Asian Import ApS

Farum Gydevej 73, DK-3520 Farum

Annual Report for 1 July 2021 - 30 June 2022

CVR No 14 53 16 88

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 20/12 2022

Tom Deichmann
Chairman of the General Meeting

Contents

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Asian Import ApS for the financial year 1 July 2021 - 30 June 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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

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

Farum, 20 December 2022

Executive Board

Claus Walther Jensen

Board of Directors

Gitte Breil Chairman	Julie Breil	Claus Walther Jensen

Independent Auditor's Report

To the Shareholders of Asian Import ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Asian Import ApS for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the 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 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 and the Group's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

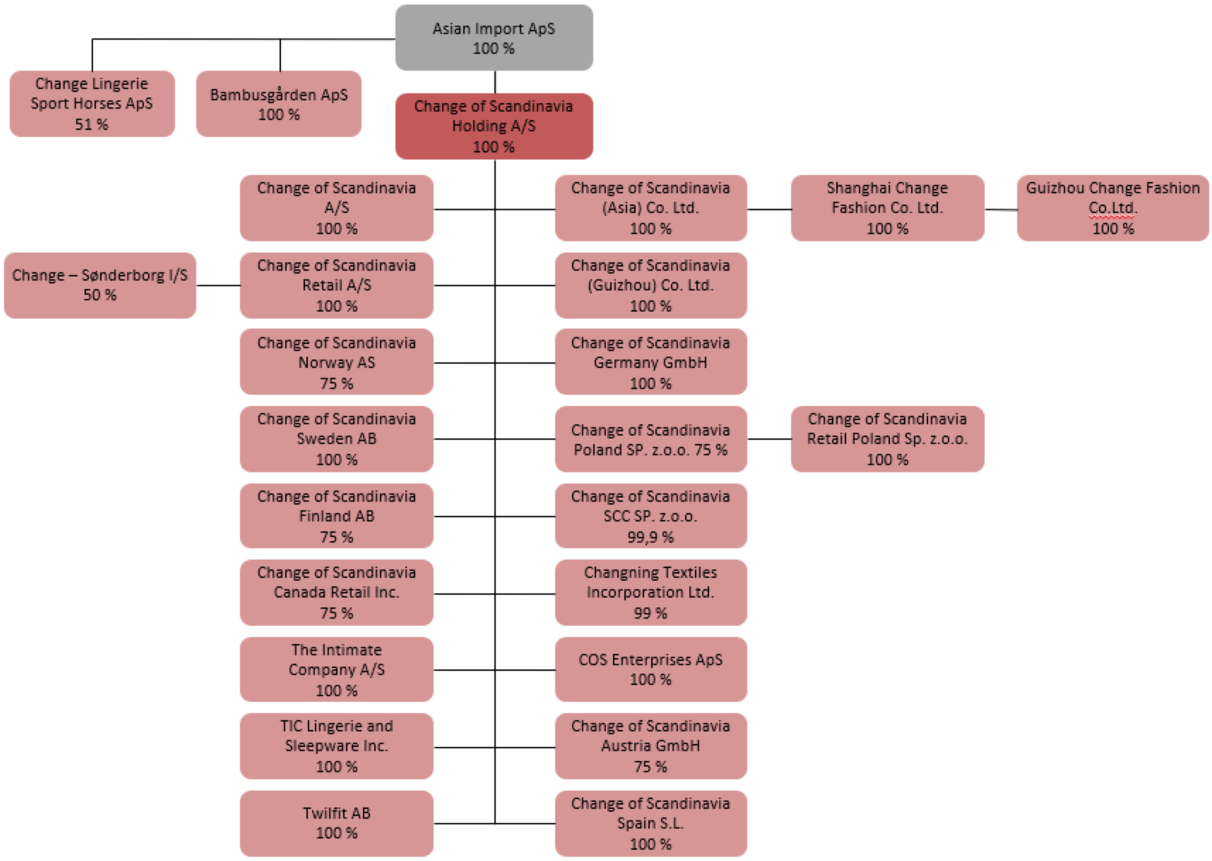
Hillerød, 20 December 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Aslund Pedersen statsautoriseret revisor mne17120	Michael Blom statsautoriseret revisor mne32797

Company Information

The Company	Asian Import ApS Farum Gydevej 73 DK-3520 Farum CVR No: 14 53 16 88 Financial period: 1 July - 30 June Municipality of reg. office: Furesø
Board of Directors	Gitte Breil, Chairman Julie Breil Claus Walther Jensen
Executive Board	Claus Walther Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

Group Chart


Asian Import ApS 100 %
Change Lingerie Sport Horses ApS 51 %
Bambusgården ApS 100 %
Change of Scandinavia Holding A/S 100 %
Change of Scandinavia A/S 100 %
Change of Scandinavia (Asia) Co. Ltd. 100 %
Shanghai Change Fashion Co. Ltd. 100 %
Guizhou Change Fashion Co.Ltd. 100 %
Change – Sønderborg I/S 50 %
Change of Scandinavia Retail A/S 100 %
Change of Scandinavia (Guizhou) Co. Ltd. 100 %
Change of Scandinavia Norway AS 75 %
Change of Scandinavia Germany GmbH 100 %
Change of Scandinavia Sweden AB 100 %
Change of Scandinavia Poland SP. z.o.o. 75 %
Change of Scandinavia Retail Poland Sp. z.o.o. 100 %
Change of Scandinavia Finland AB 75 %
Change of Scandinavia SCC SP. z.o.o. 99,9 %
Change of Scandinavia Canada Retail Inc. 75 %
Changning Textiles Incorporation Ltd. 99 %
The Intimate Company A/S 100 %
COS Enterprises ApS 100 %
TIC Lingerie and Sleepware Inc. 100 %
Change of Scandinavia Austria GmbH 75 %
Twilfit AB 100 %
Change of Scandinavia Spain S.L. 100 %

Financial Highlights

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

	Group				
	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	876.709	707.460	522.434	490.142	422.423
Gross profit/loss	491.078	372.192	337.785	267.212	226.987
EBITDA	138.295	75.884	114.132	55.628	42.003
Operating profit/loss	86.029	712	-4.142	30.689	21.063
Profit/loss before financial income and expenses	91.874	26.685	84.494	30.285	17.862
Net financials	-9.932	-5.638	-4.782	-8.185	-15.001
Net profit/loss for the year	62.596	15.698	59.952	19.795	1.616
Balance sheet					
Balance sheet total	595.265	512.557	489.665	294.311	267.796
Equity	172.923	103.031	82.262	25.026	2.764
Cash flows					
Cash flows from:					
- operating activities	52.446	57.074	84.439	47.644	51.670
- investing activities	-47.063	-21.440	-45.155	-26.931	-33.225
including investment in property, plant and equipment	-35.539	-12.993	-29.746	-19.803	-24.203
- financing activities	17.275	-30.045	8.090	-8.766	-13.680
Change in cash and cash equivalents for the year	22.658	5.589	47.374	11.947	4.765
Number of employees	1.443	1.101	808	628	559
Ratios					
Gross margin	56,0%	52,6%	64,7%	54,5%	53,7%
Profit margin	10,5%	3,8%	16,2%	6,2%	4,2%
Return on assets	15,4%	5,2%	17,3%	10,3%	6,7%
Solvency ratio	29,0%	20,1%	16,8%	8,5%	1,0%
Return on equity	45,4%	16,9%	111,8%	142,5%	80,2%

Management's Review

Key activities

The primary activities of the Group are design, manufacture and sale of lingerie, swimwear, nightwear and underwear, which are distributed mainly through the Change lingerie concept stores in Denmark, Norway, Sweden, Finland, Germany, Poland, Canada, Austria, Spain, Ireland, the Baltic States and Singapore as well as e-commerce.

Development in the year

The income statement of the Group for 2021/22 shows a profit of TDKK 62,596, and at 30 June 2022 the balance sheet of the Group shows equity of TDKK 172,923.

The improved result of the year has been driven by the continuation of building a strong sales culture in our stores and the return of visitors after 2 years with Covid lockdowns. Compared to 20/21 we have had a LFL growth of 23%.

We still experienced a negative effect from Covid due to closed stores and higher staff sickness although the number of lockdowns were significantly less than for the previous year. The extremely high freight charges also affected the result negatively.

The company continuously assess the store portfolio with the aim of only having stores that contribute positively to the Group result. It was decided to close 6 “double” stores after the acquisition of Twilfit.

In the Fiscal year Change have opened a total of 14 new stores in 5 Markets.

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

As expected, the result of the year has improved compared to last year. The management finds the financial development satisfactory. The financial activity of the company in the fiscal year performed above our plan during the year.

General risks

It is assessed that the Company is not exposed to any special business or financial risks apart from risks common to the industry.

Management's Review

Foreign exchange risks

The Company is exposed to general currency risks as regards its operations, however the risk mainly relatesto CNY. The majority part of the Company's purchasing of goods and material is done in CNY while the Company invoices in DKK, SEK, NOK, EUR, PLN and CAD.

According to the policy approved by the Board of Directors, the risks related to purchases done in CNY are hedged using forward exchange contracts running for up to 12 months.

The risk of the Covid-19 pandemic

The Company is exposed to the risk of a general decline in consumer consumption, should new governmental restrictions be imposed to the retail market due to the Covid-19 pandemic. Based on the company's financial performance from the outbreak of the Covid-19 pandemic and until the date of this report, it is assessed that the company has a strong business model and will be able to cope with a temporary decline in the general retail activity.

A severe and long lock-down of our production and retail activities due to new Covid-19 restrictions is considered a special risk for the company, but it is also assessed that the effect will be less severe than for other retail companies.

Targets and expectations for the year ahead

In 2022/23 the Company expects the global retail market to be negatively affected by the global inflation which will lower the purchase power of the consumer. However, the company will continue the roll out of our strategy plan with new store openings and new product launches. Continuous investments and improvements of the e-commerce and omni-channel platform are expected to contribute to sales growth.

Research and development

The Company's intellectual capital resources are related to the development of products and future sales activities. Good quality, production of new products and the right market approach is sufficent to ensure return on the research and development activites.

External environment

The Group's environmental impact on its surroundings is very limited. The Group strives to improve and optimize its energy consumption.

Statement of corporate social responsibility

The overall business model of Asian Import ApS is described in section "Primary Activities".

Environmental performance

The Company's environmental impact on its surroundings is very limited. We are aware of the environmental risks related this type of business with energy consumption in our factories, transportation of goods from Asia to Europe and running physical stores.

The Company strives to improve and optimize its energy consumption. we don't have an official politic on this area. It has been down-prioritized due to Covid crisis where all focus has been on coming through the crisis. The board of Directors has started project on working with this in spring 2023 where it will be anchored in the group management team.

Social and employee Conditions:

For us it's important to take responsibility as an employer both in our Stores, Factory, Warehouse and Offices.

During the reporting year, we have initiated several projects with the aim to mitigate risks related to our employees, such as harassment, and health & safety incidents. During autumn 2022 we have made a harassment policy and a whistle blower both will go live in January 2023. As a company we have a zero-tolerance policy, all employees should experience a healthy working environment.

In August 2022 we implemented a hybrid working policy for our office staff, to balance the match to our culture, our ambitions and at the same time create possibilities for our employees in their work-life. Which has resulted in a stability in our teams.

For our factory we have an Occupational health and safety (OHS) policy which is a standardized management system. Our own factory has developed a work plan for the establishment of safety standardization, and in 2022 a safety committee has been set up to promote the implementation of improvements and to limit risks. In 2023 we will be able to measure the effect of this committee.

As an employer it's also important to take a social responsibility giving opportunities and educate, at our Headquarter we have trainees and interns. In 2022 we had one trainee graduating. We have donated underwear to women in need.

We have made a difference for women who are abusing and/or street prostitution.

Human rights:

Risks related to human rights breaches are primarily related to the suppliers in our supply chain. As a result, we have an official policy in place towards our vendors that they need to comply with our code of conduct.

We comply with all local and national applicable laws and regulations, including, but not limited to, those related to employment/labor, child labor, involuntary labor, coercion harassment, nondiscrimination, associations, health & safety as well as compensation and wages.

Our supplier portfolio is very stable and we strategically use mainly long-term cooperation suppliers in our set-up of supply chain, for raw materials, sewing factories and ready-made products. All to avoid any irregularity or risk in comply with the Code of Conduct as well as to secure the fundamental set-up of quality assurance.

As a result of the long-term policy of comply with the Code of Conduct, we have medium to high end portfolio of suppliers and vendors, which also allow us to secure the conditions at the factories and locations. As a constant security, our own quality controllers and staff visits regularly. This is an on-going work and a standard process of working procedure, anchored to the top of the management . In 2022, we were satisfied with the results and insights obtained from our quality controls.

Anti-corruption and bribery:

As a company we don't have an official politic around this. We have a zero-tolerance for Corruption and bribe and does not accept this. This zero-tolerance is anchored in the board of directors.

We see the largest risks related to anti-corruption and bribery related to our venders. Therefore, when going into new production agreements we are performing due diligence of the potential new vendor to secure these are trustworthy.

We don't think that having an official company policy regarding this will the secure higher protection in this area than what the legislation provides.

Data Ethics:

In Change, we collect, generate and process data of both personal and non-personal nature across our entire business. We apply customer data from our Change Customer Club in marketing to secure personalized targeting. We do GDPR audits in the countries to recognize the GDPR obligations. We secure that we use the data with purpose and that the data is only available for employees that are working with the data.

Decisions and use of data and new technology is taken by the board of directors. We are following the data ethic guidelines, and are on an ongoing basis evaluating and taking the guidelines into consideration when using data and bringing in new technology.

Statement on gender composition

The Company has less than 50 employees and is therefore not obliged to disclose its policies on gender composition. However, the company has decided to expose it gender composition in the Board of Directors. The Board of Directors consists of seven members, four men and three women – and with it, the Company practices an even distribution of men and women on the Board of Directors.

Uncertainty relating to recognition and measurement

The measurement of certain assets and liabilities are based on accounting estimates performed by Management. The estimates are performed in accordance with the accounting policies applied and are based on assumptions and experiences considered realistic and reasonable by Management.

Management's Review

Unusual events

The financial position at 30 June 2022 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021/22 have not been affected by any unusual events.

Subsequent events

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

Income Statement 1 July - 30 June

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Revenue	3	**876.709**	**707.460**	**2.364**	**1.992**
Work on own account recognised in assets		5.966	4.114	0	0
Other operating income	4	6.411	27.768	0	0
Expenses for raw materials and consumables		-172.349	-158.076	0	0
Other external expenses		-225.659	-209.074	-317	-118
Gross profit/loss		**491.078**	**372.192**	**2.047**	**1.874**
Staff expenses	5	-352.783	-296.308	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	6	-45.855	-47.404	-626	-522
Other operating expenses	7	-566	-1.795	0	0
Profit/loss before financial income and expenses	8	**91.874**	**26.685**	**1.421**	**1.352**
Income from investments in subsidiaries	9	0	0	58.691	13.171
Income from investments in associates		-88	647	0	0
Financial income	10	291	2.425	213	171
Financial expenses	11	-10.135	-8.710	-1.211	-1.417
Profit/loss before tax		**81.942**	**21.047**	**59.114**	**13.277**
Tax on profit/loss for the year	12	-19.346	-5.349	-2.178	264
Net profit/loss for the year		**62.596**	**15.698**	**56.936**	**13.541**

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Proposed distribution of profit				
Proposed dividend for the year	114	113	114	113
Reserve for net revaluation under the equity method	0	0	65.172	6.508
Minority interests' share of net profit/loss of subsidiaries	5.662	2.512	0	0
Retained earnings	56.820	13.073	-8.350	6.920
	62.596	**15.698**	**56.936**	**13.541**

Balance Sheet 30 June

Assets

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Completed development projects		3.628	4.111	0	0
Acquired licenses		21.429	23.221	0	0
Acquired trademarks		6.699	8.059	0	0
Customer base		58.987	66.521	0	0
Goodwill		23.449	24.971	0	0
Development projects in progress		9.108	4.647	0	0
Intangible assets	13	**123.300**	**131.530**	**0**	**0**
Land and buildings		51.170	28.325	34.730	13.985
Other fixtures and fittings, tools and equipment		16.727	20.463	0	0
Leasehold improvements		26.330	35.727	0	0
Property, plant and equipment	14	**94.227**	**84.515**	**34.730**	**13.985**
Investments in subsidiaries	15	0	0	145.167	87.944
Investments in associates	16	0	1.026	0	0
Other receivables	17	16.597	10.732	0	0
Fixed asset investments		**16.597**	**11.758**	**145.167**	**87.944**
Fixed assets		**234.124**	**227.803**	**179.897**	**101.929**
Inventories	18	**158.783**	**130.018**	**0**	**0**
Trade receivables		619	1.235	0	0
Receivables from group enterprises		0	0	19.169	9.899
Other receivables	25	41.547	30.077	0	0
Deferred tax asset	22	11.668	18.273	0	0
Corporation tax		3	2.238	13.444	16.264
Prepayments	19	38.269	15.319	12.424	0
Receivables		**92.106**	**67.142**	**45.037**	**26.163**

Balance Sheet 30 June

Assets

		Group		Parent	
	Note	2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand		**110.252**	**87.594**	**0**	**1.108**
Currents assets		**361.141**	**284.754**	**45.037**	**27.271**
Assets		**595.265**	**512.557**	**224.934**	**129.200**

Balance Sheet 30 June

Liabilities and equity

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Share capital	20	300	300	300	300
Reserve for net revaluation under the equity method		0	0	92.839	27.667
Reserve for development costs		3.280	3.280	0	0
Other statutory reserves		1.965	1.401	0	0
Reserve for hedging transactions		5.779	-1.691	-1.410	-3.801
Other reserves		0	0	1.965	1.401
Retained earnings		148.804	92.008	66.435	69.725
Proposed dividend for the year		114	113	114	113
Equity attributable to shareholders of the Parent Company		**160.242**	**95.411**	**160.243**	**95.405**
Minority interests		12.681	7.620	0	0
Equity		**172.923**	**103.031**	**160.243**	**95.405**
Provision for deferred tax	22	27.304	33.779	11.107	16.770
Other provisions	23	0	625	0	0
Provisions		**27.304**	**34.404**	**11.107**	**16.770**
Subordinate loan capital		0	25.468	0	0
Mortgage loans		13.975	14.911	7.305	8.138
Credit institutions		1.248	1.207	0	0
Lease obligations		5.481	5.529	0	0
Deposits		624	474	0	0
Deferred income		1.808	0	1.808	3.801
Long-term debt	24	**23.136**	**47.589**	**9.113**	**11.939**

Balance Sheet 30 June

Liabilities and equity

		Group		Parent	
	Note	2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Subordinate loan capital	24	25.468	24.531	0	0
Mortgage loans	24	935	930	831	826
Credit institutions	24	112.165	67.520	183	0
Lease obligations	24	1.194	2.381	0	0
Trade payables		70.606	101.955	281	220
Payables to group enterprises		0	0	19.000	1.805
Payables to owners and Management		23.344	1.312	21.693	0
Corporation tax		16.164	6.925	0	0
Other payables	25	112.651	106.031	2.131	2.235
Deferred income	24,26	9.375	15.948	352	0
Short-term debt		**371.902**	**327.533**	**44.471**	**5.086**
Debt		**395.038**	**375.122**	**53.584**	**17.025**
Liabilities and equity		**595.265**	**512.557**	**224.934**	**129.200**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Other statutory reserves	Reserve for hedging transactions	Other reserves	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	300	0	3.280	1.401	-1.691	0	92.008	113	95.411	7.620	103.031
Exchange adjustments	0	0	0	564	0	0	0	0	564	0	564
Ordinary dividend paid	0	0	0	0	0	0	0	-113	-113	-601	-714
Fair value adjustment of hedging instruments, beginning of year	0	0	0	0	1.096	0	0	0	1.096	0	1.096
Fair value adjustment of hedging instruments, end of year	0	0	0	0	8.480	0	0	0	8.480	0	8.480
Tax on adjustment of hedging instruments for the year	0	0	0	0	-2.106	0	0	0	-2.106	0	-2.106
Other equity movements	0	0	0	0	0	0	-24	0	-24	0	-24
Net profit/loss for the year	0	0	0	0	0	0	56.820	114	56.934	5.662	62.596
Equity at 30 June	**300**	**0**	**3.280**	**1.965**	**5.779**	**0**	**148.804**	**114**	**160.242**	**12.681**	**172.923**

Statement of Changes in Equity

Parent

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Other statutory reserves	Reserve for hedging transactions	Other reserves	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	300	27.667	0	0	-3.801	1.401	69.724	113	95.404	0	95.404
Exchange adjustments	0	0	0	0	0	564	0	0	564	0	564
Ordinary dividend paid	0	0	0	0	0	0	0	-113	-113	0	-113
Fair value adjustment of hedging instruments, beginning of year	0	0	0	0	3.801	0	-2.705	0	1.096	0	1.096
Fair value adjustment of hedging instruments, end of year	0	0	0	0	-1.808	0	10.288	0	8.480	0	8.480
Tax on adjustment of hedging instruments for the year	0	0	0	0	398	0	-1.668	0	-1.270	0	-1.270
Other equity movements	0	0	0	0	0	0	-854	0	-854	0	-854
Net profit/loss for the year	0	65.172	0	0	0	0	-8.350	114	56.936	0	56.936
Equity at 30 June	**300**	**92.839**	**0**	**0**	**-1.410**	**1.965**	**66.435**	**114**	**160.243**	**0**	**160.243**

Cash Flow Statement 1 July - 30 June

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK
Net profit/loss for the year		62.596	15.698
Adjustments	27	75.310	58.242
Change in working capital	28	-67.874	-10.816
Cash flows from operating activities before financial income and expenses		**70.032**	**63.124**
Financial income		290	2.425
Financial expenses		-10.134	-8.708
Cash flows from ordinary activities		**60.188**	**56.841**
Corporation tax paid		-7.742	233
Cash flows from operating activities		**52.446**	**57.074**
Purchase of intangible assets		-11.683	-8.546
Purchase of property, plant and equipment		-35.539	-12.993
Sale of property, plant and equipment		159	99
Cash flows from investing activities		**-47.063**	**-21.440**
Repayment of mortgage loans		-931	-928
Repayment of loans from credit institutions		0	-27.846
Reduction of lease obligations		-1.235	-3.354
Repayment of other long-term debt		-24.531	74
Raising of loans from credit institutions		44.686	0
Lease obligations incurred		0	2.122
Dividend paid		-714	-113
Cash flows from financing activities		**17.275**	**-30.045**
Change in cash and cash equivalents		**22.658**	**5.589**
Cash and cash equivalents at 1 July		87.594	82.005
Cash and cash equivalents at 30 June		**110.252**	**87.594**

Pengestrømsopgørelse 1. juli - 30. juni

	Note	2021/22 TDKK	2020/21 TDKK
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		110.252	87.594
Cash and cash equivalents at 30 June		**110.252**	**87.594**

Notes to the Financial Statements

1 Unusual events

The financial position at 30 June 2022 of the Company and the results of the activities of the Company for the financial year for 2021/22 have not been affected by any unusual events.

2 Subsequent events

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

3 Revenue

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
Revenue, Denmark	224.493	177.098	2.364	1.992
Revenue, other European countries	593.228	490.628	0	0
Revenue, rest of the world	58.988	39.734	0	0
	876.709	**707.460**	**2.364**	**1.992**
Business segments				
Retail and web	871.141	695.348	0	0
Franchise	2.349	10.844	0	0
Other	3.219	1.268	2.364	1.992
	876.709	**707.460**	**2.364**	**1.992**

4 Other operating income

	Group 2021/22	Group 2020/21	Parent 2021/22	Parent 2020/21
Compensation Covid-19	1.512	24.276	0	0
Profit on sale of fixed assets	304	99	0	0
Other income	4.595	3.393	0	0
	6.411	**27.768**	**0**	**0**

The Group has received compensation related to Covid-19 in a number of countries.

Notes to the Financial Statements

		Group		Parent	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
5	**Staff expenses**				
	Wages and salaries	294.621	247.255	0	0
	Pensions	18.595	14.049	0	0
	Other social security expenses	33.615	32.039	0	0
	Other staff expenses	5.952	2.965	0	0
		352.783	**296.308**	**0**	**0**
	Including remuneration to the Executive Board and Board of Directors	**1.670**	**1.627**	**0**	**0**
	Average number of employees	**1.443**	**1.101**	**0**	**0**
6	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	19.825	19.350	0	0
	Depreciation of property, plant and equipment	26.030	28.054	626	522
		45.855	**47.404**	**626**	**522**
7	**Other operating expenses**				
	Loss on sale of fixed assets	0	536	0	0
	Other expenses	566	1.259	0	0
		566	**1.795**	**0**	**0**
8	**Special items**				
	Compensation, Covid-19	1.512	24.276	0	0
		1.512	**24.276**	**0**	**0**

The Group have received compensation related to Covid-19 in a number of countries.

Notes to the Financial Statements

	Parent	
	2021/22	2020/21
	TDKK	TDKK
9 Income from investments in subsidiaries		
Share of profits of subsidiaries	58.691	13.171
	58.691	**13.171**

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
10 Financial income				
Income from fixed asset investments	-428	0	0	0
Interest received from group enterprises	0	0	200	164
Other financial income	484	200	13	7
Exchange adjustments	235	2.225	0	0
	291	**2.425**	**213**	**171**
11 Financial expenses				
Interest paid to group enterprises	0	0	228	658
Other financial expenses	8.195	8.265	983	757
Exchange adjustments, expenses	1.939	444	0	0
Exchange loss	1	1	0	2
	10.135	**8.710**	**1.211**	**1.417**
12 Tax on profit/loss for the year				
Current tax for the year	20.657	7.351	8.446	0
Deferred tax for the year	-1.976	-2.004	-6.933	-264
Adjustment of tax concerning previous years	0	2	0	0
Adjustment of deferred tax concerning previous years	665	0	665	0
	19.346	**5.349**	**2.178**	**-264**

Notes to the Financial Statements

13 Intangible assets

Group

	Completed development projects	Acquired licenses	Acquired trademarks	Customer base	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	4.111	67.080	19.288	75.300	38.886	4.645
Exchange adjustment	0	-37	-177	-4	-2	0
Additions for the year	3.628	3.192	400	0	0	4.463
Disposals for the year	-4.111	0	-572	0	0	0
Cost at 30 June	3.628	70.235	18.939	75.296	38.884	9.108
Impairment losses and amortisation at 1 July	0	43.859	11.229	8.779	13.915	0
Exchange adjustment	0	152	-284	0	0	0
Amortisation for the year	4.111	4.795	1.867	7.530	1.520	0
Impairment and amortisation of sold assets for the year	-4.111	0	0	0	0	0
Reversal of amortisation of disposals for the year	0	0	-572	0	0	0
Impairment losses and amortisation at 30 June	0	48.806	12.240	16.309	15.435	0
at 30 June	**3.628**	**21.429**	**6.699**	**58.987**	**23.449**	**9.108**

Finalized development projects relate to the development of the Group's existing products and new collections for sale in the next financial year. The development projects are finalized or is expected to be finalized in time to go to market with the products according to the marketing plan. The projects are progressing according to plan, and sufficent resources is allocated by Management to the development. The new products are expected to be sold in the present market and trough the Group's existing stores and web sales.

Development projects in progress relates to the groups new IT system and platforms.

Notes to the Financial Statements

14 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 1 July	34.555	52.010	126.765
Exchange adjustment	0	292	-56
Additions for the year	23.819	5.619	6.102
Disposals for the year	0	-54	-545
Cost at 30 June	58.374	57.867	132.266
Reversals for the year of revaluations in previous years	-5.577	0	0
Revaluations at 30 June	-5.577	0	0
Impairment losses and depreciation at 1 July	654	31.547	91.038
Exchange adjustment	0	-49	-77
Depreciation for the year	973	9.642	15.415
Reversal of impairment and depreciation of sold assets	0	0	-440
Impairment losses and depreciation at 30 June	1.627	41.140	105.936
at 30 June	**51.170**	**16.727**	**26.330**
Including assets under finance leases amounting to	0	377	3.791

Notes to the Financial Statements

14 Property, plant and equipment (continued)

Parent

	Land and buildings	Total
	TDKK	TDKK
Cost at 1 July	19.560	19.560
Additions for the year	21.373	21.373
Kostpris at 30 June	40.933	40.933
Impairment losses and depreciation at 1 July	5.577	5.577
Depreciation for the year	626	626
Impairment losses and depreciation at 30 June	6.203	6.203
at 30 June	**34.730**	**34.730**

15 Investments in subsidiaries

	Parent	
	2021/22	2020/21
	TDKK	TDKK
Cost at 1 July	49.543	49.543
Cost at 30 June	49.543	49.543
Value adjustments at 1 July	37.667	87.354
Exchange adjustment	566	1.401
Net profit/loss for the year	60.104	14.584
Dividend to the Parent Company	-10.000	-67.000
Other equity movements, net	5.915	2.741
Amortisation of goodwill	-1.413	-1.413
Value adjustments at 30 June	92.839	37.667
Equity investments with negative net asset value amortised over receivables	2.785	734
at 30 June	**145.167**	**87.944**
at 30 June	15.549	16.962

Investments in subsidiaries are specified as follows:

Notes to the Financial Statements

Name	Place of registered office	Votes and ownership
Change of Scandinavia Holding A/S	Farum	100%
Bambusgården ApS	Farum	100%
Change Lingerie Sport Horses ApS	Farum	51%
Change of Scandinavia A/S	Farum	100%
Chnage of Scandinavia Retail A/S	Farum	100%
Change of Scandinavia Sweden AB	Härryda	100%
OY Change of Scandinavia Finland AB	Helsinki	75%
Change of Scandinavia Norway AS	Tranby	75%
Change of Scandinavia Germany GmbH	Berlin	100%
Change of Scandinavia Canada Retail Inc.	Montreal	75%
Shanghai Fashion Co. Ltd.	China	100%
Changing Textiles Incorporation Ltd.	Hong Kong	99%
The Intimate Company A/S	Farum	100%
Change of Scandinavia SSC SP. z.o.o. Lodz SP	Lodz	100%
Change of Scandinavia Poland SP. z o.o.	Lodz	75%
TiC Lingerie and Sleepware Inc.	Montreal	100%
COS Enterprises ApS	Farum	100%
Change of Scandinavia Co Ltd.	China	100%
Change of Scandinavia Retail Poland Sp.z.o.o.	Lodz	100%
Change Lingerie GmbH	Wein	75%
Twilfit AB	Stockholm	100%
Change of Scandinavia Spain S.L.	Barcalona	100%
Change of Scandinavia Gui Zhou Ltd.	China	75%
Guizhou Change fashion Co, LTD	China	100%

Notes to the Financial Statements

16 Investments in associates

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	100	100	0	0
Disposals for the year	-100	0	0	0
Cost at 30 June	0	100	0	0
Value adjustments at 1 July	926	280	0	0
Disposals for the year	-838	0	0	0
Net profit/loss for the year	-88	646	0	0
Value adjustments at 30 June	0	926	0	0
at 30 June	**0**	**1.026**	**0**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Change - Sønderborg I/S	Sønderborg	I/S	50%

The group has purchased the last part of Change - Sønderborg I/S and the Company now is a part of Change of Scandinavia Retail A/S.

17 Other fixed asset investments

	Group
	Other receiv-ables
	TDKK
Cost at 1 July	16.325
Exchange adjustment	14
Additions for the year	1.756
Disposals for the year	-1.498
Cost at 30 June	16.597
Impairment losses at 1 July	0
Impairment losses at 30 June	0
at 30 June	**16.597**

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
18 Inventories				
Finished goods and goods for resale	158.783	130.018	0	0
	158.783	**130.018**	**0**	**0**

19 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

20 Equity

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares	100	100
B-shares	100	100
C-shares	100	100
		300

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK

21 Distribution of profit

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Proposed dividend for the year	114	113	114	113
Reserve for net revaluation under the equity method	0	0	65.172	6.508
Minority interests' share of net profit/loss of subsidiaries	5.662	2.512	0	0
Retained earnings	56.820	13.073	-8.350	6.920
	62.596	**15.698**	**56.936**	**13.541**

22 Provision for deferred tax

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Provision for deferred tax at 1 July	15.506	16.519	16.770	10.207
Amounts recognised in the income statement for the year	-1.976	-2.004	-6.933	-264
Amounts recognised in equity for the year	2.106	991	1.270	6.827
Provision for deferred tax at 30 June	**15.636**	**15.506**	**11.107**	**16.770**

The recognised tax asset comprises financial lease debt, tax loss carry-forwards and tax on reversed internal profit. Management expect that the deferred tax asset is to be ultilised in the future. In connection with the assessment of the utilisation of the tax asset, special empasis has been placed on the Company and Group having expected future growth in both revenue and profit. The realized figures shows a growth in both revenue and profit.

23 Other provisions

The amount relates to provision for renovation of facilities related to rental agreements with stores.

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Other provisions	0	625	0	0
	0	**625**	**0**	**0**

Notes to the Financial Statements

24 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
	0	25.468	0	0
	0	25.468	0	0
	25.468	24.531	0	0
	25.468	**49.999**	**0**	**0**
Mortgage loans				
	10.281	6.361	4.023	4.854
	3.694	8.550	3.282	3.284
	13.975	14.911	7.305	8.138
	935	930	831	826
	14.910	**15.841**	**8.136**	**8.964**
Credit institutions				
	1.248	1.207	0	0
	1.248	1.207	0	0
	112.165	67.520	183	0
	113.413	**68.727**	**183**	**0**
Lease obligations				
	5.481	5.529	0	0
	5.481	5.529	0	0
	1.194	2.381	0	0
	6.675	**7.910**	**0**	**0**
Deposits				
	624	474	0	0
	624	474	0	0
	0	0	0	0
	624	**474**	**0**	**0**

Notes to the Financial Statements

24 **Long-term debt** (continued)

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Deferred income				
	1.808	0	1.808	3.801
	1.808	0	1.808	3.801
	0	0	0	0
	9.375	15.948	352	0
	11.183	**15.948**	**2.160**	**3.801**

The subordinated loan has been issued on specific conditions. If the Companay is sold before the loan is expired the Companay shall pay a premium to the creditor.

Notes to the Financial Statements

25 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts and swaps related to interests on mortgage loans have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Assets	10.288	2.705	0	0
Liabilities	1.808	3.801	1.808	3.801

Forward exchange contracts have been concluded to hedge future sale of goods in USD, NOK, SEK, CNH and EUR. At the balance sheet date fair value of the forward exchange contract amounts to DKK 10,288 thousand (asset). The forward exchange contracts terminates within 1-11 months.

Interest swap have been concluded to hedge interests in mortgage loans. At the balance sheet date fair value of the forward exchange contract amounts to DKK 1,808 thousand (liability).

Group

	Value adjust-ment, income statement	Value adjust-ment, equity	Fair value at 30 June
	TDKK	TDKK	TDKK
Forward exchange rates contracts	10.288	7.583	10.288
Interest swap	0	-1.993	-1.808

Parent

	Value adjust-ment, income statement	Value adjust-ment, equity	Fair value at 30 June
	TDKK	TDKK	TDKK
Interest swap	0	-1.993	-1.808

Notes to the Financial Statements

26 Deferred income

Deferred income consists of prepaid giftscards and profit on sales and leaseback agreements.

27 Cash flow statement - adjustments

	Group	
	2021/22	2020/21
	TDKK	TDKK
Financial income	-291	-2.425
Financial expenses	10.135	8.710
Depreciation, amortisation and impairment losses, including losses and gains on sales	45.852	47.828
Income from investments in associates	88	-647
Tax on profit/loss for the year	19.346	5.349
Other adjustments	180	-573
	75.310	**58.242**

28 Cash flow statement - change in working capital

Change in inventories	-28.765	-28.791
Change in receivables	-38.643	-13.206
Change in trade payables, etc	-7.936	26.681
Fair value adjustments of hedging instruments	7.470	4.500
	-67.874	**-10.816**

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK

29 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Land and buildings. The booked value of the assets at 30 June amounts to	51.170	28.325	34.730	13.985

The following assets have been placed as security with :

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Bank debts of the Company and the affilate, Change of Scandinavia Retail A/S and Change of Scandinavia A/S are secured by way of a Company charge in intangible and tangible assets and inventories of DKK 60,000 thousand nominal value. The booked value of assets at 30 June amounts to	165.285	147.379	0	0

Rental and lease obligations

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Rental and lease agreements untill expiry in total	271.040	314.553	0	0
Here of liabilties under rental agreements or leases with group enterprises untill expiry	356	0	0	0
Buy back obligation when lease is expired	90	0	0	0
Other gurantees	67	0	0	0

Guarantee obligations

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent 2021/22 TDKK	Parent 2020/21 TDKK
Rent and payment gurantees for rental agreements	23.881	28.484	0	0

Notes to the Financial Statements

29 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Asian Import ApS and Change of Scandinavia Holding A/S has issued letters of support to some subsidiaries.

Asian Import ApS has issued a bail to Sydbank for loans issued to the subsidiaries Change of Scandinavia Holding A/S, Change of Scandinavia A/S and Change of Scandinavia Retail A/S.

Asien Import ApS has agreed upon to buy two properties in 2022/23. The purchase price amounts to kDKK 21.600.

The Company's and the Group's bank loans are secured by way of a charge of DKK 500 thousand nominal granted on the shares in Change of Scandinavia A/S and Change of Scandinavia Retail A/S, respectively.

The line of credit in Change of Scandinavia Canada Retail Inc. is secured by a pledge of inventory of the Bank Act and a moveable hypothec constituting a first ranking security interest over all present and future tangible and intangible assets in the amount of kDKK 21,109 (kCAD 4,200). A shareholder of the company has guarantees this line of credit and has subordinated their claims up to kDKK 7,664 (kCAD 1,525).

The carrying amount of assets pledged in Change of Scandinavia Canada Retail Inc. equals kDKK 28,599 (kCAD 5,662).

Change of Scandinavia Finland AB has a bank limit for kDKK 745 (kEUR 100) guaranteed by mortgage on company assets.

A distributor of goods to a subsidiary has raised a claim against the subsidiary. The distributor is claiming that the subsidiary has breached their trade agreement. The subsidiary has rejected the claim. The Company lost a part of the claim in 2021/22. Both part has appealed part of the claim. Management in the subsidiary and the board in Change of Scandinavia Holding A/S disagrees in the claimed breach. Based on a legal assessment made by the subsidiary's lawyer, the management and the board find no further risk in the claimed amount for which no provision have been made.

Asien Import ApS has issued a pledge to Nykredit in the shares owned in Change of Scandinavia Holding A/S.

Asian Import ApS have agreed to by tangible assets in 2022/22 for kDKK 21,600.

Notes to the Financial Statements

30 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

No transactions with related parties were made in the financial year 2021/22 which were not made on arm's length basis.

31 Fee to auditors appointed at the general meeting

	Group	
	2021/22	2020/21
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	667	629
Other assurance engagements	0	47
Tax advisory services	166	162
Other services	250	204
	1.083	**1.042**
Other		
Audit fee	226	196
Tax advisory services	25	13
Other services	226	81
	477	**290**
	1.560	**1.332**

Notes to the Financial Statements

32 Accounting Policies

The Annual Report of Asian Import ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021/22 are presented in TDKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

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

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

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

Notes to the Financial Statements

32 Accounting Policies (continued)

Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.

- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.

- Where the purchase price allocation is not final, positive and negative differences due to changes to

32 **Accounting Policies** (continued)

the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.

- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.

- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

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

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

All other leases are considered operating leases. Payments made under operating leases are recognised in

Notes to the Financial Statements

32 Accounting Policies (continued)

the income statement on a straight-line basis over the lease term.

Translation policies

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

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item

32 Accounting Policies (continued)

as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

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

Income Statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

32 Accounting Policies (continued)

Other operating income and expenses

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

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years. Management believes that the Group will have benefits from the required assets during this period.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5-8 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition. Development costs are amortised over its useful life, which is assessed at 1 year.

Notes to the Financial Statements

32 Accounting Policies (continued)

Property, plant and equipment

On acquisition [assets] are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed [assets] comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and supsuppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of [assets] are recognised in cost over the construction period.

After the initial recognition [assets] are measured at fair value.

Fair value is the amount for which [the asset] could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	50	years
Other fixtures and fittings, tools and equipment	3 - 8	years
Leasehold improvements	5 - 8	years

The fixed assets’ residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

32 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items“Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

Notes to the Financial Statements

32 Accounting Policies (continued)

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

The cost of goods for resale, raw materials and consumables equals landed cost.

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

Receivables

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

Prepayments

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

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

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

Provisions

Other provisions relates to provision for renovation of facilities related to rental agreements with stores.

Notes to the Financial Statements

32 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

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

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

Deferred income

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

Notes to the Financial Statements

32 Accounting Policies (continued)

Cash Flow Statement

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

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

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

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

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$