
MP DENMARK A/S

Bytoften 68, DK-7400 Herning

Annual Report for 2024

CVR No. 59 31 40 17

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 30/6 2025

Per Schak Andreasen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of MP DENMARK A/S for the financial year 1 January - 31 December 2024.

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

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

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

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

Herning, 30 June 2025

Executive Board

Hans-Henrik Olsen

Louise Fjord Pedersen

Dennis Bigum

Board of Directors

Per Schak Andreasen
Chairman

Søren Mølgaard Kristensen

Ulrik Jon Jonsen

Morten Bundgaard

Søren Iversen

Independent Auditor's report

To the shareholder of MP DENMARK A/S

Opinion

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

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

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Independent Auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Herning, 30 June 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mads Hornbæk

State Authorised Public Accountant

mne33762

Kasper Ladekjær

State Authorised Public Accountant

mne50738

Company information

The Company	MP DENMARK A/S Bytoften 68 DK-7400 Herning CVR No: 59 31 40 17 Financial period: 1 January - 31 December Municipality of reg. office: Herning
Board of Directors	Per Schak Andreasen, chairman Søren Mølgaard Kristensen Ulrik Jon Jonsen Morten Bundgaard Søren Iversen
Executive Board	Hans-Henrik Olsen Louise Fjord Pedersen Dennis Bigum
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning

Financial Highlights

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

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	24,473	22,927	30,073	27,338	24,088
Profit/loss of primary operations	3,578	4,995	10,507	9,179	5,133
Profit/loss of financial income and expenses	98	-39	-572	801	100
Net profit/loss for the year	3,014	3,943	7,672	8,066	4,204
Balance sheet					
Balance sheet total	59,662	57,191	60,115	59,647	59,647
Investment in property, plant and equipment	2,766	592	308	1,059	229
Equity	30,653	37,331	43,076	35,404	27,340
Number of employees	33	27	27	25	26
Ratios					
Return on assets	6.0%	8.7%	17.5%	15.4%	8.6%
Solvency ratio	51.4%	65.3%	71.7%	59.4%	45.8%
Return on equity	8.9%	9.8%	19.6%	25.7%	16.7%

In connection with changes to accounting policies, the comparative figures for 2020, 2021 and 2022 have not been restated. See the description under accounting policies.

Management's review

Key activities

As in previous years, the company's activities consist of product development, production, sourcing and sales of socks and tights as well as hats, scarves and other accessories. Sales are made through the company's brands; MP Kids, Melton, MP Women, Sneaky Fox and Dear Denier. The production is located in Latvia via a 100% owned subsidiary.

Development in the year

The income statement of the Company for 2024 shows a profit of DKK 3,014,191, and at 31 December 2024 the balance sheet of the Company shows a positive equity of DKK 30,652,836.

The past year and follow-up on development expectations from last year

The company's financial performance in 2024 was less than expected resulting in a profit before tax which is approximately mDKK 2 lower than what was set out in the annual report for 2023. The background is, among other things, a much lower growth in net sales than budgeted and that more promotional costs have been incurred to achieve net sales for the year.

The management considers this less satisfactory, despite that the company operates in a market that in 2024 has continued to be affected by the general economic challenges.

Outlook

Despite operating in a still challenging market, the management expects growth of approximately 4% in net sales and a profit before tax in the range of mDKK 4-6 for the coming year – this is driven through continued development, rational focused and product competitive production and further expanded and strengthened sales and distribution effort.

Foreign exchange risks

The company is exposed to currency risks from primarily EUR, NOK and USD as a result of buy and sell transactions that are settled in currencies other than DKK. Currency risks are primarily hedged through forward currency transactions to hedge expected revenue within the next 12 months.

No speculative currency transactions are entered into.

External environment

The company secures raw materials and produces in accordance with the norms for responsibility and environmental considerations in force at any given time.

The company is constantly working on initiatives with a focus on ESG and CSR primarily within:

- Social conditions, including completed BSCI (grade A) at the factory in Latvia
- Recycling of packaging and excess yarn
- Environment and climate
- Raw materials and packaging materials

The subsidiary in Latvia has built its own photovoltaic plant in connection with the factory, which produces electricity primarily used for production.

The company has prepared an ESG Impact report for 2024 with comparative figures for the previous years, based on Scope 1, 2 and 3 showing the development within the individual areas.

The report forms the basis for the establishment of forward-looking objectives and action plans in selected areas.

Management's review

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

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

Subsequent events

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

Income statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Gross profit		24,472,637	22,926,860
Staff expenses	1	-17,245,785	-14,281,467
Earnings Before Interest Taxes Depreciation and Amortization		7,226,852	8,645,393
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-3,648,474	-3,649,895
Profit/loss before financial income and expenses		3,578,378	4,995,498
Income from investments in subsidiaries		693,185	429,352
Financial income	2	205,548	233,785
Financial expenses		-800,856	-702,225
Profit/loss before tax		3,676,255	4,956,410
Tax on profit/loss for the year	3	-662,064	-1,013,680
Net profit/loss for the year	4	3,014,191	3,942,730

Balance sheet 31 December

Assets

	Note	2024	2023
		DKK	DKK
Goodwill		3,600,195	5,171,484
Intangible assets	5	3,600,195	5,171,484
Plant and machinery		7,000,546	6,753,894
Other fixtures and fittings, tools and equipment		809,270	780,081
Prepayments for property, plant and equipment		0	90,768
Property, plant and equipment	6	7,809,816	7,624,743
Investments in subsidiaries	7	6,697,399	5,996,617
Deposits	8	142,500	142,500
Fixed asset investments		6,839,899	6,139,117
Fixed assets		18,249,910	18,935,344
Raw materials and consumables		7,614,985	7,922,584
Work in progress		2,690,062	2,607,653
Finished goods and goods for resale		15,980,148	14,809,579
Prepayments for goods		993,298	977,681
Inventories		27,278,493	26,317,497
Trade receivables		6,194,571	6,546,040
Receivables from group enterprises		6,104,297	3,946,588
Other receivables		155,177	155,619
Prepayments		1,118,058	842,408
Receivables		13,572,103	11,490,655
Cash at bank and in hand		561,162	447,404
Current assets		41,411,758	38,255,556
Assets		59,661,668	57,190,900

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		DKK	DKK
Share capital		1,666,667	1,666,667
Reserve for net revaluation under the equity method		2,570,535	1,869,753
Retained earnings		21,557,634	24,094,627
Proposed dividend for the year		4,858,000	9,700,000
Equity		30,652,836	37,331,047
Provision for deferred tax	9	703,000	908,000
Provisions		703,000	908,000
Credit institutions		2,081,795	2,972,192
Lease obligations		877,759	0
Long-term debt	10	2,959,554	2,972,192
Credit institutions	10	11,584,096	5,740,295
Lease obligations	10	76,168	0
Trade payables		3,014,337	3,058,064
Payables to group enterprises		5,823,822	3,181,822
Corporation tax		867,064	1,263,680
Other payables		3,980,791	2,735,800
Short-term debt		25,346,278	15,979,661
Debt		28,305,832	18,951,853
Liabilities and equity		59,661,668	57,190,900
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Accounting Policies	15		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,666,667	1,869,753	24,094,627	9,700,000	37,331,047
Exchange adjustments	0	0	7,598	0	7,598
Ordinary dividend paid	0	0	0	-9,700,000	-9,700,000
Net profit/loss for the year	0	700,782	-2,544,591	4,858,000	3,014,191
Equity at 31 December	1,666,667	2,570,535	21,557,634	4,858,000	30,652,836

Cash flow statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Result of the year		3,014,191	3,942,730
Adjustments	11	4,212,661	4,702,663
Change in working capital	12	-1,841,180	-4,412,910
Cash flow from operations before financial items		5,385,672	4,232,483
Financial income		205,548	233,785
Financial expenses		-800,856	-702,225
Cash flows from ordinary activities		4,790,364	3,764,043
Corporation tax paid		-1,263,680	-2,051,814
Cash flows from operating activities		3,526,684	1,712,229
Purchase of intangible assets		-724,502	0
Purchase of property, plant and equipment		-1,628,523	-682,427
Sale of property, plant and equipment		1,319,355	0
Cash flows from investing activities		-1,033,670	-682,427
Repayment of loans from credit institutions		0	-883,872
Reduction of lease obligations		-274,660	0
Raising of loans from credit institutions		4,953,404	4,737,106
Raising of payables to group enterprises		2,642,000	0
Dividend paid		-9,700,000	-9,700,000
Cash flows from financing activities		-2,379,256	-5,846,766
Change in cash and cash equivalents		113,758	-4,816,964
Cash and cash equivalents at 1 January		447,404	5,264,368
Cash and cash equivalents at 31 December		561,162	447,404
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		561,162	447,404
Cash and cash equivalents at 31 December		561,162	447,404

Notes to the Financial Statements

	2024	2023
	DKK	DKK
1. Staff expenses		
Wages and salaries	14,813,355	12,057,308
Pensions	2,177,661	1,961,728
Other social security expenses	254,769	262,431
	17,245,785	14,281,467
 Including remuneration to the Executive Board and Board of Directors	 2,448,044	 1,992,691
 Average number of employees	 33	 27
	2024	2023
	DKK	DKK
2. Financial income		
Interest from group enterprises	67,868	83,459
Other financial income	137,680	150,326
	205,548	233,785
	2024	2023
	DKK	DKK
3. Income tax expense		
Current tax for the year	867,064	1,263,680
Deferred tax for the year	-205,000	-250,000
	662,064	1,013,680
	2024	2023
	DKK	DKK
4. Profit allocation		
Proposed dividend for the year	4,858,000	9,700,000
Reserve for net revaluation under the equity method	700,782	1,869,753
Retained earnings	-2,544,591	-7,627,023
	3,014,191	3,942,730

Notes to the Financial Statements

5. Intangible fixed assets

	Goodwill
	DKK
Cost at 1 January	19,718,000
Additions for the year	724,502
Cost at 31 December	20,442,502
Impairment losses and amortisation at 1 January	14,546,516
Amortisation for the year	2,295,791
Impairment losses and amortisation at 31 December	16,842,307
Carrying amount at 31 December	3,600,195
Amortised over	7-10 years

6. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment
	DKK	DKK	DKK
Cost at 1 January	33,992,793	2,734,768	90,768
Additions for the year	2,312,843	453,500	0
Disposals for the year	-1,228,587	0	0
Transfers for the year	90,768	0	-90,768
Cost at 31 December	35,167,817	3,188,268	0
Impairment losses and depreciation at 1 January	27,238,899	1,954,687	0
Depreciation for the year	931,190	424,311	0
Reversal of impairment and depreciation of sold assets	-2,818	0	0
Impairment losses and depreciation at 31 December	28,167,271	2,378,998	0
Carrying amount at 31 December	7,000,546	809,270	0
Amortised over	5-8 years	2-5 years	
Including assets under finance leases amounting to	1,181,630	0	0

Notes to the Financial Statements

	2024	2023
	DKK	DKK
7. Investments in subsidiaries		
Cost at 1 January	4,126,864	9,460,197
Disposals for the year	0	-5,333,333
Cost at 31 December	4,126,864	4,126,864
Value adjustments at 1 January	1,869,753	-1,302,843
Disposals for the year	0	2,730,993
Exchange adjustment	7,597	12,251
Net profit/loss for the year	693,185	429,352
Value adjustments at 31 December	2,570,535	1,869,753
Carrying amount at 31 December	6,697,399	5,996,617

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
M.P. Socks SIA	Tukums	559.345 EUR	100%

8. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	142,500
Cost at 31 December	142,500
Carrying amount at 31 December	142,500

	2024	2023
	DKK	DKK
9. Provision for deferred tax		
Deferred tax liabilities at 1 January	908,000	1,158,000
Amounts recognised in the income statement for the year	-205,000	-250,000
Deferred tax liabilities at 31 December	703,000	908,000

Notes to the Financial Statements

2024	2023
DKK	DKK

10. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Credit institutions

After 5 years	0	0
Between 1 and 5 years	2,081,795	2,972,192
Long-term part	2,081,795	2,972,192
Within 1 year	892,800	894,000
Other short-term debt to credit institutions	10,691,296	4,846,295
	13,665,891	8,712,487

Lease obligations

After 5 years	490,438	0
Between 1 and 5 years	387,321	0
Long-term part	877,759	0
Within 1 year	76,168	0
	953,927	0

2024	2023
DKK	DKK

11. Cash flow statement - Adjustments

Financial income	-205,548	-233,785
Financial expenses	800,856	702,225
Depreciation, amortisation and impairment losses, including losses and gains on sales	3,648,474	3,649,895
Income from investments in subsidiaries	-693,185	-429,352
Tax on profit/loss for the year	662,064	1,013,680
	4,212,661	4,702,663

Notes to the Financial Statements

	2024	2023
	DKK	DKK
12. Cash flow statement - Change in working capital		
Change in inventories	-960,996	-4,296,741
Change in receivables	-2,081,448	-524,276
Change in trade payables, etc	1,201,264	410,939
Other changes in working capital	0	-2,832
	-1,841,180	-4,412,910

	2024	2023
	DKK	DKK
13. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	225,146	254,028
Between 1 and 5 years	127,596	267,488
	352,742	521,516

The company has entered into lease agreements with a total obligation of TDKK 2,565 (TDKK 3,144) during the notice period. The notice period runs until 1 January 2029.

Guarantee obligations

Letter of indemnity of DKK 30,500 TDKK in form of a floating company charge secured on ordinary claims, inventories, fixtures and fittings, goodwill

Other contingent liabilities

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

Notes to the Financial Statements

14. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Bidco Vækst-Invest II ApS	Legal owner
Midtco Vækst-Invest II ApS	Indirect owner
Topco Vækst-Invest II ApS	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)(6) of the Danish Financial Statements Act.

All transactions are made on arm's length.

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Topco Vækst-Invest II ApS	Østre Havnepromenade 26, 2. tv, 9000 Aalborg

Notes to the Financial Statements

15. Accounting policies

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

The Financial Statements for 2024 are presented in DKK.

Changes in accounting policies

Reclassifications have been made in the comparative figures between personnel costs, other operating income and other external costs. The reclassifications have no impact on the result, balance sheet total or equity. In addition, the accounting policies and presentation are unchanged compared to previous years.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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

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

Notes to the Financial Statements

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.

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

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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 revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

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 Topco Vækst-Invest II ApS. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7-10 year. Goodwill is amortised over 7-10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

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:

Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	2-5 years

The residual values are estimated at the following percentage of the cost:

Plant and machinery	5-20 %
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The residual value of other fixed assets is determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

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 DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposit.

Inventories

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

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

The cost of goods for resale, 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.

Receivables

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

Prepayments

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

Equity

Notes to the Financial Statements

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

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

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Cash Flow Statement

The cash flow statement shows the Company'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 Company's cash and cash equivalents at the beginning and end of the year.

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.

Notes to the Financial Statements

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".

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

Financial Highlights

Explanation of financial ratios

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