Bøgelund ApS

Sankt Peders Stræde 21, 2. 2, DK-1453

Annual Report for
1 July 2023 - 30 June 2024

CVR No. 27 57 04 45

The Annual Report was presented and adopted at the Annual General Meeting of the company on 25/9 2024

Claus Juul Bøgelund
Chairman of the general meeting

Contents

Management's statement

The Executive Board has today considered and adopted the Annual Report of Bøgelund ApS for the financial year 1 July 2023 - 30 June 2024.

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

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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

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

Copenhagen, 25 September 2024

Executive Board

Claus Juul Bøgelund
Manager

Independent Auditor's report

To the shareholder of Bøgelund 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 2024 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 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Bøgelund ApS for the financial year 1 July 2023 - 30 June 2024, 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 Financial 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.

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 Parent 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 Parent 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 Group´s and the Parent Company´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 Parent 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 Parent 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.

Independent Auditor's report

Odense M, 25 September 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mette Plambech
State Authorised Public Accountant
mne34162

Company information

The Company	Bøgelund ApS Sankt Peders Stræde 21, 2. 2 DK-1453 CVR No: 27 57 04 45 Financial period: 1 July 2023 - 30 June 2024 Municipality of reg. office: København K
Executive Board	Claus Juul Bøgelund
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M
Bankers	Danske Bank Albani Torv 2 5000 Odense C

Financial Highlights

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

	Group				
	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	304,103	455,732	712,103	407,840	286,174
Gross profit	52,080	101,514	151,610	79,331	40,143
Profit/loss of primary operations	-9,195	39,285	83,913	33,881	8,753
Profit/loss of financial income and expenses	-1,095	10,858	9,723	-1,284	1,759
Net profit/loss for the year	-10,859	40,426	72,617	27,736	8,165
Balance sheet					
Balance sheet total	271,719	211,293	293,832	239,109	114,872
Investment in property, plant and equipment	73,760	-1,783	108	-1,912	-680
Equity	126,420	169,464	176,922	105,227	64,533
Number of employees	132	126	148	115	98
Ratios					
Return on assets	-3.4%	18.6%	28.6%	14.2%	7.6%
Solvency ratio	46.5%	80.2%	60.2%	44.0%	56.2%
Return on equity	-7.3%	23.3%	51.5%	32.7%	16.4%

Management's review

Bøgelund’s business model

The company's main activity consists of investing in associated companies operating within the global Supply Chain industry.

In addition, an investment portfolio is developed within two main tracks; "Green transition" with a focus on water and "Residential properties".

In the long term, active investments will be made in the SME/MMV segment.

The Group’s business model

The Group is a global B2B company focused on “The Green World”. Garden Centres and growers comprise our primary target group. Major markets are the US, the Netherlands and Canada. Main product categories include plant accessories such as pots and vases, as well as garden centre products such as garden furniture and outdoor pottery. The products are designed in Denmark and primarily produced in Vietnam, Indonesia and China. It is the Company´s objective to increase its vendor diversification further to minimize the risk from geopolitics.

Strategy 2024/25

The Group´s Mission is “To Advise and to Source Private Label Concepts” and our Vision is “To become the Leading Private Label Advisor of our Industry”. Most important however, is the Company´s Purpose, which is “To Have a Good Day at Work”. Our employees remain our biggest asset, and we consider a good working environment as crucial if we are to realise our ambitions of the Company

To be able to deliver at the highest level on Quality & Compliance, The Group always has its own staff present at the production sites. The Company operate with a “Boots on the Ground” approach, and we use our company values to ensure an aligned understanding on e.g. ESG matters.

The Group 's values are founded in Denmark, and a constant effort is required to ensure that these values are preserved in the very different cultures of our global offices. We believe that a common global understanding is necessary and will become a competitive advantage when we, as a company, are to meet the increased complexity of international trade

The Group 's values/characteristics

- Dynamic – we match the Insights within our supply chain
- Innovative – we create Private Label concepts
- Reliable – we ensure Quality & Compliance
- Transparency – we share information

Management's review

Development in activities and finances

The Group´s gross profit for the financial year 1 July 2023 – 30 June 2024 is 52,079,748 DKK compared to 101,513,699 DKK last year, and the profit after tax is – 10,859,272 DKK compared to 40,425,79, DKK last year.

The negative development is primarily a result of a very challenging freight market, where The Group had to absorb steep freight increases from global forwarders. Several of The Group's main customers were still holding significant level of inventory from after Covid period and that also had a negative impact on the Groups result.

The Group´s balance sheet 30 June 2024 shows an equity of 108,295,966 DKK compared to 130,821,558 last year.

The Management considers the result for the year non satisfactory.

To comply with increased regulations of international trade, The Group is implementing a new IT platform.

The Group has invested in Strategic Partnerships to secure our key supply chain, if a geopolitical conflict or other issues should impact it.

The increased complexity of global trade is expected to strengthen the Company's competitiveness in the long term.

Special risks

As the geopolitical development entails an increasing risk to international trade in general, we are making a targeted effort to diversify our supply chain through a greater diversification of sourcing countries. To support the continued diversification of our supply chain, we have established local procurement offices in Mexico, Vietnam, Indonesia, India and Turkey. The target for 2023-24 was 20%, which was achieved and for 2024/25 it is 25%. The somewhat slow diversification rate is mainly due to a lack of competent production capacity, but also to a highly competent procurement office in China.

The Group's most immediate risk is product quality. To ensure and maintain high-quality products at all times, the Group is represented locally by its own employees, who on average make three inspections per production: Typically, these comprise a pre-production inspection where Code of Conduct and specific certification requirements are checked, and packaging is ordered from the factory's subcontractors. Then a production inspection is carried out, during which a number of samples are selected for inspection in accordance with the order specifications. Lastly, a final inspection is performed, where packaging, labels, moisture level, etc., are checked. All inspections are documented using customised software and will be made available to customers on request. The Group has a target claim ratio of less then 1.0%.

IT security poses a risk which is mitigated through a global cyber risk agreement with a leading security provider. An intrusion detection system has thus been deployed globally in all entities of the Group, and no software can be procured without central verification. In the current financial year, the focus has been on configuration of corporate assets and software, access control, account management, data recovery and malware protection. All parameters have been upgraded compared to previous year.

In 2024/25 we will focus on continuous vulnerability management, audit log management, network monitoring and defence, network infrastructure management, as well as security awareness and skills training. Awareness has been a key focus during 2023-24. Though online education, the awareness level increased by 88%, reaching a top-tier level.
The Group's goal for 2024/25 is a CIS Basic Cyber Hygiene of 80%.

About 80% of the currency exposure to USD is hedged. Exposure to other currencies is considered insignificant.

Credit insurance covers approx. 90% of total receivables and like the years before, no losses have occurred in 2023-24.

Management's review

Know-how and research

The Group's most important resource is its competent and motivated employees.

10% of the Group's expenses are allocated to concept innovation, IT/AI investments, ESG skills, supply chain diversification and, not least, investment in employee learning and development. Significant initiatives in 2024 include:

- Implementing a new global cloud-based ERP system
- QC Centre learning
- ESG regulation and compliance in general

Development expectations

In the financial year 2024-25, the activity level is expected to increase significantly.

The Group anticipates a positive result in the range of DKK 15-20 million.

Key Trends

The Group has identified below mentioned four trends, which we expect will impact our overall objectives heading into 2024/25 and beyond.

Employability

More flexible requirements in terms of physical presence at the workplace continue to be a significant parameter when maintaining the ability of businesses to attract talented employees from a larger geographical area. However, this trend also makes the competition for the same talent more intense, which in turn imposes requirements on organisations to be an attractive workplace.

Response

In The Group, we believe in the importance of creating an attractive workplace for talented people – we consider this a crucial competitive parameter. Therefore, our purpose is centred around our people. We call it “Having a Good Day at Work”. We believe that it takes a joint effort from our company, our management, our teams and the individual employee to live up to this purpose - and together we strive to do so. Based on our annual internal satisfaction survey and focused work by our teams diving into and focusing on our purpose, we have identified that, for the employees at The Group, “Having a Good Day at Work” may be summed up to four key statements:

- Empowerment: empowered leaders, teams and individuals
- Collaboration: strong teams who collaborate, support each other and have fun
- Success: success for the company and for the individual
- Flexibility: a life in balance

Compliance

Regulatory requirements and customers’ increased focus on ESG has become more intense in recent years, and with greater awareness the risk is also greater if a supplier or product fails. Therefore, the

customers are increasingly demanding value chains that can handle the increased complexity.

Management's review

Response

The Group remains dedicated to continuously enhancing competencies in ESG overall, with a particular focus on compliance.

A key focus for 2024/25 will be integrating ESG and compliance into our new system landscape to support the growing demands from both customers and authorities. Further resources will be added to the area in the year to come.
Our Compliance department is consistently testing new products to address potential IP right infringements, and in connection with more complicated products, external advisers are involved. To ensure products complying with regulatory and customer demands The Group works with:

- BSCI certification – Sedex certification: We are working on having our suppliers join a third-party social audit, e.g. the BSCI or Sedex, to ensure proper conditions at the factories

- Our suppliers sign The Group's Code of Conduct, Supplier Agreement and receive an Honesty Agreement

- We continuously work with adopting upcoming legislation to meet future requirements such as EUDR, Packaging Directive etc.

Supply Chain disruption
Prior to COVID 19, the war in Ukraine, and the Red Sea conflict the consensus was that the lowest possible total costs of a purchase was achieved by concentrating purchases with a few factories. This trend is now moving towards the application of a diversified approach, where delivery reliability from multiple factories, located in several geographical areas, is factored in with the total costs. Geopolitics and delivery reliability continues to be a criterion to the purchase decision.

Response

The Group has for many years created value by selecting slightly smaller but highly specialised factories, and we are therefore well positioned in relation to this development.

The Group guides customers on sourcing strategies to mitigate supply chain disruptions by leveraging our diversified local presence in various sourcing countries.

Uniqueness

As our society changes, so does the need for fulfilment of more specific demands. Consumers are increasingly demanding products that meet more complex purchase criteria such as sustainable production, storytelling, specific events or the like – in other words, the demand for specialties and special concepts is increasing.

Response

A challenge to achieving “uniqueness” is that developing and delivering new products directly from the factory is more complex than delivering standard products through a storage facility.

The Group's value proposition meets this particular trend, and it is our mission to ".... Advise and to Source Private Label Concepts".
This competitive edge is gained through a carefully selected network of specialized suppliers in multiple regions. Choosing products to fit Private Label Concepts are also done by utilizing our database with 80,000 images including thorough product descriptions.

Corporate social responsibility report, cf section 99 a of the Danish Financial Statements Act

The Company's business model is described on page 7.

Statement of corporate social responsibility (CSR)

The Group impacts, to varying degrees, the communities in which the Company operates.

As a Danish owner-managed business, the Company finds it only natural to carry out responsible operations and act with care in the local communities. The Group intends to ensure a profitable and sustainable approach to social, environmental and climate matters. Both in terms of operations and at strategic level.

Our CSR work has been approved by Management and The Group's Board of Directors and is embedded in the ESG & Compliance department.

The Group is continuously making progress in the CSR area, and it is very important to the Company to make a considerable effort in the future. The responsible team is working towards implementation of the measures deemed necessary to enter into a dialogue with, and meeting future requirements of, customers, stakeholders, business partners and legislation.

The Group considers the UN's Sustainable Development Goals an important focal point for the Company's work with corporate social responsibility. The goals were reviewed carefully in the past year and assessed according to The Group's business. We remain focused on UN-8, UN-12, UN-13 and UN-17, as these four goals all support areas in which The Group's business is considered to have the greatest opportunity to contribute.

To support its work with corporate social responsibility, The Group became a member of the UN Global Compact Network in 2022. The purpose of the network is to support enterprises intending to carry on a responsible business by implementing the Global Compact's ten principles within human rights, labour rights, anti-corruption and the environment. The second report has been submitted during summer 2024.

Risks relating to CSR

Based on the conditions that are significant to the Company to run a healthy business, during the year The Group has reevaluated previous risk assessment in relation to social responsibility. The risk assessment includes an assessment of the Company's impact on the environment and climate, social and employee matters, human rights and anti-corruption.

The biggest environmental and climate risks are related to the actual production carried out by third parties.

The Group is aware of the potential risks associated with its presence in Asia, Türkiye and Mexico, particularly challenges related to human rights and corruption. The Group actively seeks to mitigate such potential risks by, for example, being present locally with own employees close to the factories.

The Group also acknowledges the risks related to the challenges of attracting and retaining talented employees, as well as the climate impact of the transport of goods and the Company's operation of offices. The transport impact is attempted limited through direct deliveries from the factory to the various points of sale, so that carriage to and from a warehouse facility is avoided.

Materiality assessment of risks/opportunities

The risk assessment includes relevant risks and potential opportunities to influence and/or prevent or avoid potential and adverse impacts from the above six matters. Below table was prepared during the work initiated to meet the requirements in the CSRD Directive.

Area	*Risk*	*Degree of impact*
Environment and climate (ESRS/E1 + E2 + E3 + E5)	Environmental and climate impact of own offices and warehouses	High
	Environmental and climate impact of products (depending on material type)	Medium
	Environmental and climate impact on supply chain (production, transport)	Medium
	Climate impact of end-of-use products (dismantling, sorting and recycling)	Low
Social and employee conditions (own employees) and gender representation (ESRS S1)	Rights and working conditions, including employee satisfaction, accidents, sickness absence and employee turnover ratio. Attract and retain skilled employees Ensure equal gender representation at Board of Directors and Management level	High
Human rights in the value chain (ESRS S2 + S4)	Rights and working conditions in the supply chain (human rights and employee rights at suppliers)	Medium
	Product safety (consumers)	High
Governance and anti-corruption (ESRS G1)	Corruption in the supply chain	Medium/high
	Data security (GDPR, cyberthreats, etc.)	Medium/high

The Group strives to do its utmost to identify, prevent and mitigate the above risks. The risk picture is assessed on an ongoing basis by top management and The Group's ESG and Compliance department.

Prior to entering 2023-24, as part of the preparation of a formalised policy in the area, The Group identified 11 ESG KPIs, all of which supports the four UN Sustainable Development Goals. The KPIs include:

- Decision on the proportion of suppliers who must commit to social certifications (BSCI, Sedex), CoC and The Group Supplier Agreement – which will all support decent working conditions (UN-8).
- Decision on the number of suppliers, the volume of business carried out, focus on more direct deliveries and number of factory audits – which will all support sustainable production patterns (UN-12).

Management's review

- Decision on the reduction of CO2 emissions using renewable energy – for the purpose of combatting climate change (UN-13).
- Decision on the proportion of sourcing from different developing countries – which will support global partnerships focusing on sustainable development (UN-17).

The Group has worked intensely with meeting the KPIs set at the beginning of the year, and we're pleased to see positive progress on all parameters. Number of certified suppliers, number of factory audits performed and diversification in use of sourcing countries are all met. The renewable energy KPI is also met via solar panels at the Danish location and an investment in a solar park.

To foster growth in this area, the KPIs will continue to be active in 2024/25, with even more ambitious targets set for the upcoming year.

Environment and climate

The Group is continuously working on minimising its negative impact on the environment and climate.

The biggest environmental and climate risks are related to the actual production. Often, the manufacturing process (such as firing of ceramics) is energy intensive.

On selected shipping lanes, The Group has entered into agreements with carriers about bio-fuelled transport.

The Group is aware of the environmental and climate impact of its offices. To meet this challenge, The Group has installed solar cells at its head office and invested in European solar parks to cover all CO_2 emissions from its own offices. In the view of the Group, travelling should be limited to the extent possible from a business perspective.

Being a merchandising business, the Company has limited influence on the end-of-use environmental and climate impact of discarded The Group products, and therefore, it does not carry out separate work in this area.

In relation to ensuring proper conditions (biodiversity, aquatic environment, the rights of indigenous peoples and forest workers) and preventing deforestation, The Group is FSC-certified (Chain of Custody). The audit was carried out by Bureau Veritas at the beginning of 2024, and no remarks were made.

Focusing on the supplier selection process has brought significant improvements.
Overall number of suppliers has been significantly reduced.

The process includes criteria for selection, mitigation of risks, potential for improvement, signing of a supplier agreement and Code of Conduct and, finally, a physical audit at the production site, where relevant working conditions are reviewed before a supplier can be approved.

The process is well-implemented in our current process flows and will be incorporated directly into the new ERP system in the year to come.

When performing factory audits a Compliance IT tool is used by our own quality control officers and it ensures continuous focus on both environmental and climate aspects of production as well as social conditions and governance (anti-corruption).

Management's review

Following an audit, a report is generated which forms the basis for an overall assessment of whether the supplier meets the requirements set out in the supplier agreement, etc.

In the coming years, The Group will continue making a targeted effort at reducing the number of suppliers. This will contribute to a more efficient production process, which will optimise energy consumption and reduce waste. In addition, the Company will attempt to increase the number of direct deliveries, which will reduce transport and associated CO_2 emissions where possible.

Social matters

The Group continuously contributes to the improvement of social conditions by requiring new suppliers to be BSCI-certified at C level or become BSCI-certified as a minimum at C level within six months after being onboarded.

In addition, The Group is a member of Amfori.
Amfori empowers companies to operate successful and responsible businesses, by helping them improve the environmental, social and governance performance of their value chains.

The Group's quality control officers make at least three visits: before, during and after production, while applying the proprietary compliance tool to review the production facility's management of the environment, climate, human rights and anti-corruption.

In addition, the Company is continuously working to increase the share of BSCI or Sedex-certified suppliers in the future.

Staff matters

The Group accepts broad social responsibility for all participants in our value chain, but we are first and foremost responsible for our own employees. We have chosen to live up to this responsibility by creating a working environment that ensures “A Good Day at Work” for everybody. “A Good Day at Work” is prioritised above everything else as it is seen as the very prerequisite for developing the Company’s competitiveness.

To measure The Group’s ability of creating “A Good Day at Work” we continue the use of yearly satisfaction surveys. The result of this year's Survey remains at an elevated score of 4.3 on a scale of 1 to 5. This is considered a very satisfactory score which reflects a group of employees who continuously are generally very satisfied with The Group in a workplace perspective.

Retention rate is also utilized to evaluate “A Good Day at Work”. During 2023-24 The Group secured a 91% retention rate. Although this is slightly lower than past period (96%) it is within the acceptable area.

We strive to ensure a higher retention in the year to come. Exit interviews are always conducted to understand the employee’s decision to leave The Group and to identify any internal areas for development and learning.

Additionally, "A Good Day at Work" will remain our focal point in the year to come and employee satisfaction surveys will continue to be conducted to track our development and to follow up on areas in need of special attention.

When initiating a major IT project, we recognize the impact it has on our employees.

Our purpose of “A Good Day at Work” is set as a primary objective in the IT project to ensure the project will be well integrated. Incorporating a good day at work is obtained by focusing on building an IT setup that accommodates for a structured “one procedure” approach throughout the The Group Group. Structure, and the resulting “one procedure”, is a key parameter when employees state what is the most important outcome to them in such a project.

This year, we have furthermore taken an important and exciting step in introducing the first part of our internal Leadership Development Programme. The purpose is to support our managers being good people leaders. This programme, based on emotional intelligence, starts with the manager’s own attitudes and emotions to foster outstanding performance in themselves and their teams.

Management's review

We will continue to build on this foundation in the year to come.

Our new HQ in Odense, Denmark is under construction and will be ready in the fall of 2025. The building will be DGNB Gold certified (the environment), Heart certified (staff matters), CO_2 neutral in operation and will generally embrace a good working life. We believe purpose of

that employees will choose to come to the office because they want to, not because they must.

The Group is an inclusive workplace without discrimination. We embrace all employees no matter gender, age, ethnicity or other characteristics that are irrelevant to the competences of the employee.

Our staff data are always handled in software designed specifically to ensure GDPR compliance.

Human rights

The Group is continuously working on increasing the proportion of BSCI-certified suppliers. A focus that was strengthened during the financial year 2023-24 by requiring all new suppliers to be BSCI or Sedex certified.

With the focus on BSCI and Sedex certifications, The Group does not currently hold a separate policy on social responsibility and human rights. In the coming years, The Group will enhance the effort in this particular area and implement measures to meet future requirements set by the Corporate Sustainability Report Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

The primary risks associated with human rights are the working conditions at the factories, including observance of working hours, ventilation, etc. – all areas targeted by the BSCI certification.

The Group believes that human rights are complied with to a greater extent when quality control officers are present locally and address the above conditions during their inspections.

During the financial year, any issues has been pointed out to the factory management. Depending on the nature of the issue, a deadline of one to six months is set for the supplier to rectify the situation.

We did not, during our visits to the factories, identify any significant inconsistencies with The Group's guidelines or the BSCI rules, and all suppliers with unacceptable scores have cooperated to meet the Company's social compliance requirements.

As end-user product safety is essential, The Group has made a strategic choice not to sell select product groups that could potentially entail a risk to the end user.

In addition, efforts are made to minimise the use of glazing containing harmful chemicals, and the Company is actively promoting the sale of products which, from a manufacturing perspective, are less harmful to the environment and climate. These include pottery made of wood where the energy-intensive firing process known from the production of ceramics is avoided.

All onboarded suppliers have signed The Group's Code of Conduct and Supplier Agreement.

Anti-corruption and anti-bribery

The Group applies an internal as well as an external Code of Conduct in the fight against corruption and bribery. The Codes of Conduct has been enacted since 2022.

The Code of Conduct clearly states that corruption and bribery are strictly prohibited, both by The Group's employees and at the production facilities. As a global player, The Group knows that the concept is

interpreted differently across cultures and, for this precise reason, the Company continues to communicate and control this matter.

The policy is translated into action by asking all employees in the production areas to sign a declaration clearly stating that corruption and bribery are reported to the police and will lead to termination of employment and cancellation of any bonuses earned.

Management's review

It is the Company's view that the partnerships established by The Group through its local presence at the factories reduce the risk of corruption and bribery, both now and in future.

An Honesty Agreement was drawn up as an addendum to the Supplier Agreement. The document contains clear guidelines as to which actions are considered to resemble corruption. Suppliers must inform The Group immediately if they become aware of behaviour resembling corruption.

As part of a risk assessment, selected suppliers in selected markets were tested on a sample basis. Where indications of deviant behaviour existed, measures were taken to prevent corruption and bribery.

Going forward, The Group will continue to encourage suppliers and employees to report behaviour resembling corruption.

A whistleblower scheme is implemented. To ensure GDPR compliance the setup is handled by a third party. No incidents have been reported during the financial year 2023-24.

Report on gender representation, cf section 99 b of the Danish Financial Statements Act

Overview

	2023-24
Board of Directors	
Total number of members	1
Gender Diversity (female %)	0%
Target figure	-
Year for achieving target figure	-
Other Management levels	
Total number of member	0
Gender Diversity (female %)	0%
Target figure	-
Year for achieving target figure	-

Board of Directors

The Group’s has 2 or fewer members in the board of Directors as of 30. june 2024

Other management levels

The Group’s has 2 or fewer members in other management levels as of 30. june 2024

Management's review

The Group has fewer than 50 full-time employees as of 30. June 2024 , and is therefore not obliged to draw up a policy and target figures.

Report on data ethics policy, cf section 99 d of the Danish Financial Statements Act

Data ethics

The Group is aware of its responsibility to treat all external and internal stakeholders' data safely and securely. IT and data protection policies have been refined in the past year. Policies are accessible to all employees via The Group's intranet.

The policies cover the use of hardware and software, as well as guidelines for IT security and implementation of the GDPR. Ongoing training is provided throughout the organization as needed to ensure employees adhere to data ethics in their daily work.

Data processing agreements are drawn up with external partners, and sensitive personal data are only registered in systems that comply with the GDPR rules.

The Group operates within the business-to-business market, maintaining exclusively business-related information, such as contact details for customers and suppliers.

Personal data on employees are collected solely for the purposes of employment. Personal data may not be used for purposes other than that for which the data were originally provided.

In addition, the ongoing data ethics efforts and policies are evaluated continuously to ensure compliance with the policies across the organisation.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual circumstances

No unusual events have occurred.

Subsequent events

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

Income statement 1 July 2023 - 30 June 2024

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	DKK	DKK	DKK
Revenue	1	304,103,181	455,731,601	0	0
Expenses for raw materials and consumables		-228,854,216	-330,667,459	0	0
Other external expenses		-23,169,217	-23,550,443	-185,372	-319,415
Gross profit		**52,079,748**	**101,513,699**	**-185,372**	**-319,415**
Staff expenses	2	-52,756,114	-54,182,899	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-8,518,564	-8,045,776	0	0
Profit/loss before financial income and expenses		**-9,194,930**	**39,285,024**	**-185,372**	**-319,415**
Income from investments in subsidiaries		0	0	-7,991,152	25,279,276
Financial income	4	4,162,138	16,167,811	2,299,946	6,599,473
Financial expenses		-5,256,921	-5,310,204	-87,737	-11,004
Profit/loss before tax		**-10,289,713**	**50,142,631**	**-5,964,315**	**31,548,330**
Tax on profit/loss for the year	5	-569,559	-9,716,952	-1,081,771	-1,785,060
Net profit/loss for the year	6	**-10,859,272**	**40,425,679**	**-7,046,086**	**29,763,270**

Balance sheet 30 June 2024

Assets

	Note	Group 2023/24	Group 2022/23	Parent company 2023/24	Parent company 2022/23
		DKK	DKK	DKK	DKK
Completed development projects		17,081,786	13,882,326	0	0
Goodwill		16,586,742	19,770,316	0	0
Intangible assets	7	**33,668,528**	**33,652,642**	**0**	**0**
Land and buildings		1,759,816	651,180	0	0
Other fixtures and fittings, tools and equipment		1,621,758	1,662,736	0	0
Property, plant and equipment in progress		72,101,916	0	0	0
Property, plant and equipment	8	**75,483,490**	**2,313,916**	**0**	**0**
Investments in subsidiaries	9	0	0	36,902,517	85,759,849
Other investments	10	931,040	1,032,898	0	0
Deposits	10	7,354,548	8,006,917	0	0
Fixed asset investments		**8,285,588**	**9,039,815**	**36,902,517**	**85,759,849**
Fixed assets		**117,437,606**	**45,006,373**	**36,902,517**	**85,759,849**
Finished goods and goods for resale		27,301,796	17,228,482	0	0
Assets meant for sale		45,000	45,000	45,000	45,000
Prepayments for goods		7,241,247	7,909,222	0	0
Inventories		**34,588,043**	**25,182,704**	**45,000**	**45,000**
Trade receivables		25,090,644	23,669,629	0	0
Receivables from group enterprises		0	0	2,711,600	0
Other receivables	11	36,899,014	37,274,384	16,878,350	15,419,418
Corporation tax		0	0	1,148,365	401,788
Prepayments	12	2,487,014	2,835,267	0	0
Receivables		**64,476,672**	**63,779,280**	**20,738,315**	**15,821,206**
Current asset investments		**51,399,840**	**34,095,176**	**51,399,840**	**34,095,176**

Balance sheet 30 June 2024

Assets

	Note	Group 2023/24	Group 2022/23	Parent company 2023/24	Parent company 2022/23
		DKK	DKK	DKK	DKK
Cash at bank and in hand		**3,816,788**	**43,229,314**	**1,349,915**	**37,740**
Current assets		**154,281,343**	**166,286,474**	**73,533,070**	**49,999,122**
Assets		**271,718,949**	**211,292,847**	**110,435,587**	**135,758,971**

Balance sheet 30 June 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	DKK	DKK	DKK
Share capital		125,000	125,000	125,000	125,000
Reserve for net revaluation under the equity method		0	0	21,273,079	68,252,144
Reserve for hedging transactions		4,308,698	0	0	0
Retained earnings		101,862,268	115,696,558	84,897,887	49,331,088
Proposed dividend for the year		2,000,000	15,000,000	2,000,000	15,000,000
Equity attributable to shareholders of the Parent Company		**108,295,966**	**130,821,558**	**108,295,966**	**132,708,232**
Minority interests		18,124,158	38,642,847	0	0
Equity		**126,420,124**	**169,464,405**	**108,295,966**	**132,708,232**
Provision for deferred tax	13	646,661	1,061,761	0	0
Provisions		**646,661**	**1,061,761**	**0**	**0**
Credit institutions		0	1,225,663	0	1,225,663
Lease obligations		64,872,199	0	0	0
Long-term debt	14	**64,872,199**	**1,225,663**	**0**	**1,225,663**
Credit institutions	14	1,866,327	0	0	0
Lease obligations	14	6,927,348	0	0	0
Prepayments received from customers		0	34,903	0	0
Trade payables		43,967,781	22,363,271	0	0
Payables to group enterprises		0	0	896,664	893,000
Corporation tax		193,436	1,474,693	0	0
Payables to group enterprises relating to corporation tax		0	0	1,001,100	874,470
Other payables		26,825,073	15,668,151	241,857	57,606
Short-term debt		**79,779,965**	**39,541,018**	**2,139,621**	**1,825,076**
Debt		**144,652,164**	**40,766,681**	**2,139,621**	**3,050,739**
Liabilities and equity		**271,718,949**	**211,292,847**	**110,435,587**	**135,758,971**

Balance sheet 30 June 2024

Liabilities and equity

		Group		Parent company	
	Note	2023/24	2022/23	2023/24	2022/23
		DKK	DKK	DKK	DKK
Contingent assets, liabilities and other financial obligations	17				
Related parties	18				
Fee to auditors appointed at the general meeting	19				
Subsequent events	20				
Accounting Policies	21				

Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	125,000	0	115,696,558	15,000,000	130,821,558	38,642,847	169,464,405
Exchange adjustments	0	4,308,698	-4,308,698	0	0	0	0
Ordinary dividend paid	0	0	0	-15,000,000	-15,000,000	-16,500,000	-31,500,000
Exchange adjustments relating to foreign entities	0	0	-659,898	0	-659,898	-282,813	-942,711
Fair value adjustment of hedging instruments, beginning of year	0	0	16,535	0	16,535	7,087	23,622
Fair value adjustment of hedging instruments, end of year	0	0	163,857	0	163,857	70,224	234,081
Net profit/loss for the year	0	0	-9,046,086	2,000,000	-7,046,086	-3,813,187	-10,859,273
Equity at 30 June	**125,000**	**4,308,698**	**101,862,268**	**2,000,000**	**108,295,966**	**18,124,158**	**126,420,124**

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	125,000	68,252,144	49,331,088	15,000,000	132,708,232
Exchange adjustments	0	-659,898	0	0	-659,898
Ordinary dividend paid	0	0	0	-15,000,000	-15,000,000
Fair value adjustment of hedging instruments, end of year	0	193,540	0	0	193,540
Other equity movements	0	0	-1,899,822	0	-1,899,822
Net profit/loss for the year	0	-46,512,707	37,466,621	2,000,000	-7,046,086
Equity at 30 June	**125,000**	**21,273,079**	**84,897,887**	**2,000,000**	**108,295,966**

Cash flow statement 1 July 2023 - 30 June 2024

	Note	Group 2023/24	Group 2022/23
		DKK	DKK
Result of the year		-10,859,272	40,425,679
Adjustments	15	9,240,195	5,341,726
Change in working capital	16	22,769,219	95,620,510
Cash flow from operations before financial items		**21,150,142**	**141,387,915**
Financial income		4,162,138	18,087,014
Financial expenses		-5,192,478	-5,311,739
Cash flows from ordinary activities		**20,119,802**	**154,163,190**
Corporation tax paid		-2,265,916	-13,463,149
Cash flows from operating activities		**17,853,886**	**140,700,041**
Purchase of intangible assets		-7,902,522	-5,457,781
Purchase of property, plant and equipment		-73,801,502	-1,783,012
Fixed asset investments made etc		-16,310,356	-17,517,360
Sale of property, plant and equipment		0	156,899
Sale of fixed asset investments made etc		564,583	5,194,277
Cash flows from investing activities		**-97,449,797**	**-19,406,977**
Repayment of loans from credit institutions		0	-34,388,596
Repayment of payables to associates		0	-45,606
Repayment of other long-term debt		112,281	0
Raising of loans from credit institutions		640,664	0
Lease obligations incurred		71,799,547	0
Dividend paid		-15,000,000	-30,000,000
Cash flows from financing activities		**57,552,492**	**-64,434,202**
Change in cash and cash equivalents		**-22,043,419**	**56,858,862**
Cash and cash equivalents at 1 July		77,324,490	22,383,294
Exchange adjustment of current asset investments		-64,443	-1,917,668
Cash and cash equivalents at 30 June		**55,216,628**	**77,324,488**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		3,816,788	43,229,314
Current asset investments		51,399,840	34,095,176
Cash and cash equivalents at 30 June		**55,216,628**	**77,324,490**

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
1. Revenue				
Geographical segments				
Revenue, Denmark	31,637,472	41,099,316	0	0
Revenue, exports	272,465,709	414,632,285	0	0
	304,103,181	**455,731,601**	**0**	**0**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
2. Staff Expenses				
Wages and salaries	44,617,766	45,248,649	0	0
Pensions	2,903,718	2,773,382	0	0
Other social security expenses	1,335,873	1,444,641	0	0
Other staff expenses	3,898,757	4,716,227	0	0
	52,756,114	**54,182,899**	**0**	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	**132**	**129**	**0**	**0**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	7,886,636	7,261,403	0	0
Depreciation of property, plant and equipment	631,928	784,373	0	0
	8,518,564	**8,045,776**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
4. Financial income				
Interest received from group enterprises	0	0	283,767	234,247
Other financial income	2,718,267	7,416,931	2,016,179	6,365,226
Exchange gains	1,443,871	8,750,880	0	0
	4,162,138	**16,167,811**	**2,299,946**	**6,599,473**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
5. Income tax expense				
Current tax for the year	1,360,000	9,002,483	1,001,088	874,456
Deferred tax for the year	-978,576	-309,501	0	0
Adjustment of tax concerning previous years	188,135	1,023,970	80,683	910,604
	569,559	**9,716,952**	**1,081,771**	**1,785,060**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
6. Profit allocation				
Extraordinary dividend paid	0	25,000,000	0	25,000,000
Proposed dividend for the year	2,000,000	15,000,000	2,000,000	15,000,000
Reserve for net revaluation under the equity method	0	0	-46,512,707	-4,099,169
Minority interests' share of net profit/loss of subsidiaries	-3,813,186	10,643,626	0	0
Retained earnings	-9,046,086	-10,217,947	37,466,621	-6,137,561
	-10,859,272	**40,425,679**	**-7,046,086**	**29,763,270**

Notes to the Financial Statements

7. Intangible fixed assets
Group

	Completed development projects	Goodwill
	DKK	DKK
Cost at 1 July	30,489,173	33,572,178
Additions for the year	7,902,522	0
Cost at 30 June	38,391,695	33,572,178
Impairment losses and amortisation at 1 July	16,606,847	13,801,862
Amortisation for the year	4,703,062	3,183,574
Impairment losses and amortisation at 30 June	21,309,909	16,985,436
Carrying amount at 30 June	**17,081,786**	**16,586,742**
Amortised over	5 years	10 years

8. Property, plant and equipment
Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	DKK	DKK	DKK
Cost at 1 July	651,180	17,361,181	0
Additions for the year	1,203,182	757,740	71,799,547
Disposals for the year	0	-564,583	0
Transfers for the year	0	0	302,369
Cost at 30 June	1,854,362	17,554,338	72,101,916
Impairment losses and depreciation at 1 July	94,546	15,698,445	0
Depreciation for the year	0	289,435	0
Impairment and depreciation of sold assets for the year	0	-55,300	0
Impairment losses and depreciation at 30 June	94,546	15,932,580	0
Carrying amount at 30 June	**1,759,816**	**1,621,758**	**72,101,916**
Amortised over		3-10 years	

	Parent company	
	2023/24	2022/23
	DKK	DKK

9. Investments in subsidiaries

	2023/24 DKK	2022/23 DKK
Cost at 1 July	17,529,260	16,529,260
Additions for the year	0	1,000,000
Cost at 30 June	17,529,260	17,529,260
Value adjustments at 1 July	68,230,589	75,982,641
Net profit/loss for the year	-5,759,311	27,511,117
Dividend to the Parent Company	-38,500,000	-29,400,000
Other equity movements, net	-2,366,180	-3,631,328
Amortisation of goodwill	-2,231,841	-2,231,841
Value adjustments at 30 June	19,373,257	68,230,589
Carrying amount at 30 June	**36,902,517**	**85,759,849**
Remaining positive difference included in the above carrying amount at	10,718,162	12,950,003

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes
Dymak A/S	Denmark	70%
Laboraigh Invest ApS	Denmark	100%

10. Other fixed asset investments

Group

	Other investments	Deposits
	DKK	DKK
Cost at 1 July	1,032,898	8,006,917
Disposals for the year	0	-350,000
Transfers for the year	0	-302,369
Cost at 30 June	1,032,898	7,354,548
Impairment losses at 1 July	0	0
Impairment losses for the year	101,858	0
Impairment losses at 30 June	101,858	0
Carrying amount at 30 June	**931,040**	**7,354,548**

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK

11. Other receivables

	Group 2023/24	Group 2022/23	Parent company 2023/24	Parent company 2022/23
Other receivables	36,899,014	37,274,384	16,878,350	15,419,418
	36,899,014	**37,274,384**	**16,878,350**	**15,419,418**

Other receivables include the positive fair value of currency forward contracts of TDKK 300 for hedging the price of the future financial year's purchases in USD.

12. Prepayments

Prepayments consist of prepaid expenses

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
13. Provision for deferred tax				
Deferred tax liabilities at 1 July	1,061,761	1,377,925	0	0
Amounts recognised in the income statement for the year	-978,576	-309,501	0	0
Amounts recognised in equity for the year	563,476	-6,663	0	0
Deferred tax liabilities at 30 June	**646,661**	**1,061,761**	**0**	**0**

14. 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 company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	0	1,225,663	0	1,225,663
Long-term part	0	1,225,663	0	1,225,663
Other short-term debt to credit institutions	1,866,327	0	0	0
	1,866,327	**1,225,663**	**0**	**1,225,663**
Lease obligations				
After 5 years	26,232,076	0	0	0
Between 1 and 5 years	38,640,123	0	0	0
Long-term part	64,872,199	0	0	0
Within 1 year	6,927,348	0	0	0
	71,799,547	**0**	**0**	**0**

Notes to the Financial Statements

15. Cash flow statement - Adjustments

	Group	
	2023/24	2022/23
	DKK	DKK
Financial income	-4,162,138	-16,167,811
Financial expenses	5,256,921	5,310,204
Depreciation, amortisation and impairment losses, including losses and gains on sales	8,518,564	8,045,776
Tax on profit/loss for the year	569,559	9,716,952
Exchange adjustments	-942,711	-1,563,395
	9,240,195	**5,341,726**

16. Cash flow statement - Change in working capital

	Group	
	2023/24	2022/23
	DKK	DKK
Change in inventories	-9,405,339	54,510,262
Change in receivables	-697,392	83,439,200
Change in other provisions	0	-859,558
Change in trade payables, etc	32,614,247	-41,469,394
Fair value adjustments of hedging instruments	257,703	0
	22,769,219	**95,620,510**

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
17. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with bankers:				
Company charges registered to the totalling kDKK 35.000, providing security on account receivables, inventory, tangible and intangible assets at a total carrying amount of:	32,213,192	27,365,646	32,213,192	27,365,646
Pledge of shares in affiliated companies kDKK 1.000 at a total carrying amount of:	0	0	38,802,339	85,759,849
The following assets have been placed as security for lease obligations:				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	839,309	712,457	0	0
Between 1 and 5 years	585,284	922,750	0	0
	1,424,593	**1,635,207**	**0**	**0**
Obligation to designate buyer, operating leases. Expected residual value on expiry agreement	55,382,724	127,185,272	0	0
Lease obligations, period of non-terminability 12 months	6,927,348	9,479,089	0	0

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 193,436. Moreover, the Danish 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 Group's liability.

Notes to the Financial Statements

18. Related parties

	Basis
Controlling interest	
Claus Bøgelund	100 % ownership

Transactions

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

19. Fee to auditors appointed at the general meeting

	Group	
	2023/24	2022/23
	DKK	DKK
PricewaterhouseCoopers		
Audit fee	279,250	258,000
Non-audit services	21,255	57,000
	300,505	**315,000**
Andre revisionsfirmaer		
Other assurance engagements	341,745	273,102
Non-audit services	46,237	53,345
	387,982	**326,447**

20. Subsequent events

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

Notes to the Financial Statements

21. Accounting policies

The Annual Report of Bøgelund ApS for 2023/24 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 Financial Statements and the Parent Company Financial Statements for 2023/24 are presented in DKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Bøgelund 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

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. 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.

Business acquisitions carried through before 1 July 2018

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 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.

Notes to the Financial Statements

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 acquistition of subsidiaries.

Business acquisitions carried through before 1 July 2018

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

Business acquisitions carried through on or after 1 July 2018

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

Translation policies

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

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.

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 the fair value reserve 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 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.

Segment information on revenue

Information on geographical segments is based on the Group´s risks and returns and its internal financial reporting system.

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 the consolidated revenue for the year.

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Notes to the Financial Statements

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

The Company is jointly taxed with . The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is year.

Property, plant and equipment

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

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

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

Notes to the Financial Statements

Other fixtures and fittings, tools and equipment	3-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

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

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

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

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

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

Inventories

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

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

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour 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 Dividend item.

Deferred tax assets and liabilities

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

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

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

Notes to the Financial Statements

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

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

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise .

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

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity