RAINS ApS

Jens Olsens Vej 13, Skejby, 8200 Aarhus N

Company reg. no. 34 47 61 87

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 28 June 2024.

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Daniel Brix Hesselager
Chairman of the meeting

Contents

Notes:
- *To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.*
- *Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.*

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of RAINS ApS for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and 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 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2023.

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

We recommend that the annual report be approved at the Annual General Meeting.

Aarhus N, 28 June 2024

Managing Director

Steen Borgholm

Board of directors

Daniel Brix Hesselager	Kenneth Davids	Philip Lotko Wormslev

Independent auditor's report

To the Shareholders of RAINS ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of RAINS ApS for the financial year 1 January to 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

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 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 Consolidated Financial Statements and the Parent Company 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.

Management’s Responsibilities for the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 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 consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on Management’s Review

Management is responsible for Management’s Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the consolidated financial statements and the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Aarhus, 28 June 2024

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Henrik Sondrup
State Authorised Public Accountant
mne31446

Company information

The company	RAINS ApS Jens Olsens Vej 13, Skejby 8200 Aarhus N
	Company reg. no. 34 47 61 87 *Financial year:* *1 January - 31 December*
Board of directors	Daniel Brix Hesselager Kenneth Davids Philip Lotko Wormslev
Managing Director	Steen Borgholm
Auditors	Redmark Godkendt Revisionspartnerselskab Sommervej 31C 8210 Aarhus V
Parent company	Hesselager Holding ApS
Subsidiaries	Rains USA INC., USA Rains Shanghai Trading Co. Ltd., China Rains Norway AS, Norway Rains International Ltd., Great Britain Rains Germany GmbH, Germany Rains Sweden AB, Sweden Drip Dutch B.V., Netherlands ISOG ApS, Denmark RAINS Canada Sales INC., Canada

Consolidated financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Revenue	627.703	563.244	400.938	271.048	231.228
Gross profit	168.411	143.575	120.617	78.858	63.727
Profit from operating activities	72.371	67.780	69.667	41.889	26.562
Net financials	20	-3.310	2.397	-1.352	-227
Net profit or loss for the year	57.503	50.712	56.464	30.239	20.315
Statement of financial position:					
Balance sheet total	458.206	351.933	211.857	133.513	114.757
Equity	141.564	119.231	108.885	72.755	52.506
Cash flows:					
Operating activities	45.751	10.826	56.127	36.100	35.091
Investing activities	-113.669	-42.891	-13.145	-8.600	-5.695
Financing activities	68.798	35.855	-20.060	-23.721	-11.852
Total cash flows	880	3.789	22.922	3.779	17.544
Employees:					
Average number of full-time employees	157	132	103	69	61
Key figures in %:					
Return on equity investment	17,9	24,0	40,3	33,7	27,0
Acid test ratio	94,9	127,1	182,7	192,3	166,3
Solvency ratio	30,9	33,9	51,4	54,5	45,8
Return on equity	44,1	44,5	62,2	48,3	38,8

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Return on equity investment $\frac{\textit{Operating profit or loss (EBIT) x 100}}{\textit{Average invested capital}}$

Invested capital *Operational intangible and tangible assets and net working capital*

Consolidated financial highlights

Acid test ratio	$\dfrac{\textit{Current assets x 100}}{\textit{Short term liabilities other than provisions}}$
Solvency ratio	$\dfrac{\textit{Equity, closing balance x 100}}{\textit{Total assets, closing balance}}$
Return on equity	$\dfrac{\textit{Net profit or loss for the year x 100}}{\textit{Average equity}}$

Description of key activities of the company

Rains is a Danish outerwear and lifestyle company originating from a modern reinterpretation of the classic rubber raincoat. Since its establishment in 2012, the company has thoughtfully widened its concept across product categories and fabric innovations to build a comprehensive offering of distinctly recognizable designs.

With Scandinavian metropolises as the main scene of the brand, focusing on a young streetwear inspired approach to communication, Rains has achieved a high level of recognition and credibility, balancing commercial success and accessibility with strong integrity and brand equity.

Through a multidisciplinary approach throughout its value-chain, Rains builds upon a balanced business model of a fully vertical supply chain and distribution channels. With specialized factories, internal sales subsidiaries, regional distribution centers, and strong retail and E-commerce performance, Rains maintains a high level of control and efficiency. Combined with a strong network of selected wholesale partners, Rains has steadily increased its value propositions achieving a unique position in the market.

The company headquarters are located in Aarhus, with regional headquarters in New York and Shanghai.

Uncertainties connected with recognition or measurement

There are no significant uncertainties in the recognition and measurement of assets and liabilities other than conditions related to normal operating activity.

Unusual matters

There have been no unusual circumstances that have affected the company's activity during the financial year.

Development in activities and financial matters

During 2023 Rains continued executing on the 2027 strategy of creating a global lifestyle brand. The North American business grew by 41%. The strong growth in North America resulted in the share of global sales to increase to 18% in line with the strategy. In Europe the business was consolidated following years of strong growth. Inventory positions were improved and a new distribution center significantly improved logistical capabilities. Stores were opened in London and Berlin and showrooms and own sales organisations were established in Switzerland and Spain to accelerate sales. In Asia/Pacific stores were opened in Hong Kong and new distribution agreements were entered for Japan. The Rains brand continued to show up on the global scene, with fashion shows at Paris Fashion Week and with top celebrities such as Kim Kardashian, Lewis Hamilton and Billie Eilish being spotted wearing Rains.

During 2023 existing product lines were upgraded and several new important product lines introduced. The TEXEL line of travel bags was introduced and within the outerwear category, LOHJA, a line of light thermal transitional jackets was introduced as a pre-launch in Q4. Both product lines showed solid sales performance and continue to gain traction.

Building a platform for future growth remained a key focus. The organization was further strengthened and the work to replace the legacy IT system continued. During 2023 the company in average employed 157 people. The construction of the new Rains HQ in Aarhus progressed as per plan with expected completion by October, 2024.

Net sales increased by 11%. The wholesale channel increased by 7% and net sales on e-com and retail increased by 12% and 21 % respectively. Net profit before tax amounted to 72.391t DKK vs. 64.470t DKK, equal to a profitability of 12%.

Cash-flow from operations improved to 41m DKK and investments increased to 109m DKK, due the on-going construction of the company's new HQ, new IT system and expansion in the markets. The investments will secure the infrastructure for the future growth of the company.

Despite the high investments and asset base in the company the Solvency ratio ended at 31%.

This was a result of managing the net working capital and growing the Equity to 141.564t DKK.

The expected development

The expectations for 2024 is to deliver continued growth across all regions and sales channels resulting in improved financial results. The North American region is expected to continue to contribute significantly to the growth of the company, as investments in structures and organization have been made over the last 18 months. Significant brand moments are planned for in 2024, amongst this store openings in New York and Milan and a brand launch in both Japan and South Korea.

Financial risks

Operational risks

It is assessed that the group is not exposed to special operational risks, seen in relation to similar companies in the industry.

Events subsequent to the financial year

There are no significant events other than conditions related to normal operating activity.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

Business model and engagement

The main business activities, including wholesale, e-commerce, and design are conducted within Europe and the North America.

The company operates internationally with partners including Retail Partners, distributors, and agents on an ongoing basis and the production is conducted in China.

Within the Retail channel, the stores in Europe are generally operated by Rains Retail Partners. The stores in the US are operated by RAINS from the US headquarter and the stores in Asia are operated by RAINS from the headquarter in Shanghai, China or by distributors as specifically agreed.

The company operates with the aim of developing the business while meeting any strategic challenges in an economic and socially responsible manner. The Management therefore determines the company's business strategies as well as carry out the company's activities in general with regard to generally recognized principles and good business practices as indicated in the company's Code of Conduct.

The company operates in compliance with applicable law on a national and international scale as well as in accordance with the company's Code of Conduct with reference to international regulation, standards, and principles.

Environmental issues – including climate change

It is the company's policy to be mindful of the impact on the environment and the company therefore continue to be environmentally aware.

The company's Code of Conduct is updated on an ongoing basis and is made available online on the company's website in the latest updated and signed version. The Code of Conduct includes requirements on social responsibility issues, workers conditions, respect of human rights, and environmental impact. Any suppliers of the company are expected to adhere to the company's Code of Conduct.

The company is mindful of the potential environmental impact due to production within the fashion industry. The company therefore continuously work on the circularity for products sent back to the company with errors and faults. The company likewise continues to consider environmental conditions and improvements for the preparation of the construction of the company's new Headquarter in Aarhus.

The company has made improvements to the packaging within the company's e-commerce department to be more mindful of the materials.

In 2023, the results achieved have not been quantitative. However, the company continuously enhances its environmental awareness, enabling the company in concluding ways to limit the company's environmental impact in the future.

Social issues and employee issues
It is the company's policy to continuously improve and work on the employees' well-being by securing a safe and healthy work environment.

It is likewise the company's policy to pay taxes and VAT in accordance with applicable legislation.

During employment, employees are hired without reference to gender, age, social conditions or the like, and solely based on personal and professional qualifications in relation to the relevant position.

The company has, amongst other things, made improvements in relation to the company's warehouses by moving specific areas of the warehouse to dedicated spaces to improve work environment and safety of the workers.

The company expects to continue focusing on the employee's well-being in the work environment and continue to improve, when possible, based on the company's latest executed APV (work place assessment).

Human rights
It is the company's policy not to enter into agreements with business partners and employees whose views on human rights differ from internationally recognized principles on the observance of human rights.

The company is mindful of potential risks in relation to human rights in the sourcing countries. To target potential risks in relation to human rights, the company has drafted the company's Code of Conduct in its latest version in 2023, of which suppliers are expected to adhere to. It specifies the company's standpoints and requirements in relation to human rights and requirements in relation to implementation of the requirements within the relationship between the parties and the supplier's subcontractors, amongst other topics.

It is the Management's position that the company shall not enter into agreements with partners and suppliers, whose views on human rights does not adhere to the company's Code of Conduct.

Fighting corruption and bribery
It is the company's policy to avoid all forms of corruption, including extortion and thereby ensuring compliance with international standards.

The company is mindful of potential risks in relation to bribery and corruption, as the company's production as well as some of the company's partners are located outside of the EU.

To target potential risks in relation to corruption and bribery, the company's partners and suppliers are expected to adhere to the requirements of the company's Code of Conduct, which also includes implementing the requirements between the partner/supplier and the partner/supplier's subcontractors.

In case potential partners/suppliers have different views on bribery and corruption than expressed in the company's Code of Conduct, it is the Management's position that one will not enter into agreements with such partners/suppliers.

The company likewise aims to build and evolve partnerships solely with trustworthy and professional partners.

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act

Overview of the status of target figures for the underrepresented gender

	2023
Board of Directors	
Total number of members of board of Directors, excluding employee-elected members	3
Underrepresented gender in board of Directors	0 %
Target figure of underrepresented gender in board of Directors	25 %
Year of expected fulfillment	2027
Other management levels	
Total number of other management levels	12
Underrepresented gender at other management levels	36 %
Target figure of underrepresented gender at other management levels	4
Year of expected fulfillment	2023

In accordance with § 139 c of the Danish Companies Act cf. section 99 b of the Danish Financial Statements Act, the company has drawn up target figures for the gender composition of the management bodies and the company's other management levels and prepared a policy to increase the share of the under-represented gender in relation to the company's other management levels.

This statutory statement of the gender composition covers the financial period 1 January to 31 December 2023.

The company continues to hire employees based on professional competences, experience and personality making every employee within the company able to explore their potential in line with their personal goals and ambitions regardless of gender, without any gender restrictions in the hiring process.

However, the company considers a good balance in representation in leading positions to be a benefit for diversified new thinking and development of the company, as it helps to ensure that the company utilizes the full potential of its employees, and that everyone benefits from the creative dynamics that create better and more balanced decisions and strengthened innovation power. The company is therefore continuously working to ensure equal employment and career development in the company group.

Management´s review

Targets for the company's highest management body (Executive Board).

The 2023 executive board is represented by the company's three founders.

As the composition is currently determined by the gender of the founders, there are currently no women within the executive board, making the percentage of the underrepresented gender 0%.

It is the company's goal that the board of directors is composed in such a way that it is effectively able to carry out its tasks both strategically and managerially taking into account professional qualifications, industry experience, educational background, etc.

The company has a goal of achieving a minimum of 25% of the underrepresented gender for board members elected by the general meeting by 2027 which in 2023 consists of 3 members.

For the financial year 2023, the company has achieved a representation of 0%, why the target figure has not yet been achieved.

The company does not intend to expand the board solely to achieve the target figure for equal representation on the board and as a result of the company's board having remained unchanged in the period, the objective for the gender representation within the board has not been achieved.

The company will make use of measures to achieve the goal of equal representation in the executive board in the future, when applicable. The following measures can be highlighted:

• Carrying out analytical targeted searches in available networks for suitable candidates
• Cooperation with recruitment agencies

Policy for the company's other management levels

The executive board has drawn up a policy to increase the proportion of the under-represented gender at the company's other management levels. Other management levels include the director's level and managers with employee responsibilities who refer to the company's director.

The overall goal of the policy is to create a good and versatile workplace that promotes equal career opportunities in the company. The company wants the employees to experience an open and non-prejudiced culture, where the individual can make the best use of their skills and talent, regardless of gender.

The following essential elements are part of the company's policy to increase the proportion of the underrepresented gender at the company's other management levels:

•When filling positions at management levels, a formal recruitment process is followed, which ensures the recruitment of the best qualified employee. With each appointment, candidates of both sexes are considered. To ensure equal opportunities for both sexes, the company focuses on offering flexible working conditions, further training and personal development.

•Through an ongoing dialogue between manager and employee, focus is on a good balance between work and private life, just as clarification of the individual employee's own wishes for development and career goals are ensured.

•Professional and personal development of individual skills are offered, with particular focus on encouraging the development of management skills and competences of both sexes.
In 2023 a new director of the company was recruited. In this process, the main focus in this category has been on the first-mentioned measure.

The Company's first level of management under the highest management body consisted in 2023 solely of one individual. As a maintenance of equal share of the underrepresented gender presupposes two or more members, the first level of management under the highest management body is exempt from targets relating to the underrepresented sex.

In 2023, the company has only had a few changes at the company's second management level below the highest, so the main focus in this category has been on the two last-mentioned measures to increase the share of the underrepresented gender.

The company's second management level under the highest management body consisted in 2023 of 11 members, whereas 4 of these were women, making the percentage of the underrepresented gender 36,36 % in Company's Management by the end of 2023. The Company has therefore ensured an equal representation within the Company's second management level under the highest management body.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

The group's data can be divided into two overarching groups:

•General data on employees, partners, and customers, which are governed by the GDPR regulation and are managed in compliance hereof.
•General data on products, marketing, general logistics, and the like.

Data security

Data security is of high priority within the company and the network and servers are continuously monitored for irregularities as well as vulnerabilities and are continuously scanned for viruses and other malware.
Employees are continuously informed about cyber threats and are tested in Cybersecurity. The Cybertesting is managed by the company's IT department. All units within the company are handled according to the described rules for disposal of used electronics.

Principles

The company processes data in accordance with the following principles:

•Legality, fairness, and transparency: Data is processed in accordance with applicable laws and regulations. The processing must be fair to the persons whose data is collected, and there must be openness about the purpose of the data collection and how the data is processed.
•Self-determination: People must maintain as much control as possible over their own data.
•Progressiveness: The societal progress in the use of data can be achieved by using data ethical solutions.
•Data: is a means of achieving a competitive advantage. Through efficient workflows and minimizing errors.
•The human and the machine/robot: The human shall analyze, think freely, and solve tasks of high complexity. Meanwhile, the machine/robot shall solve monotonous, trivial tasks of low complexity, and must be controlled by humans.

Income statement 1 January - 31 December

All amounts in DKK.

Note		Group 2023	Group 2022	Parent 2023	Parent 2022
1	*Revenue*	627.702.705	563.244.143	478.127.113	454.102.219
	Costs of raw materials and consumables	-282.264.581	-279.217.159	-228.596.309	-241.104.231
	Other external expenses	-177.026.943	-140.452.273	-120.031.290	-95.384.259
	Gross profit	**168.411.181**	**143.574.711**	**129.499.514**	**117.613.729**
3	*Staff costs*	-85.055.400	-65.350.919	-57.142.348	-45.912.358
4	*Depreciation, amortisation, and impairment*	-10.984.781	-10.443.543	-7.090.085	-7.788.760
	Operating profit	**72.371.000**	**67.780.249**	**65.267.081**	**63.912.611**
	Income from investments in group enterprises	0	0	5.519.698	2.765.198
	Other financial income from group enterprises	42.700	0	2.619.326	914.355
	Other financial income	10.780.992	6.566.310	9.607.178	6.566.016
	Other financial expenses	-10.803.247	-9.876.684	-10.823.863	-9.897.146
	Pre-tax net profit or loss	**72.391.445**	**64.469.875**	**72.189.420**	**64.261.034**
5	*Tax on net profit or loss for the year*	-14.888.796	-13.757.940	-14.686.771	-13.549.099
6	***Net profit or loss for the year***	**57.502.649**	**50.711.935**	**57.502.649**	**50.711.935**

Balance sheet at 31 December

All amounts in DKK.

Assets

Note		Group 2023	Group 2022	Parent 2023	Parent 2022
	Non-current assets				
7	*Acquired concessions, patents, licenses, trademarks, and similar rights*	1.063.260	201.576	1.062.737	191.343
8	*Goodwill*	8.397.284	9.323.012	7.124.570	7.822.492
9	*Development projects in progress and prepayments for intangible assets*	4.977.291	316.231	4.977.291	316.231
	Total intangible assets	14.437.835	9.840.819	13.164.598	8.330.066
10	*Other fixtures, fittings, tools and equipment*	16.060.378	13.338.184	7.595.612	6.028.157
11	*Property, plant and equipment in progress and prepayments for property, plant and equipment*	122.075.473	27.793.270	0	0
	Total property, plant, and equipment	138.135.851	41.131.454	7.595.612	6.028.157
12	*Investments in group enterprises*	0	0	9.769.415	6.631.990
13	*Deposits*	6.072.727	5.160.062	3.743.245	2.830.580
	Total investments	6.072.727	5.160.062	13.512.660	9.462.570
	Total non-current assets	**158.646.413**	**56.132.335**	**34.272.870**	**23.820.793**
	Current assets				
	Raw materials and consumables	126.326.604	142.341.592	100.001.527	114.791.965
	Total inventories	126.326.604	142.341.592	100.001.527	114.791.965
	Trade receivables	97.653.377	82.833.010	79.913.560	65.831.874
	Receivables from group enterprises	3.395.445	0	70.631.337	54.121.040
	Deferred tax assets	0	476.900	0	451.000
	Income tax receivables	0	3.105.076	0	3.203.806
	Other receivables	12.900.068	8.660.179	665.536	1.480.874
14	*Prepayments*	4.824.534	4.804.858	2.931.050	2.861.472
	Total receivables	118.773.424	99.880.023	154.141.483	127.950.066

Balance sheet at 31 December

All amounts in DKK.

Note	***Assets***	*Group* 2023	2022	*Parent* 2023	2022
	Cash and cash equivalents	54.459.457	53.579.446	14.039.859	5.796.663
	Total current assets	**299.559.485**	**295.801.061**	**268.182.869**	**248.538.694**
	Total assets	**458.205.898**	**351.933.396**	**302.455.739**	**272.359.487**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	Group 2023	Group 2022	Parent 2023	Parent 2022
	Equity				
	Contributed capital	108.000	108.000	108.000	108.000
	Reserve for net revalua-tion according to the equity method	0	0	4.184.888	0
	Reserve for development costs	3.882.287	246.660	3.882.287	246.660
	Retained earnings	137.573.263	83.876.442	133.388.375	83.876.442
	Proposed dividend for the financial year	0	35.000.000	0	35.000.000
	Total equity	**141.563.550**	**119.231.102**	**141.563.550**	**119.231.102**
	Provisions				
15	Provisions for deferred tax	1.027.200	0	260.000	0
16	Provisions for investments in group enterprises	0	0	671.010	0
	Total provisions	**1.027.200**	**0**	**931.010**	**0**
	Liabilities other than provisions				
	Bank loans	168.557.155	64.759.044	42.839.103	25.129.488
	Trade payables	125.243.459	148.665.563	92.454.867	112.800.184
	Payables to group enterprises	0	1.040.554	2.303.428	1.176.964
	Income tax payable	9.896.300	0	10.667.866	0
	Other payables	11.918.234	18.237.133	11.695.915	14.021.749
	Total short term liabilities other than provisions	315.615.148	232.702.294	159.961.179	153.128.385
	Total liabilities other than provisions	**315.615.148**	**232.702.294**	**159.961.179**	**153.128.385**
	Total equity and liabilities	**458.205.898**	**351.933.396**	**302.455.739**	**272.359.487**

2 ***Fees for auditor***
17 ***Charges and security***
18 ***Contingencies***
19 ***Related parties***

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	*Reserve for development costs*	*Retained earnings*	*Proposed dividend for the financial year*
Equity 1 January 2022	108.000	0	69.048.990	28.000.000
Distributed dividend	0	0	0	-28.000.000
Profit or loss for the year brought forward	0	0	15.711.935	35.000.000
Adjustment	0	246.660	-246.660	0
Currency elimination	0	0	-637.823	0
Equity 1 2023	108.000	246.660	83.876.442	35.000.000
Distributed dividend	0	0	0	-35.000.000
Profit or loss for the year brought forward	0	0	57.502.652	0
Adjustment	0	3.635.627	-3.635.627	0
Currency elimination	0	0	-170.204	0
	108.000	**3.882.287**	**137.573.263**	**0**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Reserve for development costs	Retained earnings	Proposed dividend for the financial year
Equity 1 January 2022	108.000	0	0	69.048.990	28.000.000
Distributed dividend	0	0	0	0	-28.000.000
Share of results	0	0	0	15.711.936	35.000.000
Adjustment	0	0	246.660	-246.660	0
Currency elimination	0	0	0	-637.824	0
Equity 1 January 2022	108.000	0	246.660	83.876.442	35.000.000
Distributed dividend	0	0	0	0	-35.000.000
Share of results	0	4.184.888	0	53.317.764	0
Adjustment	0	0	3.635.627	-3.635.627	0
Currency elimination	0	0	0	-170.204	0
	108.000	**4.184.888**	**3.882.287**	**133.388.375**	**0**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2023	2022
	Net profit or loss for the year	57.502.649	50.711.935
20	*Adjustments*	25.853.132	27.511.857
21	*Change in working capital*	-37.241.952	-48.483.261
	Cash flows from operating activities before net financials	46.113.829	29.740.531
	Interest received, etc.	10.823.692	6.566.310
	Interest paid, etc.	-10.803.247	-9.876.684
	Cash flows from ordinary activities	46.134.274	26.430.157
	Income tax paid	-383.319	-15.604.475
	Cash flows from operating activities	**45.750.955**	**10.825.682**
	Purchase of intangible assets	-6.629.923	-4.160.673
	Sale of intangible assets	-134.792	-148.086
	Purchase of property, plant, and equipment	-105.934.287	-38.485.507
	Sale of property, plant, and equipment	28.112	1.654.404
	Purchase of fixed asset investments	-998.165	-1.751.620
	Cash flows from investment activities	**-113.669.055**	**-42.891.482**
	Dividend paid	-35.000.000	-28.000.000
	Changes in short-term bank loans	103.798.111	63.855.015
	Cash flows from financing activities	**68.798.111**	**35.855.015**
	Change in cash and cash equivalents	**880.011**	**3.789.215**
	Cash and cash equivalents at 1 January 2023	53.579.446	49.790.231
	Cash and cash equivalents at 31 December 2023	**54.459.457**	**53.579.446**
	Cash and cash equivalents		
	Cash and cash equivalents	54.459.457	53.579.446
	Cash and cash equivalents at 31 December 2023	**54.459.457**	**53.579.446**

Notes

All amounts in DKK.

		Group		Parent	
		2023	2022	2023	2022
1.	***Revenue***				
	Denmark	48.930.126	43.551.604	48.930.130	43.551.604
	EU and other countries	578.772.579	519.692.539	429.196.983	410.550.615
		627.702.705	**563.244.143**	**478.127.113**	**454.102.219**
2.	***Fees for auditor***				
		2.443.945	2.101.545	1.128.785	734.168
	Audit fees	172.175	150.000	148.875	150.000
	Tax assistance	140.200	571.968	140.200	571.968
	Other services	2.131.570	1.379.577	839.710	12.200
		2.443.945	**2.101.545**	**1.128.785**	**734.168**
3.	***Staff costs***				
	Salaries and wages	77.393.562	57.994.830	51.913.278	41.405.895
	Pension costs	3.810.427	3.791.955	3.496.656	3.476.550
	Other costs for social security	3.851.411	3.564.134	1.732.414	1.029.913
		85.055.400	**65.350.919**	**57.142.348**	**45.912.358**
	Average number of employees	157	132	103	85

Information for remuneration to the executive board is not disclosed. Reference is made to section 98b (1) of the Danish Financiel Stetements Act. 3.

Notes

All amounts in DKK.

		Group 2023	Group 2022	Parent 2023	Parent 2022
4.	***Depreciation, amortisation, and impairment***				
	Amortisation of concessions, patents and licences	73.265	65.430	63.555	65.430
	Amortisation of goodwill	1.959.642	1.608.256	1.731.835	1.427.769
	Depreciation on decoration of rented premises	4.892.633	4.877.662	2.747.783	3.869.539
	Depreciation on plants, operating assets, fixtures and furniture	3.924.449	3.744.109	2.500.978	2.332.366
	Profit/loss on sale of intangible fixed assets	134.792	148.086	45.934	93.656
		10.984.781	**10.443.543**	**7.090.085**	**7.788.760**
5.	***Tax on net profit or loss for the year***				
	Tax of the results for the year, parent company	13.488.896	13.830.840	13.975.771	13.596.099
	Adjustment for the year of deferred tax	1.399.900	-72.900	711.000	-47.000
		14.888.796	**13.757.940**	**14.686.771**	**13.549.099**

		Parent 2023	Parent 2022
6.	***Proposed distribution of net profit***		
	Reserves for net revaluation according to the equity method	4.184.888	0
	Dividend for the financial year	0	35.000.000
	Transferred to retained earnings	53.317.761	15.711.935
	Total allocations and transfers	**57.502.649**	**50.711.935**

Notes

All amounts in DKK.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
7.	***Acquired concessions, patents, licenses, trademarks, and similar rights***				
	Cost 1 January 2023	576.616	566.383	555.603	555.603
	Additions during the year	934.949	10.233	934.949	0
	Cost 31 December 2023	**1.511.565**	**576.616**	**1.490.552**	**555.603**
	Amortisation and write-down 1 January 2023	-375.040	-309.610	-364.260	-298.830
	Amortisation and writedown for the year	-73.265	-65.430	-63.555	-65.430
	Amortisation and write-down 31 December 2023	**-448.305**	**-375.040**	**-427.815**	**-364.260**
	Carrying amount, 31 December 2023	**1.063.260**	**201.576**	**1.062.737**	**191.343**
8.	***Goodwill***				
	Cost 1 January 2023	12.650.226	8.816.018	10.866.828	8.099.282
	Additions during the year	1.033.914	3.834.208	1.033.914	2.767.546
	Cost 31 December 2023	**13.684.140**	**12.650.226**	**11.900.742**	**10.866.828**
	Amortisation and write-down 1 January 2023	-3.327.214	-1.718.958	-3.044.337	-1.616.567
	Amortisation and writedown for the year	-1.959.642	-1.608.256	-1.731.835	-1.427.769
	Amortisation and write-down 31 December 2023	**-5.286.856**	**-3.327.214**	**-4.776.172**	**-3.044.336**
	Carrying amount, 31 December 2023	**8.397.284**	**9.323.012**	**7.124.570**	**7.822.492**

Notes

All amounts in DKK.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
9.	***Development projects in progress and prepayments for intangible assets***				
	Cost 1 January 2023	316.231	0	316.231	0
	Additions during the year	4.661.060	316.231	4.661.060	316.231
	Cost 31 December 2023	**4.977.291**	**316.231**	**4.977.291**	**316.231**
	Carrying amount, 31 December 2023	**4.977.291**	**316.231**	**4.977.291**	**316.231**
10.	***Other fixtures, fittings, tools and equipment***				
	Cost 1 January 2023	32.710.588	23.156.642	19.522.092	16.649.636
	Additions during the year	11.652.085	11.496.199	6.900.278	4.512.826
	Disposals during the year	-1.324.997	-1.942.253	-763.986	-1.640.370
	Cost 31 December 2023	**43.037.676**	**32.710.588**	**25.658.384**	**19.522.092**
	Depreciation and write-down 1 January 2023	-19.372.404	-11.123.982	-13.493.935	-7.488.744
	Depreciation and writedown for the year	-8.817.082	-8.621.771	-5.248.761	-6.201.905
	Depreciation and writedown, assets disposed of	1.212.188	373.349	679.924	196.714
	Depreciation and write-down 31 December 2023	**-26.977.298**	**-19.372.404**	**-18.062.772**	**-13.493.935**
	Carrying amount, 31 December 2023	**16.060.378**	**13.338.184**	**7.595.612**	**6.028.157**
	Lease assets are recognised at a carrying amount of	0	0	0	0

Notes

All amounts in DKK.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
11.	***Property, plant and equipment in progress and prepayments for property, plant and equipment***				
	Cost 1 January 2023	27.793.270	803.963	0	0
	Additions during the year	94.282.203	26.989.307	0	0
	Cost 31 December 2023	**122.075.473**	**27.793.270**	**0**	**0**
	Carrying amount, 31 December 2023	**122.075.473**	**27.793.270**	**0**	**0**
	Lease assets are recognised at a carrying amount of	0	0	0	0
	Interest expenses are included in additions during the year by	3.131.186	473.817	0	0

Notes

All amounts in DKK.

		Parent	
		31/12 2023	31/12 2022
12.	***Investments in group enterprises***		
	Acquisition sum, opening balance 1 January 2023	4.643.617	4.097.207
	Additions during the year	0	546.410
	Cost 31 December 2023	**4.643.617**	**4.643.617**
	Writedown, opening balance 1 January 2023	-1.051.571	-3.178.947
	Correction of previous writedown	369.616	0
	Translation by use of the exchange rate valid on b	-283.029	-637.821
	Results for the year before goodwill amortisation	5.150.082	2.732.968
	Other movements	-210	32.229
	Writedown 31 December 2023	**4.184.888**	**-1.051.571**
	Offsetting against debtors	269.900	3.039.944
	Transferred to provisions	671.010	0
	Set off against debtors and provisions for liabilities	**940.910**	**3.039.944**
	Carrying amount, 31 December 2023	**9.769.415**	**6.631.990**
	The item includes goodwill with an amount of	0	0

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	***Equity***	***Results for the year***	***Carrying amount, RAINS ApS***
Rains USA INC., USA	100 %	1.071.929	3.680.937	1.071.929
Rains Shanghai Trading Co. Ltd., China	100 %	2.963.655	788.679	2.963.655
Rains Norway AS, Norway	100 %	2.865.667	688.083	2.865.667
Rains International Ltd., Great Britain	100 %	1.024.125	178.552	1.024.125
Rains Germany GmbH, Germany	100 %	260.189	38.469	260.189
Rains Sweden AB, Sweden	100 %	198.778	40.185	198.778
Drip Dutch B.V., Netherlands	100 %	120.437	84.291	120.437
ISOG ApS, Denmark	100 %	-940.911	-868.871	0
RAINS Canada Sales INC., Canada	100 %	1.264.635	519.757	1.264.635
		8.828.504	**5.150.082**	**9.769.415**

Notes

All amounts in DKK.

		Group		Parent	
		31/12 2023	31/12 2022	31/12 2023	31/12 2022
13.	***Deposits***				
	Cost 1 January 2023	5.160.062	3.493.942	2.830.580	2.096.065
	Additions	998.165	1.751.620	998.165	820.015
	Disposals	-85.500	-85.500	-85.500	-85.500
	Cost 31 December 2023	**6.072.727**	**5.160.062**	**3.743.245**	**2.830.580**
	Carrying amount, 31 December 2023	**6.072.727**	**5.160.062**	**3.743.245**	**2.830.580**

14.	***Prepayments***				
	Prepaid rent	2.188.365	1.889.829	1.021.904	1.329.039
	Other prepayments	2.598.065	2.700.454	1.871.039	1.336.558
	Commission	38.104	214.575	38.107	195.875
		4.824.534	**4.804.858**	**2.931.050**	**2.861.472**

15.	***Provisions for deferred tax***				
	Provisions for deferred tax 1 January 2023	-476.900	-404.000	-451.000	-404.000
	Regulation of the year	1.504.100	-72.900	711.000	-47.000
		1.027.200	**-476.900**	**260.000**	**-451.000**
	The following items are subject to deferred tax:				
	Intangible assets	1.142.000	74.000	1.142.000	74.000
	Property, plant, and equipment	-209.800	-782.000	-977.000	-757.000
	Current assets	95.000	231.100	95.000	232.000
		1.027.200	**-476.900**	**260.000**	**-451.000**

Notes

All amounts in DKK.

	Parent	
	31/12 2023	31/12 2022
16. *Provisions for investments in group enterprises*		
ISOG ApS	671.010	0
	671.010	**0**
Maturity is expected to be:		
1-5 years	671.010	0
	671.010	**0**

17. Charges and security

The Group - as collateral for mortgage loans, DKK 105.000.000, security has been granted on land and buildings representing a carrying amount of DKK .122.075.000 at 31 December 2023.

For bank debts, DKK 12.636.000, the parent company has provided security in parent company assets representing a nominal value of DKK 1.000.000. This security comprises the below assets, stating the book values:

	DKK in thousands
Inventories	100.002
Trade receivables	79.914
Other fixtures and fittings, tools and equipment	7.596
Egen engelsk tekst	8.187

Notes

All amounts in DKK.

18. Contingencies

Contingent liabilities

Lease liabilities

The Parent company has entered into leasing contracts with an total outstanding leasing payment TDKK 546. The Parent company has guarantee for subsidiaries' lease TDKK 165

The Group has entered into leasing contracts with an total outstanding leasing payment TDKK 1.236.

The Parent company has entered lease (rent) agreements with an total outstanding lease payment TDKK 35.064. The Parent company has guarantee for subsidiaries' lease (rent) TDKK 27.775.

The Group has entered lease (rent) agreements with an total outstanding lease payment TDKK 80.241.

For rent commitments through the bank, the Parent company and the Group has provided a total bank guarantee TDKK 13.474.

The parent company and the group has guaranteed (self - debtor surety) a subsidiary's bank credit. The subsidiary's bank accounts show a debt of TDKK 123.730 per 31 December 2023.

Joint taxation

With Hesselager Holding ApS, company reg. no 34472785 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Notes

All amounts in DKK.

19. Related parties

Controlling interest

Hesselager Holding ApS, Krathusvej 3, 8240 Riskkov, *Majority shareholder*

Transactions

The company in the RAINS ApS Group has during the financial year had transactions on market terms.

Transactions with related parties have been made on market terms, whereby no further disclosure is made in accordance with section §98C of the Danish Financiel Statements Act.

Consolidated financial statements

The company is included in the consolidated annual accounts of Hesselager Holding ApS, Krathusvej 3, 8240 Risskov.

20. ***Adjustments***

Depreciation, amortisation, and impairment	10.984.781	10.443.543
Other financial income	-10.823.692	-6.566.310
Other financial expenses	10.803.247	9.876.684
Tax on net profit or loss for the year	14.888.796	13.757.940
	25.853.132	**27.511.857**

21. ***Change in working capital***

Change in inventories	16.014.988	-75.025.793
Change in receivables	-22.475.380	-25.635.490
Change in trade payables and other payables	-30.781.560	52.178.022
	-37.241.952	**-48.483.261**

Accounting policies

The annual report for RAINS ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

The consolidated financial statements

The consolidated income statements comprise the parent company RAINS ApS and those group enterprises of which RAINS ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies
The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Income statement

Revenue
Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales
Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses
Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs
Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment
Depreciation, amortisation, and write-down for impairment comprise depreciation, amortisation, and write-down for the year and profit and loss on the disposal of intangible and tangible assets.

Financial income and expenses
Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual entities are recognised in the income statement of the parent as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation.

The depreciation period is determined based on an assessment that these are strategically acquired rights to markets with a strong market position and long-term earning potential. The amortisation period is set at 7 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	2-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

Property, plant, and equipment in progress

Property, plant, and equipment in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Accounting policies

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises but are not represented in the parent, the following accounting policies have been applied.

Property, plant, and equipment:

- Property in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, RAINS ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows of the group for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and group' cash and cash equivalents at the beginning and the end of the year, respectively.

A cash flow statement for the parent has not been prepared as the cash flows of the enterprise are included in the consolidated cash flow statement, cf. section 86, subsection 4, of the Danish Financial Statements Act.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

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Steen Borgholm
Direktør
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