

**KANSAS A/S**  
**ØSTERBRO 3, 5000 ODENSE C**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2023**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 27 June 2024**

---

**Jens Gunnar Eriksson Wibring**

**CONTENTS**

	<b>Page</b>
<b>Company Details</b>	
Company Details.....	3
<b>Statement and Report</b>	
Management's Statement.....	4
Independent Auditor's Report.....	5-6
<b>Management's review</b>	
Financial Highlights.....	7
Management's review.....	8
<b>Financial Statements 1 January - 31 December</b>	
Income Statement.....	9
Balance Sheet.....	10-11
Equity.....	12
Notes.....	13-17
Accounting Policies.....	18-21

**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>	Anders Wilhelm Hülse Jens Gunnar Eriksson Wibring Frederik Heyman
<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 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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, 27 June 2024

Executive Board

---

Anders Wilhelm Hülse

Board of Directors

---

Anders Wilhelm Hülse

---

Jens Gunnar Eriksson Wibring

---

Frederik Heyman

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of Kansas A/S

#### Opinion

We have audited the financial Statements of Kansas A/S for the financial year 1 January - 31 December 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 audit 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 ethical requirements that 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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.

## 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 note 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'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, we conclude that 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 of Management's review.

Odense M, 27 June 2024

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

	2023	2022	2021	2020	2019
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Income statement</b>					
Gross profit.....	29.338	27.852	39.731	22.199	27.127
Operating profit/loss before depreciation and amortisation (EBITDA)...	13.844	12.620	19.917	-5.797	-9.227
Operating profit/loss of main activities...	4.281	3.057	8.945	-16.734	-72.648
Financial income and expenses, net.....	-217	-990	-1.315	49.384	-13.502
Profit/loss for the year before tax.....	4.475	2.983	10.443	32.542	-86.150
Profit/loss for the year.....	5.203	13.242	10.792	31.934	-86.150
<b>Balance sheet</b>					
Total assets.....	86.357	78.911	99.937	155.958	128.249
Equity.....	36.487	31.580	19.173	8.267	-23.666
Investment in property, plant and equipment.....	0	0	0	-2.340	-5.949
<b>Key ratios</b>					
Equity ratio.....	42.3	40.0	19.2	5.3	-18.5
Return on equity.....	15.3	52.2	78.7	-414.7	-60.8

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'S REVIEW

### 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

The income statement shows a profit of 5,203 DKK'000 against 13,242 DKK'000 last year. Equity has strengthened to 36,487 DKK'000 against 31,580 DKK'000 in 2022.

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

The outcome of EBITDA for the year 2023 was 12,650 DKK'000 and the expectations was within the range of 12,000 DKK'000 and 14,000 DKK'000.

### 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

We will continue to focus on our position with 2 brands, Fristads & Kansas. With our vision that every professional should be dressed for sustainable performance we have sustainability high on our strategic agenda. As the world's first supplier with an EPD (Environmental Product Declaration) on workwear we expect an increased level of interest and implementation of sustainable workwear in the Danish industry.

We expect the EBITDA to be within the range of 12,000 DKK'000 and 14,000 DKK'000 in 2024.

The company closely watches the development in Ukraine where subsidiaries is located, even though the business have been quite unaffected during 2023. But still Kansas A/S is prepared for possible measures. The development of the war is unpredictable but there are plans on how to secure the activity and the business if war reaches the part of Ukraine where subsidiaries is located.



## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
<b>GROSS PROFIT</b> .....		<b>29.337.650</b>	<b>27.851.834</b>
Staff costs.....	1	-15.493.822	-15.232.082
Depreciation, amortisation and impairment losses.....		-9.563.102	-9.563.098
<b>OPERATING PROFIT</b> .....		<b>4.280.726</b>	<b>3.056.654</b>
Income from investments in subsidiaries.....		410.698	916.191
Other financial income.....	2	491.334	279.835
Other financial expenses.....	3	-707.840	-1.269.765
<b>PROFIT BEFORE TAX</b> .....		<b>4.474.918</b>	<b>2.982.915</b>
Tax on profit/loss for the year.....	4	728.213	10.259.041
<b>PROFIT FOR THE YEAR</b> .....	5	<b>5.203.131</b>	<b>13.241.956</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Brand rights.....		7.280.004	10.920.000
Goodwill.....		11.386.667	17.080.000
<b>Intangible assets.....</b>	<b>6</b>	<b>18.666.671</b>	<b>28.000.000</b>
Leasehold improvements.....		229.767	459.540
<b>Property, plant and equipment.....</b>	<b>7</b>	<b>229.767</b>	<b>459.540</b>
Equity investments in group enterprises.....		4.295.539	4.180.348
<b>Financial non-current assets.....</b>	<b>8</b>	<b>4.295.539</b>	<b>4.180.348</b>
<b>NON-CURRENT ASSETS.....</b>		<b>23.191.977</b>	<b>32.639.888</b>
Trade receivables.....		20.679.617	23.948.380
Receivables from group enterprises.....	9	26.270.231	6.695.048
Deferred tax assets.....	10	15.618.835	14.648.616
Other receivables.....		503.671	797.503
Corporation tax receivable.....		53.538	0
Prepayments.....	11	38.841	181.777
<b>Receivables.....</b>	<b>12</b>	<b>63.164.733</b>	<b>46.271.324</b>
<b>CURRENT ASSETS.....</b>		<b>63.164.733</b>	<b>46.271.324</b>
<b>ASSETS.....</b>		<b>86.356.710</b>	<b>78.911.212</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....	13	10.000.000	10.000.000
Retained earnings.....		26.487.327	21.579.703
<b>EQUITY.....</b>		<b>36.487.327</b>	<b>31.579.703</b>
Trade payables.....		1.330.797	1.703.569
Debt to Group companies.....		41.324.412	38.417.769
Corporation tax payable.....		390.190	0
Other liabilities.....		6.823.984	7.210.171
<b>Current liabilities.....</b>		<b>49.869.383</b>	<b>47.331.509</b>
<b>LIABILITIES.....</b>		<b>49.869.383</b>	<b>47.331.509</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>86.356.710</b>	<b>78.911.212</b>
 Contingencies etc.	 14		
Related parties	15		
Significant events after the end of the financial year	16		
Consolidated Financial Statements	17		

## EQUITY

	Share Capital	Retained earnings	Total
Equity at 1 January 2023.....	10.000.000	21.579.703	31.579.703
Proposed profit allocation, see note 5.....		5.203.131	5.203.131
<b>Other legal bindings</b>			
Foreign exchange adjustments.....		-295.507	-295.507
<b>Equity at 31 December 2023.....</b>	<b>10.000.000</b>	<b>26.487.327</b>	<b>36.487.327</b>

## NOTES

	2023 DKK	2022 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of full time employees	23	23	
Wages and salaries.....	13.807.140	13.765.582	
Pensions.....	1.244.067	1.168.109	
Social security costs.....	162.357	190.303	
Other staff costs.....	280.258	108.088	
	<b>15.493.822</b>	<b>15.232.082</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.....	429.697	3.449	
Other interest income.....	61.637	276.386	
	<b>491.334</b>	<b>279.835</b>	
<b>Other financial expenses</b>			<b>3</b>
Group enterprises.....	426.108	593.307	
Other interest expenses.....	281.732	676.458	
	<b>707.840</b>	<b>1.269.765</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Calculated tax on taxable income of the year.....	390.190	0	
Adjustment of deferred tax.....	-1.118.403	-10.259.041	
	<b>-728.213</b>	<b>-10.259.041</b>	
<b>Proposed distribution of profit</b>			<b>5</b>
Retained earnings.....	5.203.131	13.241.956	
	<b>5.203.131</b>	<b>13.241.956</b>	

## NOTES

			Note
<b>Intangible assets</b>			<b>6</b>
	Brand rights	Goodwill	
Cost at 1 January 2023.....	172.371.000	269.607.000	
<b>Cost at 31 December 2023.....</b>	<b>172.371.000</b>	<b>269.607.000</b>	
Amortisation at 1 January 2023.....	161.451.000	252.527.000	
Amortisation for the year.....	3.639.996	5.693.333	
<b>Amortisation at 31 December 2023.....</b>	<b>165.090.996</b>	<b>258.220.333</b>	
<b>Carrying amount at 31 December 2023.....</b>	<b>7.280.004</b>	<b>11.386.667</b>	
Brand rights and goodwill are amortised over the expected useful life which is estimated to 20 years. The expected useful life-period is based on the competitive situation, the company's market share and the market situation in general.			
<b>Property, plant and equipment</b>			<b>7</b>
		Leasehold improvements	
Cost at 1 January 2023.....		919.068	
<b>Cost at 31 December 2023.....</b>		<b>919.068</b>	
Depreciation and impairment losses at 1 January 2023.....		459.528	
Depreciation for the year.....		229.773	
<b>Depreciation and impairment losses at 31 December 2023.....</b>		<b>689.301</b>	
<b>Carrying amount at 31 December 2023.....</b>		<b>229.767</b>	
<b>Financial non-current assets</b>			<b>8</b>
		Equity investments in group enterprises	
Cost at 1 January 2023.....		19.772.529	
<b>Cost at 31 December 2023.....</b>		<b>19.772.529</b>	
Revaluation at 1 January 2023.....		-15.539.167	
Exchange adjustment.....		-295.507	
Revaluation and impairment losses for the year.....		437.205	
<b>Revaluation at 31 December 2023.....</b>		<b>-15.397.469</b>	
Impairment losses and amortisation of goodwill at 1 January 2023.....		53.014	
Amortisation of goodwill.....		26.507	
<b>Impairment losses and amortisation of goodwill at 31 December 2023.....</b>		<b>79.521</b>	
<b>Carrying amount at 31 December 2023.....</b>		<b>4.295.539</b>	

**Goodwill**

Goodwill from investments are amortised over the expected useful life which is estimated to 10 years. The expected useful life-period is based on the competitive situation, the company's market share and the market situation in general.

## NOTES

Note

**Fixed asset investments (continued)**

8

**Investments in subsidiaries (DKK)**

Name and domicil	Equity	Profit/loss for the year	Ownership
Fristads Production AMC, Stryl, Ukraine.....	657.775	26.924	100 %
Stritex Ltd., Stryl, Ukraine.....	3.452.214	410.281	100 %
Stritex, goodwill.....	185.549	-26.507	100 %

**Receivables from group enterprises**

9

The company has entered into a cash pool agreement with Nordea, where Latour Group is the holder of the agreement and Kansas A/S is the sub-account holder together with the other affiliated companies. The subscribed terms of the cash pool scheme confer on Nordea the right to settle withdrawals and deposits with each other, whereby only the net balance of the total cashpool accounts constitutes Latour Groups balance with Nordea.

As of 31 December 2023, Kansas A/S' accounts in the cash pool, which are recognised under receivables from group entities, amount to a deposit of DKK 23.217 thousand (As of 31 December 2022: DKK 5.586 thousand).

**Deferred tax assets**

10

Deferred tax is related to differences between the carrying amount and tax value of intangible and tangible fixed assets, provisions and tax losses.

	2023 DKK	2022 DKK
Deferred tax comprises of:		
Leasehold improvements.....	-10.201	-20.402
Tax losses.....	47.537.461	50.280.613
Part, not recognized due to uncertainty.....	-31.908.425	-35.611.595
	<b>15.618.835</b>	<b>14.648.616</b>
Deferred tax assets, beginning of year.....	14.648.616	4.405.198
Deferred tax of the year, income statement.....	1.118.403	10.259.041
Tax loss correction.....	-148.184	-15.623
<b>Deferred tax assets 31 December 2023.....</b>	<b>15.618.835</b>	<b>14.648.616</b>

The company's deferred tax assets are recognized in the balance sheet at DKK'000 15,619. The tax asset primarily relates to unutilized tax losses. The tax asset is recognized on the basis of the expectations for the next four years' tax profits, whereby the recognized 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 three 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.

## NOTES

	2023 DKK	2022 DKK	Note
<b>Prepayments</b>			<b>11</b>
Accruals recognised as assets include costs incurred relating to the subsequent financial year.			
	2023 DKK	2022 DKK	
<b>Receivables falling due after more than one year</b>			<b>12</b>
Deferred tax assets.....	12.539.163	11.728.337	
	<b>12.539.163</b>	<b>11.728.337</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>	
<b>Contingencies etc.</b>			<b>14</b>
<b>Contingent liabilities</b>			
Operational leasing			
Fixed assets			
The company has entered into operational leases with an average annual lease payment of DKK'000 1,073.			
The leasing contracts have a residual term of 8-46 months with a total residual lease payment of DKK'000 3,135.			
Rent obligations			
The company has entered into rent obligations, which at the balance sheet date amount to DKK'000 3,230 in the non-cancellability period, which expires on 1st of January 2027.			
<b>Joint liabilities</b>			
The Company is jointly and severally liable together with the Sister Company and the other Danish 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

15

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 interest is disclosed in note 2 and 3. The following transactions were carried out with the related parties:

	2023	2022
Sales of services:	10,822,003	16,228,679
Purchase of goods:	64,375,127	66,584,153
Purchase of services:	265,552	5,547,687
Sale of fixed assets:	0	3,583,498

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

16

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

#### Consolidated Financial Statements

17

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 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

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, company no. 556026-3237.

## INCOME STATEMENT

### Net revenue

The Company has chosen IAS 11/ IAS 18 as interpretation for revenue recognition.

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. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

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

### 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 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.

### Other external expenses

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

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

### 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.

## ACCOUNTING POLICIES

### 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.

### 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
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.

## ACCOUNTING POLICIES

### Financial non-current assets

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

Investments in subsidiaries 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.

The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models. A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment. The acquisition date is the date on which the Company gains actual control over the acquired entity.

Consolidated goodwill is amortised over the expected useful life, which is determined on the basis of Management's experience within the individual lines of business. Consolidated goodwill is amortised on a straightline basis over the amortisation period, which is 10 years. The amortisation period is determined on the basis of an assessment of the acquired entity's market position and earnings profile, and the industryspecific condition.

Net revaluation of investments 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.

### 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 Company has chosen IAS 39 as interpretation for impairment of financial receivables. The value is written down to meet expected losses.

### Accruals, assets

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

## ACCOUNTING POLICIES

### Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Due to the nature of the scheme, deposits in the group's cash-pool scheme are not regarded as liquid assets, but are included in the accounting item's "Receivables from group enterprises" and "Debt to group companies".

### 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.

### 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.