

**KANSAS A/S**  
**ØSTERBRO 3, 5000 ODENSE C**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2021**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 7 July 2022**

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**Jens Gunnar Eriksson Wibring**

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**COMPANY DETAILS**

<b>Company</b>	Kansas A/S Østerbro 3 5000 Odense C
	Telephone: +45 66 61 22 00
	Website: <a href="http://www.kansasworkwear.com">www.kansasworkwear.com</a>
	E-mail: <a href="mailto:info@kansas.dk">info@kansas.dk</a>
	CVR No.: 11 98 72 73
	Established: 1 March 1988
	Municipality: Odense
	Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Camilla Monefeldt Kirstein, chairman Anders Wilhelm Hülse Jens Gunnar Eriksson Wibring
<b>Executive Board</b>	Anders Wilhelm Hülse
<b>Auditor</b>	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3 5230 Odense M

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Kansas A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Odense, 7 July 2022

Executive Board

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Anders Wilhelm Hülse

Board of Directors

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Camilla Monefeldt Kirstein  
Chairman

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Anders Wilhelm Hülse

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Jens Gunnar Eriksson Wibring

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Kansas A/S

#### **Opinion**

We have audited the Financial Statements of Kansas A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

#### **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 believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### **Independence**

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.

#### **Management's Responsibilities for the Financial Statements**

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

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

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

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

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

- 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.

## INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 of Management Commentary.

Odense M, 7 July 2022

EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Kenneth Skov Hansen  
State Authorised Public Accountant  
MNE no. mne32748

Kasper Kortegaard  
State Authorised Public Accountant  
MNE no. mne47798

## FINANCIAL HIGHLIGHTS

	2021 DKK	2020 DKK	2019 DKK	2018 DKK	2017 DKK
<b>Income statement</b>					
Gross profit.....	39.731.198	22.198.953	27.127.000	39.302.000	37.714.000
Operating profit/loss before depreciation and amortisation (EBITDA)..	19.917.391	-5.796.979	-9.227.000	8.699.000	11.555.000
Operating profit/loss of main activities...	8.944.515	-16.734.147	-72.648.000	8.174.000	10.793.000
Financial income and expenses, net.....	-1.314.962	49.384.323	-13.502.000	-1.788.000	-2.210.000
Profit/loss for the year before tax.....	10.442.729	32.541.768	-86.150.000	6.386.000	8.583.000
Profit/loss for the year.....	10.792.282	31.934.314	-86.150.000	4.792.000	7.485.000
<b>Balance sheet</b>					
Total assets.....	99.936.577	155.957.533	128.249.000	387.348.000	330.464.000
Equity.....	19.172.778	8.267.314	-23.666.000	306.950.000	302.206.000
Investment in property, plant and equipment.....	0	-2.340.068	-5.949.000	-623.000	-983.000
<b>Key ratios</b>					
Equity ratio.....	19.2	5.3	-18.5	79.2	91.4
Return on equity.....	78.7	-414.8	-60.8	1.6	2.5

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio:	$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

## MANAGEMENT COMMENTARY

### Principal activities

The principal activities comprise of sale and distribution of quality clothing and profile clothing under the brands Kansas, Fristads and Acode.

### Development in activities and financial and economic position

Hultafors Group has acquired the company, which had effect on March 1, 2021.

Covid-19 still has an impact at the marketplace, but we seems to navigate in the covid-19 pandemic.

### Profit for the year compared to the expected development

We see the results as positive and it live up to our expectations seen over 12 months and in relation to our organizational changes, the market environment and complications in general.

### Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

### Future expectations

Our expectations for the future are divided into several point of views.

With an increased and focused effort for our position with 2 brands, Fristads & Kansas we are positive.

With a desire to live up to the group's visions and budgets, we have put sustainability on our strategic agenda. As the world's first supplier with an EPD on workwear we expect an increased level of interest and implementation of sustainable workwear in the Danish industry.

At the same time, we see our implementation and cooperation with our Nordic organization as a significant factor for increased growth.

We are also very aware of the global impact, both from covid-19 but now also the uncertainty of the Russian invasion/war against Ukraine. We expect not only changes in the general global business environment but also the war in Ukraine directly affecting the company as the subsidiaries Stritex and AMC are located in Ukraine, however they are located in the western part of Ukraine. This crisis has our everyday highest attention in the most difficult situation and where we don't know the outcome yet.

We expect the EBITDA to be within the range of 8,000,000 DKK and 10,000,000 DKK in 2022.

The responsibility of Sales to direct customers (solutions) will be transferred from Kansas A/S to Fristads AB during 2022.



## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK
<b>GROSS PROFIT</b> .....		<b>39.731.198</b>	<b>22.198.953</b>
Staff costs.....	1	-19.813.807	-27.995.932
Depreciation, amortisation and impairment losses.....		-10.972.876	-10.937.168
<b>OPERATING PROFIT</b> .....		<b>8.944.515</b>	<b>-16.734.147</b>
Income from investments in subsidiaries.....		2.813.176	-108.408
Other financial income.....	2, 3	269.120	51.400.887
Other financial expenses.....	4	-1.584.082	-2.016.564
<b>PROFIT BEFORE TAX</b> .....		<b>10.442.729</b>	<b>32.541.768</b>
Tax on profit/loss for the year.....	5	349.553	-607.454
<b>PROFIT FOR THE YEAR</b> .....	6	<b>10.792.282</b>	<b>31.934.314</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Brand rights.....		14.560.000	18.200.000
Goodwill.....		22.773.334	28.466.667
<b>Intangible assets.....</b>	<b>7</b>	<b>37.333.334</b>	<b>46.666.667</b>
Other plant, machinery tools and equipment.....		3.583.498	4.993.798
Leasehold improvements.....		689.304	919.068
<b>Property, plant and equipment.....</b>	<b>8</b>	<b>4.272.802</b>	<b>5.912.866</b>
Equity investments in group enterprises.....		4.099.187	882.000
<b>Financial non-current assets.....</b>	<b>9</b>	<b>4.099.187</b>	<b>882.000</b>
<b>NON-CURRENT ASSETS.....</b>		<b>45.705.323</b>	<b>53.461.533</b>
Trade receivables.....		24.137.851	24.840.000
Receivables from group enterprises.....		6.779.064	73.837.000
Deferred tax assets.....	10	4.405.198	3.520.000
Other receivables.....		2.023.618	296.001
Prepayments.....	11	272.400	0
<b>Receivables.....</b>	<b>12</b>	<b>37.618.131</b>	<b>102.493.001</b>
<b>Cash and cash equivalents.....</b>		<b>16.613.123</b>	<b>2.999</b>
<b>CURRENT ASSETS.....</b>		<b>54.231.254</b>	<b>102.496.000</b>
<b>ASSETS.....</b>		<b>99.936.577</b>	<b>155.957.533</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK
Share capital.....	13	10.000.000	10.000.000
Retained earnings.....		9.172.778	-1.732.686
<b>EQUITY.....</b>		<b>19.172.778</b>	<b>8.267.314</b>
Payables to group enterprises.....		55.300.000	0
<b>Non-current liabilities.....</b>	<b>14</b>	<b>55.300.000</b>	<b>0</b>
Bank debt.....		551.246	0
Trade payables.....		2.235.261	5.413.000
Debt to Group companies.....		14.258.113	132.576.000
Corporation tax payable.....		535.645	0
Other liabilities.....		7.883.534	9.701.219
<b>Current liabilities.....</b>		<b>25.463.799</b>	<b>147.690.219</b>
<b>LIABILITIES.....</b>		<b>80.763.799</b>	<b>147.690.219</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>99.936.577</b>	<b>155.957.533</b>
 Contingencies etc.	 15		
 Related parties	 16		
 Consolidated Financial Statements	 17		

## EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2021.....	10.000.000	-1.732.032	8.267.968
Proposed profit allocation, note 6.....		10.792.282	10.792.282
<b>Other legal bindings</b>			
Foreign exchange adjustments.....		112.528	112.528
<b>Equity at 31 December 2021.....</b>	<b>10.000.000</b>	<b>9.172.778</b>	<b>19.172.778</b>

## NOTES

	2021 DKK	2020 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	30	54	
Wages and salaries.....	17.816.863	24.556.288	
Pensions.....	1.453.345	2.444.970	
Social security costs.....	178.699	379.255	
Other staff costs.....	364.900	615.419	
	<b>19.813.807</b>	<b>27.995.932</b>	
Remuneration to the company's management is not disclosed with reference to section 98b, 3 no. 2, of the Danish Financial Statements Act.			
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	935	0	
Other interest income.....	268.185	51.400.887	
	<b>269.120</b>	<b>51.400.887</b>	
<b>Special items</b>			<b>3</b>
Special items for the year and last year are specified below, including where these are recognized in the income statement.			
Profit on sale of subsidiary, Other financial income.....	0	50.783.000	
Profit on sale of land and buildings, Gross profit.....	0	934.312	
	<b>0</b>	<b>51.717.312</b>	
<b>Other financial expenses</b>			<b>4</b>
Group enterprises.....	641.755	0	
Other interest expenses.....	942.327	2.016.564	
	<b>1.584.082</b>	<b>2.016.564</b>	
<b>Tax on profit/loss for the year</b>			<b>5</b>
Calculated tax on taxable income of the year.....	535.645	0	
Adjustment of deferred tax.....	-885.198	607.454	
	<b>-349.553</b>	<b>607.454</b>	
<b>Proposed distribution of profit</b>			<b>6</b>
Retained earnings.....	10.792.282	31.934.314	
	<b>10.792.282</b>	<b>31.934.314</b>	

## NOTES

			Note
<b>Intangible assets</b>			<b>7</b>
	Brand rights	Goodwill	
Cost at 1 January 2021.....	172.371.000	269.607.000	
<b>Cost at 31 December 2021.....</b>	<b>172.371.000</b>	<b>269.607.000</b>	
Amortisation at 1 January 2021.....	154.171.000	241.140.333	
Amortisation for the year.....	3.640.000	5.693.333	
<b>Amortisation at 31 December 2021.....</b>	<b>157.811.000</b>	<b>246.833.666</b>	
<b>Carrying amount at 31 December 2021.....</b>	<b>14.560.000</b>	<b>22.773.334</b>	
 <b>Property, plant and equipment</b>			 <b>8</b>
	Other plant, machinery tools and equipment	Leasehold improvements	
Cost at 1 January 2021.....	8.325.479	919.068	
<b>Cost at 31 December 2021.....</b>	<b>8.325.479</b>	<b>919.068</b>	
Depreciation and impairment losses at 1 January 2021.....	3.332.204	0	
Depreciation for the year.....	1.409.777	229.764	
<b>Depreciation and impairment losses at 31 December 2021...</b>	<b>4.741.981</b>	<b>229.764</b>	
<b>Carrying amount at 31 December 2021.....</b>	<b>3.583.498</b>	<b>689.304</b>	
 <b>Financial non-current assets</b>			 <b>9</b>
		Equity investments in group enterprises	
Cost at 1 January 2021.....		19.481.000	
Additions.....		291.529	
<b>Cost at 31 December 2021.....</b>		<b>19.772.529</b>	
Revaluation at 1 January 2021.....		-18.599.048	
Exchange adjustment.....		112.528	
Revaluation and impairment losses for the year.....		2.839.685	
<b>Revaluation at 31 December 2021.....</b>		<b>-15.646.835</b>	
Amortisation of goodwill.....		26.507	
<b>Impairment losses and amortisation of goodwill at 31 December 2021.....</b>		<b>26.507</b>	
<b>Carrying amount at 31 December 2021.....</b>		<b>4.099.187</b>	

**Goodwill**

Kansas A/S has acquired shares in Stritex Ltd. during the year. The cost price for the share capital amounts to DKK'000 292. Goodwill on the purchase for the year amounts to DKK'000 265.

## NOTES

Note

**Fixed asset investments (continued)**  
**Investments in subsidiaries (DKK)**

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Name and domicil	Equity	Profit/loss for the year	Ownership
Fristads Production AMC, Stryl, Ukraine.....	840.214	84.070	100 %
Stritex Ltd., Stryl, Ukraine.....	3.020.411	2.755.615	100 %

**Deferred tax assets**

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The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

	2021 DKK	2020 DKK
Deferred tax comprises of:		
Other plant, machinery tools and equipment.....	1.202.203	1.525.094
Leasehold improvements.....	-30.603	-40.803
Provisions.....	161.260	161.260
Tax losses.....	52.996.751	54.372.641
Part, not recognized.....	-49.924.413	-52.498.192
	<b>4.405.198</b>	<b>3.520.000</b>
Deferred tax, beginning of year.....	3.520.000	4.127.454
Deferred tax of the year, income statement.....	885.198	-607.454
<b>Deferred tax assets 31 December 2021.....</b>	<b>4.405.198</b>	<b>3.520.000</b>

The company's deferred tax assets are recognized in the balance sheet at DKK'000 4,405. The tax asset primarily relates to unutilized tax losses. The tax asset is recognized on the basis of the expectations for the next five years' tax profits, whereby the tax losses are expected to be fully utilized. The assessments are based on the company's budgets for the next year and projections for the following four years. The budgets are prepared in accordance with the company's normal budget procedure. Through various rationalisations initiated and improved earnings are expected in the coming years.

**Prepayments**

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Accruals recognised as assets include costs incurred relating to the subsequent financial year.

## NOTES

	2021 DKK	2020 DKK	Note
<b>Receivables falling due after more than one year</b>			<b>12</b>
Deferred tax assets.....	4.405.198	3.520.000	
	<b>4.405.198</b>	<b>3.520.000</b>	
<b>Share capital</b>			<b>13</b>
Allocation of share capital:			
A-shares, 100.000 unit in the denomination of 100 DKK.....	10.000.000	10.000.000	
	<b>10.000.000</b>	<b>10.000.000</b>	

**Long-term liabilities**

	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities	14
Payables to group enterprises.....	55.300.000	0	0	0	
	<b>55.300.000</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Contingencies etc.**

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**Contingent liabilities**

## Operational leasing

## Fixed assets

The company has entered into operational leases and leasing agreements with an average annual lease payment of DKK'000 71.

The leasing contracts have a residual term of 5-45 months with a total residual lease payment of DKK'000 983.

## Rent obligations

The company has entered into rent obligations, which at the balance sheet date amount to DKK'000 4,833 in the non-cancellability period, which expires on 1st of January 2027.

**Joint liabilities**

The Company is jointly and severally liable together with the Sister Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of CALJAN A/S, which serves as management Company for the joint taxation.



## NOTES

### Note

#### Related parties

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The Company's related parties include:

#### Controlling interest

Hultafors Group AB, J A Wettergrens gata 7, 421 30 Göteborg, Sverige, is the principal shareholder.

#### Transactions with related parties

Payables and receivables to group entities are disclosed in the balance sheet and expensed interest is disclosed in note 2 and 4. The following transactions were carried out with the related parties:

	2021	2020
Sales of services:	13.163.445	11.848.736
Purchase of goods:	50.022.483	69.175.691
Purchase of services	18.429.139	28.615.883

#### Consolidated Financial Statements

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The company is a part of the consolidated financial statements of Investment AB Latour J A Wettergrens gata 7, Box 336, 401 25 Göteborg, Sweden.

## ACCOUNTING POLICIES

The Annual Report of Kansas A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

### Consolidated Financial Statements

Consolidated Financial Statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Investment AB Latour, J A Wettergrens gata 7, Box 336, 401 25 Göteborg, Sweden.

## INCOME STATEMENT

### Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

### Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

### Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees. Repayments from public authorities are deducted from staff costs.

### Income from investments in subsidiaries

The proportional share of the results of subsidiaries, stated according to the Parent Company's accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

## ACCOUNTING POLICIES

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

## BALANCE SHEET

### Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 20 years. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

Brand rights are measured at the lower of cost less accumulated amortisation and the recoverable amount. Brand rights are amortised over the expected useful life which is estimated to 20 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

### Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-8 years	0 %
Leasehold improvements.....	5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

### Financial non-current assets

Investments in Equity interests in are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Equity investments in are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models.

## ACCOUNTING POLICIES

Net revaluation of equity interests in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the Company has a legal or actual liability to cover the subsidiary's subsidiaries deficit.

### Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

### Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### Cash and cash equivalents

Cash and cash equivalents include cash at bank.

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

## ACCOUNTING POLICIES

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

## CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.