

# **Flair Group A/S**

Falkoner Allé 1, 2000 Frederiksberg

CVR no. 12 93 23 75

## Annual report 2023

Approved at the Company's annual general meeting on 5 July 2024

Chair of the meeting:

.....  
Florian Gheorghe

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Cash flow statement	14
Notes to the financial statements	15

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Flair Group A/S for the financial year 1 January - 31 December 2023.

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

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 5 July 2024  
Executive Board:

.....  
Gerard Koolen  
CEO

Board of Directors:

.....  
Florian Gheorghe  
Chairman

.....  
Baldur Bechsgaard

.....  
Gerard Koolen

## Independent auditor's report

To the shareholders of Flair Group A/S

### Opinion

We have audited the financial statements of Flair Group A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 financial position of the Company at 31 December 2023 and of the results of the Company's operations as well as the cash flows 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 opinion.

### 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 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 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 the 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 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 the Management's review

Management is responsible for the Management's review.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 5 July 2024  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Claus Tanggaard Jacobsen  
State Authorised Public Accountant  
mne23314

## Management's review

### Company details

Name	Flair Group A/S
Address, Postal code, City	Falkoner Allé 1, 2000 Frederiksberg
CVR no.	12 93 23 75
Established	1 April 1989
Registered office	Frederiksberg
Financial year	1 January - 31 December
Website	<a href="http://www.flair.dk">www.flair.dk</a>
Board of Directors	Florian Gheorghe, Chairman Baldur Bechsgaard Gerard Koolen
Executive Board	Gerard Koolen, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

DKK'000	2023	2022	2021	2020	2019
<b>Key figures</b>					
Revenue	385,182	403,745	495,229	403,315	437,509
Gross profit	361,828	372,424	467,611	369,986	402,941
Profit before interest and tax (EBIT)	-5,986	-11,190	-2,247	-16,741	-24,007
Net financials	-1,074	-1,191	-1,404	6,950	-183
Profit/loss for the year	-7,060	-12,381	-3,752	-2,660	-24,190
<b>Balance sheet</b>					
Total assets	94,484	88,445	116,734	112,786	107,485
Investments in property, plant and equipment	102	545	456	155	206
Equity	-1,406	-12,935	-554	12,198	14,858
<b>Financial ratios</b>					
Operating margin	-1.6%	-2.8%	-0.5%	-4.2 %	-5.5 %
Gross margin	93.9%	92.2%	94.4%	91.7%	92.1%
Return on assets	-6.5%	-10.9%	-2.0%	-15.2%	-20.3%
Current ratio	153.3%	129.4%	137.1%	198.9%	135.5%
Return on equity	98.5%	183.6%	-64.4%	-19.7%	-89.7%

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

## Management's review

### Data ethics

Company approaches the matter of Data Ethics with high seriousness, involving its key risk-management-related professionals in establishing and preserving a safe data environment focused on protecting data of candidates, employees, both temporary and permanent, either through direct access or via clients and/or authorities.

Given the continuous interaction with above-determined data, there is a certain risk in managing it. Please see the full Flair Group A/S policy for Data ethics on the following address <https://www.flair.dk/om-flair/certifikater/>

### Business review

Flair Group (hereinafter referred as the Company) main business in terms of revenue and gross margin is B2B temporary staffing, with recruitment and human-centric consultancy services contributing in smaller extent to revenue, but in higher extent to gross margin. Company provides services mostly for Danish businesses, including international businesses with operations in Denmark, covering most of industries and therefore with low risk of exposure to one industry or business sector only, with a smaller part of services being provided to governmental clients or international businesses located overseas. The industries in which the company do business include everything from office, canteen, storage, construction, IT and sales ect.

In addition to the mentions industries, the Company is also providing healthcare services including personal care, support, monitoring to citizens with the need for assistance, thus providing personal assistance to the major municipalities in Denmark.

During 2023 it was agreed between shareholders of the Company that Adecco Group AG, holding 33.33% of the shares issued by the Company will exit the business and sell its equity to Avanta Intermare Holding UK, shareholder since 2021, with 66.67% of the shares issued by the Company. This transaction determined an orderly disconnection of the Company from certain of Adecco Group systems and activities, while still participating in certain Adecco Group global tenders and offers, and being referred business by Adecco Group, this being beneficial for overall sales. Simultaneously, it has been conducted the rebranding from Adecco to Flair Group, and this has been successful, as rebranding did not have negative impact on existing business and sales.

Going forwards, Company is adding emphasis to white collar temporary business, answering market needs and being more rewarding, in certain cases, depending upon labor dynamics, and with lower liability exposure, and in addition to its current temporary staffing business, to recruitment, with higher margins and lesser capital needs and additional related higher value services (outplacement, payroll, outsourcing).

Management-wise, the above mentioned actions determined a mostly volunteer departure of several manager, certain of them in supervisory and coordination position, with colleagues taking more leadership roles. Separation from CEO was conducted in November, with CFO being CEO for a brief period and then having the Chairman of Supervisory Board taking the interim CEO role.

### Financial review

The income statement for 2023 shows a loss of DKK 7,060 thousand against a loss of DKK 12,381 thousand last year, and the balance sheet at 31 December 2023 shows a negative equity of DKK 1,406 thousand. This was mainly generated by the loss of SKI Medical business in beginning of 2023, as well as the exceptional one time cost of exit, in significant majority volunteer, of several managers, especially on supervisory and coordination levels, in addition to overall increase of costs and inflation.

The expected turnover for 2023 was between DKK 425,000-450,000 thousand, so while the realized turnover of DKK 385,182 thousand was under the target threshold the Company's current setup is put in place to secure a solid and sustainable future.

During 2023 the Company conducted a restructuring of debt toward former shareholder Adecco Group that allowed the Company to significantly restore the equity.

Furthermore, the Company pursued an active business approach to move to higher margin services that shall generate a consistent path to profitability.

Simultaneously, the Company acted to reduction of layers of management and management to consultant ratios, the cost of full-time employees being the largest part of internal company cost.

Accordingly, management is not satisfied with results and looks forward 2024 in improving them.

## Management's review

### Knowledge resources

Company has systems in place to provide immediate and non-intermediate access to knowledge, and colleagues are encouraged to share knowledge for continuous education and development, including of students conducting activities with Company.

### Financial risks and use of financial instruments

Company provides a limited supplier credit for clients, following review by operational business leaders of creditworthiness, conducted with support of thirds party solutions. Such credit can cover the duration until the invoice for temporary staffing or other consultancy (e.g. recruitment) is paid. Given the fact that in temporary staffing salaries and related taxes are being paid and sometimes the costs are recovered from clients post payment, assessment of creditworthiness, receivables management, financial discipline are important for the business. The quality of clients in terms of ability to meet their financial commitments reduces the risk related to failure to pay, but the relatively low margins versus cost of salaries and taxes require a continuous attention.

Company does not currently has bank or otherwise debt to non-bank financial institutions.

Company continuously scrutinizes the cashflow and the liquidity in order to timely, fully and appropriately meet its obligations.

Where mandatory or relevant, Company has policies and/or conducts trainings for relevant employees in order to observe the requirements and minimize the risk

### Statutory CSR report

The Company has an expanded social responsibility do the Company's service portfolio. Furthermore, the Company has a special ethical responsibility towards the patients who are receiving services through the Company's medical segment.

First of all the Company must adhere to a code of conduct and set guidelines for working with citizens, relatives, performing employees, public authorities, and the public in general, which lives up to the standards of the public sector's heightened requirements for suppliers' compliance with social clauses, etc., in connection with all tenders and cooperation agreements in the Medical segment.

Please see the description of the business model under the section Company's main activity and business model.

Risk Analysis:

It is assessed that the risk of the Company's negative impact on social and personnel issues, climate and environment, human rights, and anti-corruption is limited. The risk assessment was conducted by analyzing selected factor and areas for potential risk for the Company and its primary stakeholders. Risk is considered as a product of the relationship's proportional role in the daily business and the likely negative impact it may have on the Company or their stakeholders.

Conducting office-related activities, with a relatively small group of full-time employees, with light office equipment and a focus on digitalization of activities, Company has a small carbon footprint and therefore a limited impact on environment, low energy consumption and small, non-hazardous waste.

Expectations for future work on corporate social responsibility:

Company will continue to observe the corporate social responsibility and follow and adjust with its developments. It shall be noted that given the business model, current business and its size, Company has a limited exposure to risk related to social matters.

## Management's review

### Report on the gender composition of Management

The board of directors consist of 3 members where the underrepresented gender constitutes 33,3% and thus the company has an equal gender distribution. Therefore, no target figure has been set.

		2023
Top managerial position (Board of Directors)	Total number members	3
	Underrepresented gender in pct.	33,3%
Other Managerial positions (1 and 2)	Total number members	13
	Underrepresented gender in pct.	46,20%

The first level of management includes members of the Executive Board and the persons who organisationally are at the same level as the Executive Board. The other level of management level includes persons with managerial responsibility, who refer directly to the first level of management. The other management consists of 13 members where the underrepresented gender constitutes 46,2% and thus the company has an equal gender distribution. Therefore, no target figure has been set.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### Outlook

We expect the Company to end 2024 with a turnover between DKK 310,000-360,000 thousand and an end result before tax between DKK -3,500 thousand and -4,000 thousand.

The Company will continue leverage its international position, both in conjunction with its past member of Adecco Group and continuation as partner into certain commercial activities of Adecco Group, but also based upon the international experience and expertise of managers and companies into its network. Global situation may impact the supply chains, business and willingness to conduct and expand business, with a more conservative approach.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2023	2022
3	<b>Revenue</b>	385,182	403,745
	Other operating income	0	13
4	Other external expenses	-23,354	-31,334
	<b>Gross profit</b>	361,828	372,424
5	Staff costs	-365,997	-381,823
	Amortisation/depreciation of intangible assets and property, plant and equipment	-1,817	-1,791
	<b>Profit/loss before net financials</b>	-5,986	-11,190
	Financial income	348	0
	Financial expenses	-1,422	-1,191
	<b>Profit/loss before tax</b>	-7,060	-12,381
	Tax for the year	0	0
	<b>Profit/loss for the year</b>	-7,060	-12,381

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	<u>2023</u>	<u>2022</u>
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
7	<b>Intangible assets</b>		
	Acquired software	1,516	2,386
		<u>1,516</u>	<u>2,386</u>
8	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	188	395
	Leasehold improvements	242	281
		<u>430</u>	<u>676</u>
9	<b>Financial assets</b>		
	Other receivables	1,082	1,108
		<u>1,082</u>	<u>1,108</u>
	<b>Total non-current assets</b>	<u>3,028</u>	<u>4,170</u>
	<b>Current assets</b>		
	<b>Receivables</b>		
	Trade receivables	76,422	71,467
	Receivables from group entities	1,935	1,492
	Other receivables	224	99
10	Prepayments	495	1,569
		<u>79,076</u>	<u>74,627</u>
11	<b>Cash</b>	<u>12,380</u>	<u>9,648</u>
	<b>Total current assets</b>	<u>91,456</u>	<u>84,275</u>
	<b>TOTAL ASSETS</b>	<u><u>94,484</u></u>	<u><u>88,445</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2023	2022
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
12	Share capital	1,003	1,003
	Retained earnings	-2,409	-13,938
	<b>Total equity</b>	<u>-1,406</u>	<u>-12,935</u>
	<b>Liabilities</b>		
13	<b>Non-current liabilities</b>		
	Other payables	36,249	36,266
	<b>Total non-current liabilities</b>	<u>36,249</u>	<u>36,266</u>
	<b>Current liabilities</b>		
	Trade payables	17,824	7,202
	Payables to group entities	0	14,296
13,14	Other payables	41,817	43,616
	<b>Total current liabilities</b>	<u>59,641</u>	<u>65,114</u>
	<b>Total liabilities</b>	<u>95,890</u>	<u>101,380</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>94,484</u>	<u>88,445</u>

- 1 Accounting policies
- 2 Capital ratio
- 6 Appropriation of profit/loss
- 15 Contractual obligations and contingencies, etc.
- 16 Contingent assets
- 17 Security and collateral
- 18 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2022	1,003	-1,557	-554
6	Transfer, see "Appropriation of profit/loss"	0	-12,381	-12,381
	<b>Equity at 1 January 2023</b>	<b>1,003</b>	<b>-13,938</b>	<b>-12,935</b>
6	Transfer, see "Appropriation of profit/loss"	0	-7,060	-7,060
	Contribution from group	0	18,589	18,589
	<b>Equity at 31 December 2023</b>	<b>1,003</b>	<b>-2,409</b>	<b>-1,406</b>

## Financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	2023	2022
	Profit/loss for the year	-7,060	-12,381
19	Adjustments	2,891	2,982
	Cash generated from operations (operating activities)	-4,169	-9,399
20	Changes in working capital	-9,939	24,077
	Cash generated from operations (operating activities)	-14,108	14,678
	Interest received, etc.	348	0
	Interest paid, etc.	-1,422	-1,191
	<b>Cash flows from operating activities</b>	<b>-15,182</b>	<b>13,487</b>
	Additions of intangible assets	-595	-1,552
	Disposals of intangible assets	0	44
	Additions of property, plant and equipment	-105	-545
	Additions of financial assets	26	-103
	<b>Cash flows to investing activities</b>	<b>-674</b>	<b>-2,156</b>
	Contribution from group	18,588	0
	Deposit regarding collateral	-8,400	0
	Other cash flows from financing activities	0	-2,885
	<b>Cash flows from financing activities</b>	<b>10,188</b>	<b>-2,885</b>
	<b>Net cash flow</b>	<b>-5,668</b>	<b>8,446</b>
	Cash and cash equivalents at 1 January	9,648	1,202
	<b>Cash and cash equivalents at 31 December</b>	<b>3,980</b>	<b>9,648</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Flair Group A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

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

The Company generates revenue from the sale of temporary staffing services, permanent placement services, outsourcing services and other services.

Revenue related to temporary staffing services is generally negotiated and invoiced on an hourly basis. Associates record the hours they have worked, and these hours, at the rate agreed with the customer, are then accumulated and invoiced according to the agreed terms. Temporary staffing service revenue is recognised upon the rendering of the service.

Revenue related to permanent placement services is generally recognised at the time at which the candidate begins full-time employment, or as the fee is earned. An allowance provision is established based on historical information for any non-fulfillment of permanent placement obligations.

Revenue related to outsourcing services and other services is negotiated with the client on a project basis and is recognised upon rendering of the services. Revenue invoiced prior to providing the services is deferred and recognised in "Other current liabilities" until the services have been rendered.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, royalty, etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the Company's employees and temporary workers. The item is net of refunds made by public authorities.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired software	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, financial expenses relating to realised and unrealised capital gains and losses, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Other intangible assets include software licences and other acquired intangible rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Property plant and equipment comprise other fixtures and fittings, tools and equipment as well as leasehold improvements.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Leases

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

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash in banks.

##### Equity

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Provisions

Provisions comprise expected expenses relating to restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated based on the liability method of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

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

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

#### 2 Capital ratio

As of 31 December 2023, the equity is negative by DKK 1.4 million. The equity being less than 50% of the share capital, the company is subject to the Company's Act § 119 on loss of share capital.

For 2024, a loss of DKK around 3.5 to 4 million is expected, consequently the company's equity is expected to be negative by around DKK 4.9 to 5.4 million as of 31 December 2024.

The equity is expected to be reestablished end 2025 through the business of the company, following the ongoing transformation of the company's business, which is expected to increase revenue and bring efficiencies, reaching breakeven end of 2024.

## Financial statements 1 January - 31 December

### Notes to the financial statements

In terms of liquidity, a cash deposit is expected to be released in September 2024. If released later, it can, for the period until release of the deposit, impact the company's capability of paying its liabilities as they fall due.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	<u>2023</u>	<u>2022</u>
<b>3 Segment information</b>		
<b>Breakdown of revenue by business segment:</b>		
Temporary staffing services	372,945	393,744
Recruitment assistance	12,237	10,001
	<u>385,182</u>	<u>403,745</u>
<b>Breakdown of revenue by geographical segment:</b>		
Denmark	<u>385,182</u>	<u>403,745</u>
	<u>385,182</u>	<u>403,745</u>
<p>With reference to section 96 (1) of the Danish Financial Statements Act, the Company does not disclose customer segments of revenue as Management is of the opinion that such disclosure is of significant interest to its competitors and may, therefore, be highly detrimental to the Company.</p>		
DKK'000	<u>2023</u>	<u>2022</u>
<b>4 Fee to the auditors appointed in general meeting</b>		
Statutory audit	282	198
Assurance engagements	20	0
Tax assistance	187	38
Other assistance	63	82
	<u>552</u>	<u>318</u>
<b>5 Staff costs</b>		
Wages/salaries	301,136	315,036
Pensions	30,800	29,000
Other social security costs	30,161	30,441
Other staff costs	3,900	7,346
	<u>365,997</u>	<u>381,823</u>
	<u>2023</u>	<u>2022</u>
Average number of full-time employees	<u>740</u>	<u>860</u>
<b>Remuneration to members of Management:</b>		
Executive Board	4,031,249	
Board of Directors	1,707,392	
	<u>5,738,641</u>	
DKK'000	<u>2023</u>	<u>2022</u>
<b>6 Appropriation of profit/loss</b>		
<b>Recommended appropriation of profit/loss</b>		
Retained earnings/accumulated loss	-7,060	-12,381
	<u>-7,060</u>	<u>-12,381</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Intangible assets

DKK'000	<u>Acquired software</u>
Cost at 1 January 2023	38,061
Additions in the year	598
Disposals in the year	<u>-23,782</u>
Cost at 31 December 2023	<u>14,877</u>
Impairment losses and amortisation at 1 January 2023	35,675
Amortisation/depreciation in the year	1,468
Amortisation/depreciation and impairment of disposals in the year	<u>-23,782</u>
Impairment losses and amortisation at 31 December 2023	<u>13,361</u>
<b>Carrying amount at 31 December 2023</b>	<b><u>1,516</u></b>
Amortised over	<u>3-5 years</u>

#### 8 Property, plant and equipment

DKK'000	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost at 1 January 2023	8,718	5,159	13,877
Additions in the year	102	0	102
Disposals in the year	<u>-1,233</u>	<u>-336</u>	<u>-1,569</u>
Cost at 31 December 2023	<u>7,587</u>	<u>4,823</u>	<u>12,410</u>
Impairment losses and depreciation at 1 January 2023	8,323	4,878	13,201
Amortisation/depreciation in the year	309	39	348
Amortisation/depreciation and impairment of disposals in the year	<u>-1,233</u>	<u>-336</u>	<u>-1,569</u>
Impairment losses and depreciation at 31 December 2023	<u>7,399</u>	<u>4,581</u>	<u>11,980</u>
<b>Carrying amount at 31 December 2023</b>	<b><u>188</u></b>	<b><u>242</u></b>	<b><u>430</u></b>
Depreciated over	<u>3-5 years</u>	<u>3-5 years</u>	

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Financial assets

DKK'000	Other receivables
Cost at 1 January 2023	1,108
Disposals in the year	-26
Cost at 31 December 2023	1,082
<b>Carrying amount at 31 December 2023</b>	<b>1,082</b>

#### 10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

#### 11 Cash

An amount of DKK 8,400 thousand (2022: DKK 0 thousand) is deposited as collateral for a performance guarantee issued by the bank.

DKK'000	2023	2022
<b>12 Share capital</b>		
Analysis of the share capital:		
1,003 shares of DKK 1,000.00 nominal value each	1,003	1,003
	<u>1,003</u>	<u>1,003</u>

Analysis of changes in the share capital over the past 5 years:

DKK'000	2023	2022	2021	2020	2019
Opening balance	1,003	1,003	10,003	10,003	10,002
Capital reduction	0	0	-9,000	0	1
	<u>1,003</u>	<u>1,003</u>	<u>1,003</u>	<u>10,003</u>	<u>10,003</u>

#### 13 Non-current liabilities

DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other payables	36,546	297	36,249	30,248
	<u>36,546</u>	<u>297</u>	<u>36,249</u>	<u>30,248</u>

Non-current liabilities relates to the frozen holiday funds.

#### 14 Other payables

Other payables	41,521	43,616
	<u>41,521</u>	<u>43,616</u>

Other payables primarily consist of holiday accruals and VAT.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 15 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	2023	2022
Rent and lease liabilities	1,419	1,547

Rent and lease liabilities include a rent obligation, totalling DKK 1,107, in a interminable rent agreements with remaining contract terms of 6 month. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 312.

#### 16 Contingent assets

The Company's tax loss carry-forwards total DKK 207.289 thousand (2022: DKK 201,843 thousand). The nominal value totals DKK 45.603 thousand (2022: DKK 44,405 thousand) using a tax rate of 22% (2022: 22%).

The Company's deferred tax asset has not been recognised in the balance sheet due to uncertainty as to the future utilisation of the tax losses.

#### 17 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023 other than described in note 11.

#### 18 Related parties

Flair Group A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Avanta Intermare Holdings LTD	Great Britain	Immidiata Parent Company, shareholder

##### Information about consolidated financial statements

Parent	Domicile
Avanta Intermare Holdings LTD	Great Britain

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 18 Related parties (continued)

##### Related party transactions

Flair Group A/S was engaged in the below related party transactions:

DKK'000	2023	2022
Royalty fees, management costs to parties exercising control	1,786	2,456
Management costs and other costs from other group entities	0	8,075
Payables to other group entities	0	14,296
Receivables from parties exercising controlling entities	1,935	1,492

##### Information on the remuneration to management

Information on the remuneration to Management appears from note 5, "Staff costs".

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Avanta Intermare Holdings LTD	Great Britain

#### 19 Adjustments

Amortisation/depreciation and impairment losses	1,817	1,791
Financial income	-348	0
Financial expenses	1,422	1,191
	<u>2,891</u>	<u>2,982</u>

#### 20 Changes in working capital

Change in receivables	-4,449	40,742
Change in trade and other payables	-3,675	5,932
Other changes in working capital	-1,815	-22,597
	<u>-9,939</u>	<u>24,077</u>