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# ***Change of Scandinavia A/S***

Farum Gydevej 73, DK-3520 Farum

## **Annual Report for 1 July 2022 - 30 June 2023**

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CVR No 28 71 13 28

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
11/12 2023

Tom Deichmann  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Change of Scandinavia A/S for the financial year 1 July 2022 - 30 June 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 June 2023 of the Company and of the results of the Company operations for 2022/23.

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, 11 December 2023

## Executive Board

Claus Walther Jensen  
Executive Officer

## Board of Directors

Claus Walther Jensen

Gitte Breil

Julie Breil

# Independent Auditor's Report

To the Shareholder of Change of Scandinavia A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2023 and of the results of the Company's operations for the financial year 1 July 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Change of Scandinavia A/S for the financial year 1 July 2022 - 30 June 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 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 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 misstate-

# Independent Auditor's Report

ment, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

# Independent Auditor's Report

in a manner that gives a true and fair view.

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

Hillerød, 11 December 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Henrik Aslund Pedersen

statsautoriseret revisor

mne17120

Michael Blom

statsautoriseret revisor

mne32797

## **Company Information**

### **The Company**

Change of Scandinavia A/S  
Farum Gydevej 73  
DK-3520 Farum

CVR No: 28 71 13 28  
Financial period: 1 July - 30 June  
Incorporated: 12 May 2005  
Financial year: 19th financial year  
Municipality of reg. office: Furesø

### **Board of Directors**

Claus Walther Jensen  
Gitte Breil  
Julie Breil

### **Executive Board**

Claus Walther Jensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Milnersvej 43  
DK-3400 Hillerød

## Financial Highlights

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

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	400,564	354,080	342,694	205,453	191,314
Gross profit/loss	142,387	132,375	148,156	73,127	79,188
Operating profit/loss	90,002	75,808	103,196	32,110	44,269
Profit/loss before financial income and expenses	7,112	34,142	40,779	11,398	21,682
Net financials	13,547	-3,237	-950	1,891	1,450
Net profit/loss for the year	16,103	24,098	31,114	10,505	18,024
<b>Balance sheet</b>					
Balance sheet total	581,528	417,587	262,621	275,894	328,970
Equity	143,678	141,813	111,801	77,947	167,590
Investment in property, plant and equipment	1,863	505	1,049	593	819
Number of employees	46	44	36	37	29
<b>Ratios</b>					
Gross margin	35.5%	37.4%	43.2%	35.6%	41.4%
Profit margin	1.8%	9.6%	11.9%	5.5%	11.3%
Return on assets	1.2%	8.2%	15.5%	4.1%	6.6%
Solvency ratio	24.7%	34.0%	42.6%	28.3%	50.9%
Return on equity	11.3%	19.0%	32.8%	8.6%	11.5%



# Management's Review

## **Key activities**

The primary activities of the Company are design, production management and distribution of lingerie, swimwear, nightwear and other associated products.

## **Development in the year**

The income statement of the Company for 2022/23 shows a profit of DKK 16,102,669, and at 30 June 2023 the balance sheet of the Company shows equity of DKK 143,678,368.

Because of the challenging market situation and the active decision to invest in gaining market share, the result of the year was a decline compared to last year. The management is overall not satisfied with the financial development.

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

As a consequence of the challenging market situation and the active decision to invest in gaining market share the result of the year was a decline compared to last year.

## **Market risks**

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

## **Foreign exchange risks**

The Company is exposed to general currency risks as regards its operations, however the risk mainly relates to 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.

## **Targets and expectations for the year ahead**

We expect a slight 5% increase in revenue in constant currency and a 10 % - 20 % higher EBITDA in 2023/24.

## **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 sufficient to ensure return on the research and development activities.

## **External environment**

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

# Management's Review

## Intellectual capital resources

The Company intellectual capital resources is related to the development of products and sale activities. Development of new products and the right approach to the end user is sufficient for success.

## Statement of corporate social responsibility and Data Ethics

With reference to section 99 of the Danish Financial Statements Act the Statement of corporate social responsibility and Data Ethics is included in the consolidated financial statements of Asian Import ApS and Change of Scandinavia Holding A/S.

## Statement on gender composition

With reference to section 99 of the Danish Financial Statements Act the Statement on gender composition is included in the consolidated financial statements of Asian Import ApS and Change of Scandinavia Holding A/S.

## 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.

## Unusual events

The result of the year has been affected by the overall macro-economic situation with increased inflation and interest rates which have decreased the purchase power of the consumers.

The financial position at 30 June 2023 of the Company and the results of the activities of the Company for the financial year for 2022/23 have not been affected by any other 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	2022/23 DKK	2021/22 DKK
<b>Revenue</b>	2	<b>400,564,494</b>	<b>354,080,445</b>
Work on own account recognised in assets		6,589,357	5,966,137
Other operating income		12,470,571	11,696,503
Expenses for raw materials and consumables		-206,180,530	-177,143,432
Other external expenses		-71,057,199	-62,224,619
<b>Gross profit/loss</b>		<b>142,386,693</b>	<b>132,375,034</b>
Staff expenses	3	-28,681,683	-34,955,228
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-11,232,471	-9,914,835
Other operating expenses		-95,360,869	-53,362,553
<b>Profit/loss before financial income and expenses</b>		<b>7,111,670</b>	<b>34,142,418</b>
Financial income	5	27,591,105	2,145,179
Financial expenses	6	-14,043,975	-5,382,167
<b>Profit/loss before tax</b>		<b>20,658,800</b>	<b>30,905,430</b>
Tax on profit/loss for the year	7	-4,556,131	-6,807,893
<b>Net profit/loss for the year</b>		<b>16,102,669</b>	<b>24,097,537</b>

# Balance Sheet 30 June

## Assets

	Note	2022/23 DKK	2021/22 DKK
Completed development projects		3,810,836	3,627,917
Acquired licenses		17,800,912	20,760,679
Acquired other similar rights		36,625	124,642
Development projects in progress		19,390,866	9,108,108
<b>Intangible assets</b>	<b>8</b>	<b><u>41,039,239</u></b>	<b><u>33,621,346</u></b>
Other fixtures and fittings, tools and equipment		1,755,075	1,602,607
Leasehold improvements		984,311	250,910
<b>Property, plant and equipment</b>	<b>9</b>	<b><u>2,739,386</u></b>	<b><u>1,853,517</u></b>
Deposits		1,740,619	1,740,619
Other receivables		500,000	500,000
<b>Fixed asset investments</b>	<b>10</b>	<b><u>2,240,619</u></b>	<b><u>2,240,619</u></b>
<b>Fixed assets</b>		<b><u>46,019,244</u></b>	<b><u>37,715,482</u></b>
Finished goods and goods for resale		82,050,519	85,789,551
Prepayments for goods		4,706,315	0
<b>Inventories</b>		<b><u>86,756,834</u></b>	<b><u>85,789,551</u></b>
Trade receivables		1,263,825	523,387
Receivables from group enterprises		420,847,289	232,638,197
Other receivables	17	5,893,877	20,666,735
Deferred tax asset	14	1,655,154	0
Prepayments	11	3,422,226	14,906,873
<b>Receivables</b>		<b><u>433,082,371</u></b>	<b><u>268,735,192</u></b>
<b>Cash at bank and in hand</b>		<b><u>15,669,290</u></b>	<b><u>25,346,312</u></b>
<b>Currents assets</b>		<b><u>535,508,495</u></b>	<b><u>379,871,055</u></b>
<b>Assets</b>		<b><u>581,527,739</u></b>	<b><u>417,586,537</u></b>

# Balance Sheet 30 June

## Liabilities and equity

	Note	2022/23 DKK	2021/22 DKK
Share capital	12	500,000	500,000
Reserve for development costs		18,097,328	2,829,775
Reserve for hedging transactions		-6,212,954	8,024,532
Retained earnings		131,293,994	130,458,878
<b>Equity</b>		<b>143,678,368</b>	<b>141,813,185</b>
Provision for deferred tax	14	0	2,559,848
Other provisions	15	3,585,622	4,585,622
<b>Provisions</b>		<b>3,585,622</b>	<b>7,145,470</b>
Lease obligations		160,212	268,488
Deposits		223,782	223,782
<b>Long-term debt</b>	16	<b>383,994</b>	<b>492,270</b>
Credit institutions		156,207,489	111,783,252
Lease obligations	16	108,276	108,276
Trade payables		13,509,175	26,274,148
Payables to group enterprises		218,771,433	93,572,910
Payables to group enterprises relating to corporation tax		34,092,964	29,337,532
Other payables		11,190,418	7,055,494
Deferred income	18	0	4,000
<b>Short-term debt</b>		<b>433,879,755</b>	<b>268,135,612</b>
<b>Debt</b>		<b>434,263,749</b>	<b>268,627,882</b>
<b>Liabilities and equity</b>		<b>581,527,739</b>	<b>417,586,537</b>
Subsequent events	1		
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	19		
Related parties	20		
Fee to auditors appointed at the general meeting	21		
Accounting Policies	22		

## Statement of Changes in Equity

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	500,000	2,829,775	8,024,532	130,458,878	141,813,185
Fair value adjustment of hedging instruments, beginning of year	0	0	-10,287,861	0	-10,287,861
Fair value adjustment of hedging instruments	0	0	-7,965,326	0	-7,965,326
Tax on adjustment of hedging instruments for the year	0	0	4,015,701	0	4,015,701
Development costs for the year	0	18,097,328	0	-18,097,328	0
Depreciation, amortisation and impairment for the year	0	-2,829,775	0	2,829,775	0
Net profit/loss for the year	0	0	0	16,102,669	16,102,669
<b>Equity at 30 June</b>	<b>500,000</b>	<b>18,097,328</b>	<b>-6,212,954</b>	<b>131,293,994</b>	<b>143,678,368</b>

# Notes to the Financial Statements

## 1 Subsequent events

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

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>2 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	129,524,494	114,633,827
Revenue, exports	<u>271,040,000</u>	<u>239,446,618</u>
	<b><u>400,564,494</u></b>	<b><u>354,080,445</u></b>

## 3 Staff expenses

Wages and salaries	24,531,650	30,550,379
Pensions	2,372,346	2,159,474
Other social security expenses	477,434	533,870
Other staff expenses	<u>1,300,253</u>	<u>1,711,505</u>
	<b><u>28,681,683</u></b>	<b><u>34,955,228</u></b>

<b>Average number of employees</b>	<b><u>46</u></b>	<b><u>44</u></b>
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Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## 4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	10,247,306	9,035,728
Depreciation of property, plant and equipment	<u>985,165</u>	<u>879,107</u>
	<b><u>11,232,471</u></b>	<b><u>9,914,835</u></b>

## Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>5 Financial income</b>		
Interest received from group enterprises	1,894,131	1,154,262
Other financial income	128	2,644
Exchange adjustments	<u>25,696,846</u>	<u>988,273</u>
	<b><u>27,591,105</u></b>	<b><u>2,145,179</u></b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	909,768	1,242,316
Other financial expenses	5,236,192	2,283,343
Exchange adjustments, expenses	<u>7,898,015</u>	<u>1,856,508</u>
	<b><u>14,043,975</u></b>	<b><u>5,382,167</u></b>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	4,755,432	7,139,748
Deferred tax for the year	<u>-199,301</u>	<u>-331,855</u>
	<b><u>4,556,131</u></b>	<b><u>6,807,893</u></b>



## Notes to the Financial Statements

### 8 Intangible assets

	Completed development projects	Acquired licenses	Acquired other similar rights	Development projects in progress	Total
	DKK	DKK	DKK	DKK	DKK
Cost at 1 July	3,627,917	69,271,591	656,374	9,108,108	82,663,990
Additions for the year	3,810,836	3,571,606	0	10,282,758	17,665,200
Disposals for the year	-3,627,917	0	0	0	-3,627,917
Cost at 30 June	<u>3,810,836</u>	<u>72,843,197</u>	<u>656,374</u>	<u>19,390,866</u>	<u>96,701,273</u>
Impairment losses and amortisation at 1 July	0	48,510,912	531,732	0	49,042,644
Amortisation for the year	3,627,917	6,531,373	88,017	0	10,247,307
Reversal of amortisation of disposals for the year	<u>-3,627,917</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-3,627,917</u>
Impairment losses and amortisation at 30 June	<u>0</u>	<u>55,042,285</u>	<u>619,749</u>	<u>0</u>	<u>55,662,034</u>
<b>Carrying amount at 30 June</b>	<b><u>3,810,836</u></b>	<b><u>17,800,912</u></b>	<b><u>36,625</u></b>	<b><u>19,390,866</u></b>	<b><u>41,039,239</u></b>

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 of new collections are finalized or are expected to be finalized in time to go to market with the products according to the marketing plan. The new products are expected to be sold in the present market and through the Group's existing stores and web sales.

Development in progress is progressing according to plan, and sufficient resources are allocated by Management to the development activities. Development projects in progress relate to the group's new IT system and platforms. The Company expects that the new and improved systems and platforms will substantiate the processes and business.

## Notes to the Financial Statements

### 9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 July	8,072,626	2,627,932	10,700,558
Additions for the year	818,803	1,052,230	1,871,033
Cost at 30 June	8,891,429	3,680,162	12,571,591
Impairment losses and depreciation at 1 July	6,470,019	2,377,022	8,847,041
Depreciation for the year	666,335	318,829	985,164
Impairment losses and depreciation at 30 June	7,136,354	2,695,851	9,832,205
<b>Carrying amount at 30 June</b>	<b>1,755,075</b>	<b>984,311</b>	<b>2,739,386</b>
Including assets under finance leases amounting to	194,237	0	194,237

### 10 Fixed asset investments

	Deposits	Other receiv- ables
	DKK	DKK
Cost at 1 July	1,740,619	500,000
Disposals for the year	0	0
Transfers for the year	0	0
Cost at 30 June	1,740,619	500,000
<b>Carrying amount at 30 June</b>	<b>1,740,619</b>	<b>500,000</b>

### 11 Prepayments

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

### 12 Equity

The share capital consists of 10 shares of a nominal value of DKK 50,000. No shares carry any special rights.

## Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>13 Distribution of profit</b>		
Retained earnings	16,102,669	24,097,537
	<b><u>16,102,669</u></b>	<b><u>24,097,537</u></b>
<b>14 Deferred tax asset</b>		
Deferred tax asset at 1 July	-2,559,848	-1,223,514
Amounts recognised in the income statement for the year	199,301	331,855
Amounts recognised in equity for the year	4,015,701	-1,668,189
<b>Deferred tax asset at 30 June</b>	<b><u>1,655,154</u></b>	<b><u>-2,559,848</u></b>
<b>15 Other provisions</b>		
Other provisions include a provision for buyback commitments.		
The Company provides the customers a possibility to return products. Based on previous experience in respect of the level of prior returned products and already returned products other provisions of DKK 3,585,622 (2021: DKK 4,585,622) have been recognised for expected returned goods.		
Other provisions	3,585,622	4,585,622
	<b><u>3,585,622</u></b>	<b><u>4,585,622</u></b>

# Notes to the Financial Statements

## 16 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:

	<u>2022/23</u> DKK	<u>2021/22</u> DKK
<b>Lease obligations</b>		
Between 1 and 5 years	160,212	268,488
Long-term part	<u>160,212</u>	<u>268,488</u>
Within 1 year	<u>108,276</u>	<u>108,276</u>
	<b><u>268,488</u></b>	<b><u>376,764</u></b>
<b>Deposits</b>		
Between 1 and 5 years	223,782	223,782
Long-term part	<u>223,782</u>	<u>223,782</u>
Within 1 year	<u>0</u>	<u>0</u>
	<b><u>223,782</u></b>	<b><u>223,782</u></b>

## Notes to the Financial Statements

### 17 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	<u>2022/23</u> DKK	<u>2021/22</u> DKK
Assets	7,965,326	10,287,861

Forward exchange contracts have been concluded to hedge future sale of goods and payments in USD, NOK, SEK, CNH and EUR. At the balance sheet date fair value of the forward exchange contract amounts to DKK 7,965,326 (liability). The forward exchange contracts terminates within 1-11 months.

	<u>Value adjust- ment, income statement</u>	<u>Value adjust- ment, equity</u>	<u>Fair value at 30 June</u>
Forward exchange rate contracts	DKK 0	DKK -18,253,187	DKK -7,965,326

### 18 Deferred income

Deferred income consists of gain on sales and leaseback of tangible assets.

## Notes to the Financial Statements

	2022/23 DKK	2021/22 DKK
<b>19 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with bankers:		
Bank debts of the Company and the affiliate, Change of Scandinavia Retail A/S subsidiary are secured by way of a company charge of kDKK 60,000 thousand nominal value. The book value of the assets secured are:	127,059,078	121,264,414
<b>Other contingent liabilities</b>		
Rental or lease agreements until expiry in total	867,084	1,298,386
Here of liabilities under rental agreements or leases with group enterprises until expiry	0	356,052
Rent and payment guarantees for rental agreements in subsidiaries	25,338,283	19,642,226
Other guarantees	0	67,000

Change of Scandinavia A/S has issued a bail to Sydbank and Nykredit for loans issued to the parent companies Change of Scandinavia Holding A/S and Asian Import A/S.

The 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 is disclosed in the Annual Report of Asian import ApS, which is the management company of the joint taxation purposes. 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.

# Notes to the Financial Statements

## 20 Related parties

	<b>Basis</b>
<b>Controlling interest</b>	
Asian Import ApS	Ultimative Parent

### 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.

### Consolidated Financial Statements

The Company is included in the Consolidated accounts for the parent Companies

Name	Place of registered office
Asian Import ApS	Farum Gydevej 73, 3520 Farum
Change of Scandinavia Holding A/S	Farum Gydevej 73, 3520 Farum

## 21 Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act and that the fee to auditors appointed at the general meeting is included in the consolidated financial statements of Change of Scandinavia Holding A/S, the Company has not included the information of the fee in the Annual Report.

# Notes to the Financial Statements

## 22 Accounting Policies

The Annual Report of Change of Scandinavia A/S for 2022/23 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 Financial Statements for 2022/23 are presented in DKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Asian Import ApS and Change of Scandinavia Holding A/S, the Company has not prepared a cash flow statement.

### 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.

### Leases

Leases in terms of which the Company 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 Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the inte-



# Notes to the Financial Statements

## 22 Accounting Policies (continued)

rest 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 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

# Notes to the Financial Statements

## 22 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 geographical segments based on the Company'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 Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

### 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.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment and compensation for Covid-19.

### 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 group Companies. 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 5 - 20 years.

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

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

licence period; however not exceeding 3 - 20 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.

### 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.

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:

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.

### 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.

### Fixed asset investments

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 loan and financial lease to third parties franchise owners.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### **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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

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

### **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.

### **Equity**

#### ***Dividend***

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

### **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5. Provisions are measured and recognised based on experience with guarantee work.

### **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.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

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 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.

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

## 22 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

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