Development in the year

The income statement of the Group for 2023/24 shows a loss of TDKK 165,801, and at 31 August 2024 the balance sheet of the Group shows a positive equity of TDKK 594,295.

Further for the season from 1 September 2023 to 31 August 2024 ScanCom realized a revenue of TDKK 861,009, generating an EBIT of TDKK –171,783 and a result before tax of TDKK -197,064.

As expected, the revenue level ended in line with last year when measured in our primary invoicing currency, USD, however due to a weakened USD vs DKK our revenue ended lower than last year measured in DKK. In DKK the reported growth is negative at -11.6%.

The profit/loss before financial income and expenses (EBIT) is in negative territory and below our expectations for the year. The result of the year includes one-off costs of TDKK 123,000 regarding provisions and write-downs on assets.

Despite the severe headwind impacting our P&L, we managed to control and improve our working capital elements relatively. E.g. our Inventory level improved by more than TDKK 80,000 compared to last year. Free Cash Flow reported at TDKK -6,283.

Product lines

ScanCom is a versatile supplier and manufacturer of garden furniture made of wood, aluminum, steel mesh, wrought iron, woven materials, plastics and combinations thereof.. In addition to garden furniture, ScanCom sells timber to external customers.

Corporate Social Responsibility

Statement of Corporate Social Responsibility (ARL §99a) is covered by the statutory corporate social responsibility (CSR) report, pursuant to the Danish Financial Statements Act for the Group and can be viewed in the Management Review in the Annual Report 2023/24 for Lars Larsen Group A/S, CVR no. 86001519, which can be obtained from www.cvr.dk.

Management's review

Statutory statement on the underrepresented gender in management

	2024
Top management	
Total number of members	4
Underrepresented gender %	0%
Target figure %	25%
Year for meeting target	2028
Other management levels	
Total number of members	1

The Board of Directors consists of a total of four members elected by the general meeting, of which 0 are of the underrepresented gender. We have a target figure of 25% of the underrepresented gender on the board in 2028. In 2023/24 there has been an active search for a candidate from the underrepresented gender. The search was unsuccessful and therefore the target number has not been met in the financial year. The search continues for a candidate from the underrepresented gender who can fill a seat on the board.

ScanCom International A/S has less than 50 employees. Therefore, no target and no further reporting on gender composition at other management levels is included in this report.

Statutory statement on data ethics

Information on data ethics (ARL §99d), please view the statement by the Group which can be viewed in the Management Review in the Annual Report 2023/24 for Lars Larsen Group A/S, CVR no. 86001519, which can be obtained from www.cvr.dk.

Sales and markets

The primary target group is large retail chains and DIY centers requiring large volumes, high quality, modern designs and a high level of reliability of delivery at reasonable prices, supported by efficient distribution. Our products are primarily sold in Europe, North America and Australia.

Outlook

ScanCom targets to protect its margins, however it's with a high level of uncertainty. Season 2024/25 will be influenced by the macroeconomic uncertainties impacting the market for outdoor furniture.

ScanCom expects to realize revenue in line with 2023/24 level, while EBIT is expected to improve.

Risks

The management does not consider ScanCom to be particularly exposed to risks beyond the risks normally applicable to the industry and the general pandemic and Ukrainian war situation in the world.

Subsequent events

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

Income statement 1 September 2023 - 31 August 2024

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Revenue	1	861,009	974,067	766,038	813,359
Work on own account recognised in assets		91,644	89,548	0	0
Other operating income		4,005	5,441	0	0
Expenses for raw materials and consumables		-800,403	-802,144	-766,302	-763,479
Other external expenses		-114,284	-80,713	-65,941	-23,787
Gross profit		**41,971**	**186,199**	**-66,205**	**26,093**
Staff expenses	2	-180,574	-176,181	-34,906	-26,256
Earnings Before Interest Taxes Depreciation and Amortization		**-138,603**	**10,018**	**-101,111**	**-163**
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-33,180	-31,765	-723	-94
Other operating expenses		0	-34	0	-34
Profit/loss before financial income and expenses		**-171,783**	**-21,781**	**-101,834**	**-291**
Income from investments in subsidiaries		0	0	-74,565	-15,396
Financial income	3	2,950	3,105	6,051	6,285
Financial expenses	4	-28,231	-49,525	-21,094	-54,900
Profit/loss before tax		**-197,064**	**-68,201**	**-191,442**	**-64,302**
Tax on profit/loss for the year	5	31,263	14,642	25,641	10,743
Net profit/loss for the year	6	**-165,801**	**-53,559**	**-165,801**	**-53,559**

Balance sheet 31 August 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Acquired licenses		503	1,670	90	221
Acquired other similar rights		64,236	63,424	3,826	0
Goodwill		1,960	3,578	0	0
Intangible assets	7	**66,699**	**68,672**	**3,916**	**221**
Land and buildings		6,952	8,319	0	0
Other fixtures and fittings, tools and equipment		48,844	59,103	1,419	802
Leasehold improvements		120,394	118,539	0	0
Property, plant and equipment in progress		1,817	14,640	0	0
Property, plant and equipment	8	**178,007**	**200,601**	**1,419**	**802**
Investments in subsidiaries	9	0	0	188,751	264,801
Deposits	10	8,103	11,074	920	906
Fixed asset investments		**8,103**	**11,074**	**189,671**	**265,707**
Fixed assets		**252,809**	**280,347**	**195,006**	**266,730**
Raw materials and consumables		129,443	152,925	0	0
Work in progress		59,048	79,738	0	0
Finished goods and goods for resale		109,763	150,963	881	1,756
Inventories		**298,254**	**383,626**	**881**	**1,756**
Trade receivables		84,227	114,529	39,559	91,353
Receivables from group enterprises		4,030	0	513,695	554,704
Other receivables		31,266	27,689	262	267
Deferred tax asset	11	27,198	20,117	3,818	1,581
Corporation tax receivable from group enterprises		23,660	10,564	23,660	10,564
Prepayments	12	35,712	57,400	11,913	31,953
Receivables		**206,093**	**230,299**	**592,907**	**690,422**

Balance sheet 31 August 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand		**16,973**	**20,971**	**12**	**12**
Current assets		**521,320**	**634,896**	**593,800**	**692,190**
Assets		**774,129**	**915,243**	**788,806**	**958,920**

Balance sheet 31 August 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Share capital	13	9,901	9,901	9,901	9,901
Reserve for exchange rate conversion		20,512	20,358	0	0
Retained earnings		563,882	729,683	584,394	750,041
Equity		**594,295**	**759,942**	**594,295**	**759,942**
Provisions relating to investments in group enterprises		0	0	43,561	6,664
Other provisions	14	25,834	12,522	21,889	8,291
Provisions		**25,834**	**12,522**	**65,450**	**14,955**
Trade payables		48,736	41,186	11,138	8,579
Payables to group enterprises		73,367	77,129	102,742	140,654
Corporation tax		185	670	0	0
Other payables		31,712	23,794	15,181	12,676
Deferred income	15	0	0	0	22,114
Short-term debt		**154,000**	**142,779**	**129,061**	**184,023**
Debt		**154,000**	**142,779**	**129,061**	**184,023**
Liabilities and equity		**774,129**	**915,243**	**788,806**	**958,920**

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Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 September	9,901	20,358	729,683	759,942
Exchange adjustments	0	154	0	154
Net profit/loss for the year	0	0	-165,801	-165,801
Equity at 31 August	**9,901**	**20,512**	**563,882**	**594,295**

Parent company

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 September	9,901	750,041	759,942
Exchange adjustments	0	154	154
Net profit/loss for the year	0	-165,801	-165,801
Equity at 31 August	**9,901**	**584,394**	**594,295**

Cash flow statement 1 September 2023 - 31 August 2024

	Note	Group 2023/24	Group 2022/23
		TDKK	TDKK
Result of the year		-165,801	-53,559
Adjustments	16	33,560	67,181
Change in working capital	17	147,500	160,732
Cash flow from operations before financial items		**15,259**	**174,354**
Financial income		2,950	3,105
Financial expenses		-28,231	-49,525
Cash flows from ordinary activities		**-10,022**	**127,934**
Corporation tax paid		10,638	-11,583
Cash flows from operating activities		**616**	**116,351**
Purchase of intangible assets		-4,128	0
Purchase of property, plant and equipment		-15,584	-24,894
Fixed asset investments made etc		-453	-2,591
Sale of property, plant and equipment		0	17,526
Sale of fixed asset investments made etc		13,266	1,819
Cash flows from investing activities		**-6,899**	**-8,140**
Repayment of mortgage loans		0	-3,467
Raising of payables to group enterprises		0	9,915
Cash flows from financing activities		**0**	**6,448**
Change in cash and cash equivalents		**-6,283**	**114,659**
Cash and cash equivalents at 1 September		-46,243	-160,902
Cash and cash equivalents at 31 August		**-52,526**	**-46,243**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		16,973	20,971
Overdraft facility		-69,499	-67,214
Cash and cash equivalents at 31 August		**-52,526**	**-46,243**

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

1. Revenue

Revenue by division				
Garden	806,029	937,720	703,154	784,651
Timber	54,980	35,052	62,884	28,708
Other	0	1,295	0	0
	861,009	**974,067**	**766,038**	**813,359**

In accordance with section 96(1) of the Danish Financial Statements Acts, disclosures on revenue broken down by geographical segments are not provided as the Company's Executive Board and Board of Directors assess that such disclosures would be very detrimental to the Company.

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

2. Staff Expenses

Wages and salaries	147,440	138,109	31,370	22,637
Pensions	4,747	5,487	491	282
Other social security expenses	17,643	20,221	0	0
Other staff expenses	10,744	12,364	3,045	3,337
	180,574	**176,181**	**34,906**	**26,256**
Including remuneration to the Executive Board and Board of Directors	**6,071**	**7,181**	**6,071**	**7,181**
Average number of employees	**2,351**	**2,690**	**17**	**17**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

3. Financial income

Interest received from group enterprises	0	0	3,229	3,246
Other financial income	417	3,105	289	3,039
Exchange adjustments	2,533	0	2,533	0
	2,950	**3,105**	**6,051**	**6,285**

4. Financial expenses

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	0	0	1,680	1,590
Other financial expenses	6,080	5,391	5,985	5,391
Exchange adjustments, expenses	22,151	44,134	13,429	47,919
	28,231	**49,525**	**21,094**	**54,900**

5. Income tax expense

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	-23,435	-9,576	-23,404	-10,253
Deferred tax for the year	-6,705	-3,787	-2,237	-465
Adjustment of tax concerning previous years	-1,123	-1,279	0	-25
	-31,263	**-14,642**	**-25,641**	**-10,743**

6. Profit allocation

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
Retained earnings	-165,801	-53,559
	-165,801	**-53,559**

7. Intangible fixed assets

	Group			Parent company	
	Acquired licenses	Acquired other similar rights	Goodwill	Acquired licenses	Acquired other similar rights
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 September	15,106	67,445	13,376	292	0
Exchange adjustment	-444	-1,274	0	0	0
Additions for the year	0	4,128	0	0	4,128
Disposals for the year	0	0	-3,260	0	0
Cost at 31 August	14,662	70,299	10,116	292	4,128
Impairment losses and amortisation at 1 September	13,436	4,021	9,798	71	0
Exchange adjustment	-425	-121	0	0	0
Amortisation for the year	1,148	2,163	574	131	302
Reversal of impairment and amortisation of sold assets	0	0	-2,216	0	0
Impairment losses and amortisation at 31 August	14,159	6,063	8,156	202	302
Carrying amount at 31 August	**503**	**64,236**	**1,960**	**90**	**3,826**

8. Property, plant and equipment

	Group				Parent company
	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Property, plant and equipment in progress	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 September	10,483	268,412	197,938	14,640	824
Exchange adjustment	-1,532	-7,061	-4,133	50	0
Additions for the year	0	3,203	0	12,381	907
Disposals for the year	0	-9,231	-15,022	0	0
Transfers for the year	0	5,966	18,296	-25,254	0
Cost at 31 August	8,951	261,289	197,079	1,817	1,731
Impairment losses and depreciation at 1 September	2,164	209,309	79,399	0	22
Exchange adjustment	-335	-5,887	-1,713	0	0
Impairment losses for the year	0	1,000	346	0	0
Depreciation for the year	170	16,492	11,287	0	290
Reversal of impairment and depreciation of sold assets	0	-8,469	-12,634	0	0
Impairment losses and depreciation at 31 August	1,999	212,445	76,685	0	312
Carrying amount at 31 August	**6,952**	**48,844**	**120,394**	**1,817**	**1,419**

9. Investments in subsidiaries

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
Cost at 1 September	315,732	320,876
Additions for the year	0	6,857
Disposals for the year	-3,650	-12,000
Cost at 31 August	312,082	315,733
Value adjustments at 1 September	-57,596	-22,539
Disposals for the year	-2,376	5,620
Exchange adjustment	153	-19,870
Net profit/loss for the year	-86,605	-33,257
Dividend to the Parent Company	-28,535	0
Amortisation of goodwill	-506	-669
Change in intercompany profit on inventories	8,573	13,119
Value adjustments at 31 August	-166,892	-57,596
Equity investments with negative net asset value transferred to provisions	43,561	6,664
Carrying amount at 31 August	**188,751**	**264,801**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
PT ScanCom Indonesia	Semarang, IN	99%
ScanCom Hong Kong Limited	Hong Kong	100%
ScanCom Deutschland GmbH	Cologne, DE	100%
ScanCom do Brasil Ltda.	Telemaco Borba, BR	100%
ScanCom UK Ltd.	Essex, UK	100%
ScanCom North America, Inc.	California, US	100%
ScanCom International A/S Sucursal EN Espana	Mallorca, SP	100%

10. Other fixed asset investments

	Group	Parent company
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 September	11,074	906
Exchange adjustment	-158	0
Additions for the year	453	14
Disposals for the year	-3,266	0
Cost at 31 August	8,103	920
Carrying amount at 31 August	**8,103**	**920**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

11. Deferred tax asset

Deferred tax asset at 1 September	20,117	17,061	1,581	1,116
Amounts recognised in the income statement for the year	6,705	3,787	2,237	465
Amounts recognised in equity for the year	376	-731	0	0
Deferred tax asset at 31 August	**27,198**	**20,117**	**3,818**	**1,581**

Deferred tax asset relates to tax loss carry forward and temporary differences between the carrying amount and the tax base of inventory, receivables and fixed assets.

12. Prepayments

Prepayments in the parent company and the group are prepayments to suppliers and prepaid operating expenses.

13. Share capital

	Number	Nominal value
		TDKK
Share capital	9,901	9,901
		9,901

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

14. Other provisions

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory and provisions related to cancellations. Based on previous experience in respect of the level of repairs and returns, warranty provisions of TDKK 11.033 (2022/23: TDKK 12,522) have been recognised for expected warranty claims.

Other provisions	25,834	12,522	21,889	8,291
	25,834	**12,522**	**21,889**	**8,291**

15. Deferred income

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

	Group	
	2023/24	2022/23
	TDKK	TDKK

16. Cash flow statement - Adjustments

Financial income	-2,950	-3,105
Financial expenses	28,231	49,525
Depreciation, amortisation and impairment losses, including losses and gains on sales	36,330	31,799
Tax on profit/loss for the year	-31,263	-14,642
Exchange adjustments	3,212	3,604
	33,560	**67,181**

	Group	
	2023/24	2022/23
	TDKK	TDKK

17. Cash flow statement - Change in working capital

Change in inventories	85,372	186,504
Change in receivables	48,413	34,015
Change in other provisions	13,312	-22,449
Change in trade payables, etc	403	-37,338
	147,500	**160,732**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

18. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with business mortage of TDKK 50,000				
Receivables arising from the sale of goods and services with a carrying amount of	39,559	91,353	39,559	91,353

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	15,905	21,917	1,880	1,880
Between 1 and 5 years	37,612	41,833	7,373	7,519
After 5 years	2,269	17	2,269	4,008
	55,786	**63,767**	**11,522**	**13,407**

Guarantee obligations

Lars Larsen Group A/S has entered a cash pool agreement for Lars Larsen Group. As of 31 August 2024, TDKK 0 have been drawn. As a participant in the cash pool arrangement, Scancom International A/S has provided the credit institutions with a guarantee of payment as security for Lars Larsen Group A/S' obligations pursuant to the cash pool agreement.

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

18. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

Scancom International A/S has signed a letter of support to ScanCom Vietnam Ltd where ScanCom International A/S expresses a current intention to provide adequate financial support to ScanCom Vietnam Ltd as is necessary to ensure its continuing operation for a period of at least until 30 June 2025.

The Danish 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 Lars Larsen Group A/S, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

19. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Lars Larsen Group A/S, Silkeborg	Parent company

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)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

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

Name	Place of registered office
Lars Larsen Group A/S	Silkeborg

	Group	
	2023/24	2022/23
	TDKK	TDKK

20. Fee to auditors appointed at the general meeting

Auditors appointed at the general meeting - PricewaterhouseCoopers		
Audit fee	480	460
Tax advisory services	23	28
Non-audit services	49	62
	552	**550**
Other auditors		
Audit fee	605	651
Tax advisory services	183	233
Non-audit services	159	104
	947	**988**

21. Subsequent events

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

22. Accounting policies

The Annual Report of SCANCOM INTERNATIONAL A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023/24 are presented in TDKK.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, SCANCOM INTERNATIONAL A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

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.

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.

Segment information on revenue

Information on business segments is based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

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

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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of 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.

The Company is jointly taxed with Lars Larsen Group A/S. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas.

Other intangible fixed assets

Acquired other similar rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Rights are amortised over the period of the agreements, which is between 7-40 years.

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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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:

Buildings	25-50 years
Other fixtures and fittings, tools and equipment	4-10 years
Leasehold improvements	Rental years period

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.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

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 TDKK 35.007. 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 based on weighted average prices 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, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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 operating expenses and prepayments to suppliers.

Provisions

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

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

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.

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.

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity