KOMPAN Holding A/S

CVR-nr. 35 66 39 08

C.F. Tietgens Boulevard 32C

5220 Odense SØ

Annual Report 2023

The annual report was presented and approved at the company's ordinary general meeting

11 April 2024

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Chair of the general meeting Henrik Christensen

Contents

Management's Review

Principal activities of the Group

The KOMPAN Group's main activity is the development, production and sale of playgrounds, outdoor sports and fitness facilities and indoor furnishings and solutions. The Group also provides installation services and aftersales and sells products from third-party suppliers.

The Group sells globally and is a market leader.

Performance in 2023

The KOMPAN Group's revenue increased by 8.0% in 2023 to 3,377.9 mDKK. The Group achieved an operating profit (EBIT) of 621.4 mDKK compared to 498.3 mDKK in 2022, landing above expectations mainly due to gross-margin improvement as raw material prices and transportation costs stabilized in 2023, while profit after tax increased by 14.9 mDKK to 464.4 mDKK.

Outlook for 2024

The KOMPAN Group expects an operating profit (EBIT) in 2024 slightly above the level of the 2023 operating profit (EBIT).

Forward-looking statement

The forward-looking statements referred to in this annual report, including expectations on earnings, involve risks and uncertainties and may be affected by factors such as global economic conditions and other significant factors, including developments in the price of raw materials, freight, credit markets, interest rates and foreign exchange rates. Actual developments and results may consequently differ significantly from the expectations in the Annual Report.

Events after the reporting period

No significant events took place after 31 December 2023.

Management's Review

Main and Financial ratios for KOMPAN Holding A/S

mDKK	2023	2022	2021	2020	2019
Financial ratios					
Revenue	3,377.9	3,128.5	2,381.5	1,983.4	2,179.0
Gross profit	1,518.2	1,339.7	1,047.6	882.2	953.0
Operating profit (EBIT)	621.4	498.3	378.2	307.7	312.9
Financial income and expenses	-23.3	64.6	-4.3	-14.6	-43.4
Profit/loss for the year	464.4	447.5	279.2	224.4	187.4
Non-current assets	1,708.0	1,714.5	1,642.9	1,630.7	1,685.8
Current assets	1,177.8	1,259.6	845.9	729.0	716.7
Total assets	2,885.8	2,974.1	2,488.8	2,359.7	2,402.5
Equity	1,446.8	1,220.4	1,032.1	1,027.6	926.4
Long-term liabilities	812.4	1,007.9	858.7	774.9	937.0
Current liabilities	626.6	745.8	598.0	557.2	539.1
Cash flow from operating activities	711.1	324.6	259.6	317.4	336.3
Cash flow from investing activities, net	-126.7	-97.9	-54.8	-73.0	-52.4
- of which investment in tangible assets	-59.6	-39.9	-19.9	-14.2	-26.2
Cash flow from financing activities	-535.5	-148.9	-288.8	-206.5	-181.8
Total cash flow	48.9	77.8	-84.0	37.9	102.1
Financial ratios*					
Gross margin	44.9%	42.8%	44.0%	44.5%	43.7%
Operating margin	18.4%	15.9%	15.9%	15.5%	14.4%
Equity ratio	50.1%	41.2%	41.5%	43.6%	38.6%
Return on equity	34.8%	39.7%	27.1%	23.0%	22.7%
Average number of employees:	1,826	1,811	1,488	1,419	1,387

* The financial ratios are calculated in accordance with the financial ratio definitions referred to on page 70.

Management's Review

Financial review

Income statement

Revenue

The KOMPAN Group's revenue in 2023 increased by 249.4 mDKK compared to 2022, equivalent to 8.0%. When adjusted for the impact of exchange rate fluctuations, the increase amounts to 10.6 %.

Cost of sales

Cost of sales increased by 70.5 mDKK from 1,733.8 mDKK to 1,810.8mDKK, equivalent to an increase of 4.4%, compared with 8.0% increase in revenue. The gross margin increased from 42.8% in 2022 to 44.9 % in 2023.

Cost of sales include costs related to the production of own product range and services as well as costs for the purchase of goods and services intended for resale.

Research and development costs

Total development expenditures incurred amount to 58.3 mDKK in 2023 (2022: 55.8 mDKK), equivalent to 1.7% of revenue (2022: 1.8%). Expenditures incurred relate both to the development of outdoor strength training equipment, and traditional play structures, setting new standards in physical play and sensory experiences. Additionally, there is a high level of development within sustainable solutions. Of the expenditures incurred during the year, 34.3 mDKK is recognised in the balance sheet (2022: 25.3 mDKK), which is offset by depreciation of 24.9 mDKK. (2022: 24.5 mDKK). Development costs recognised in the income statement including depreciation amount to 49.9 mDKK in 2023 (2022: 55.0 mDKK).

The costs recognised in the income statement relate to project costs incurred in the initial stages of development.

Distribution and administration costs

Distribution costs increased from 759.2 mDKK to 812.0 mDKK, equivalent to an increase of 52.8mDKK. This increase is due to the increase in revenue.

Administration costs increased from 82.2 mDKK to 84.8 mDKK, equivalent to an increase of 2.6 mDKK.

Financial income and expenses

The financial items comprise a net expense of 23.3 mDKK (2022: net income 64.6 mDKK.). The decrease relates to lower gain of fair value adjustment of derivatives.

Excluding exchange rate adjustments and value adjustments on derivatives, financial items comprise a net expense of 27.8 mDKK, which is increased compared to 2022 (net expense 11.4 mDKK.), due to higher interests rates.

The parent company's financial items comprise a net expense of 34.4 mDKK (2022: net expense 10.8 mDKK).

Tax on profit/loss for the year

The Group's effective tax rate increased from 20.5% in 2022 to 22.5% in 2023. Tax rate in 2022 was positively affected by increase relates to other taxes and adjustment of taxes from previous years.

The Group's net deferred tax liability increased by 1.7 mDKK compared to 2022. The increase is due primarily to higher deferred tax on receivables and intangible fixed assets. The differences in the accounting- and tax depreciation of non-current assets relate mainly to intangible assets.

Management's Review

Financial review

Profit/loss for the year

In 2023 the KOMPAN Group achieved an Operating profit (EBIT) of 621.4 mDKK, compared to 498.3 mDKK in 2022.

Profits for 2023 are influenced by the benefit from investments in the sales and distribution network and product development carried out over an extended period.

The Group's profit for the year amounts to 464.4 mDKK. (2022: 447.5 mDKK).

Balance sheet

Intangible assets

The recognised value of intangible assets - goodwill, design & concept, trademarks, IT software and development projects - at year-end amounts to 1,295.1 mDKK. (2022: 1,289.8 mDKK). This item includes a cumulative negative exchange rate adjustment of 6.2 mDKK and ordinary acquisitions during the year of 47.1 mDKK.

No impairment gain or loss of intangible assets was made in 2023 other than ordinary amortisation of 35.6 mDKK.

Property, plant and equipment

Tangible assets amount to 179.3 mDKK (2022: 145.3 mDKK) and can be attributed to expansion of the Group's production facilities in comparison with previous years.

The remaining work in progress included in tangible assets relates to expansion of the headquarters building in Odense and other operating materials.

Right-of-use assets

Right-of-use assets amount to 196.1 mDKK, of which 165.1 mDKK relates to the Group's lease of properties. In 2023, the total addition of right-of-use assets amounted to 22.8 mDKK, while there was depreciation on right-of-use assets of 54.2 mDKK. Net right-of-use assets after exchange rate adjustments decreased by 31.9 mDKK.

Inventories

Total inventories decreased by 40.3 mDKK to 219.9 mDKK. The decrease is an effect of a more normalized chain of supply.

Trade receivables

Trade receivables decreased by 74.1 mDKK to 553.8 mDKK, reflecting an improvement in overdue debtors.

Equity

The Group's equity as at 31 December 2023 amounts to 1,446.8 mDKK, compared to 1,220.4 mDKK at the end of 2022. The development is positively affected by operations and negatively affected by exchange rate adjustments and dividend payments (232.1 mDKK). Equity in the parent company amounts to 594.6 mDKK as at 31 December 2023 compared to 505.6 mDKK at 31 December 2022.

The Group's equity had a return of 34.8% in 2023 compared to a return of 39.7% in 2022.

Management's Review

Financial review

Statement of cash flow

Cash flow from operations amount to 711.1 mDKK. Changes in working capital have a positive impact on cash flow of 122.1 mDKK. Cash flow for investment activities amount to -126.7 mDKK, divided between investments in development projects and other intangible assets of 47.1 mDKK and production facilities and properties of 59.6 mDKK. 20.0 mDKK was paid in conjunction with earn-out on purchase of non-controlling shareholdings.

Over the course of 2023, the Group has decreased its net debt to credit institutions by 246.0 mDKK.

Cash flow for the year after the distribution of dividends decreased by 28.9 mDKK to 48.9 mDKK.

Human resources and knowledge resources

At the end of 2023, 960 (2022: 952) employees were employed in design, development, installation, marketing or sales work. Production employees totalled 650 (2022: 710) and the number of employees in other and administrative positions totalled 160 (2022: 163).

Share capital

The company's share capital amounts to 51.9 mDKK in nominal value, divided into 2,365,614 Class A shares and 49,500,119 Class B shares with a nominal value of 1 DKK per share. The A-shares carry a voting right of ten votes per share, while the B-shares carry a voting right of one vote per share.

Corporate social responsibility

Corporate social responsibility is an integral part of the KOMPAN Group's business strategy. The Group is committed to acting responsibly towards customers, users, employees, business partners and the community at large.

The statutory statement on corporate social responsibility in 2023 in accordance with §99a of the Danish Financial Statements Act (KOMPAN CSR Communication on progress 2023), can be read or downloaded at:

https://publications.kompan.com/global/csr-report-2023/

Gender distribution of management

The statutory statement on gender composition of management for 2023 in accordance with §99b of the Danish Financial Statements Act. In order to maintain and enhance the gender diversity in leadership positions, KOMPAN Group has established a policy for the underrepresented gender.

	2023
Gender distribution of management	
Numbers of employees in Board of Directors	4
Underrepresented gender in %	50%
Target for underrepresented gender in %	-
Expected target year	-
Numbers of key Management personnel	16
Underrepresented gender in %	19%
Target for underrepresented gender in %	40%
Expected target year	2028

The Board of Directors consists of two men and two women. Thus, we have achieved an equal gender distribution in the Board of Directors. KOMPAN Group's other levels of management consists of 16 people, with the underrepresented gender accounting for 19% of the total. The target is that the underrepresented gender accounts for 40% before 2028. The prior target of 25% in 2025 is changed to 40% in 2028. To set a more ambitious goal and to be aligned with group targets.

Management's Review

Financial review

Gender distribution of management (continued)

In the financial year, there were not enough relevant candidates from the underrepresented gender for the other levels of management to meet the target of 40% underrepresented gender.

To increase the representation of the underrepresented gender in the other levels of management, we implemented targeted recruitment strategies in the financial year, ensuring diverse candidate pools for managerial positions through proactive sourcing and partnerships with gender-focused professional networks.

As part of our policy implementation, we have in the fiscal year established guidelines mandating diverse interview panels for the other levels of management, ensuring representation of both genders among interviewers to promote unbiased selection.

Throughout the financial year, we rigorously tracked and reported gender diversity metrics, ensuring accountability and transparency in our efforts to achieve the target representation of the other levels of management.

For the accounting practices for Gender distribution of management: Other levels of management go to page 25 under the head *Gender distribution of management: Other levels of management*.

Data ethics policy

KOMPAN Holding A/S has chosen to publish its statutory statement on data ethics, cf. §99d of the Financial Statements Act, on the company's website:

https://publications.kompan.com/com/data-ethics-2023/

Management's Review

Company Details

Name	KOMPAN Holding A/S
Address, postal code, city	C. F. Tietgens Boulevard 32C 5220 Odense SØ
CVR (Central Business Register)	35 66 39 08
Established	12 February 2014
Registered office	Odense
Financial year	1 January – 31 December
Website	www.KOMPAN.com
Email	info@KOMPAN.com
Telephone	+45 63 62 12 50
Board of Directors	Christian Peter Dyvig (chairman) Connie Astrup-Larsen Mia Dyvig Andreas Færk Mads Dreyer (employee representative) Otto Mertz (employee representative)
Executive Board	Henrik Fuglsang Damgaard-Hansen (CEO/Managing Director) Peter Elkjær-Larsen (CFO/Financial Director) Jesper Egelykke Jensen (CSCO/Supply chain manager)
Audit	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg

Consolidated financial statements 1 January – 31 December

Income statement

Note	mDKK	2023	2022
3	Revenue	3,377.9	3,128.5
4,5,7	Cost of sales	-1,810.8	-1,733.8
6	Development costs	-48.9	-55.0
	Gross profit	**1,518.2**	**1,339.7**
5,7	Distribution costs	-812.0	-759.2
5,7,8	Administrative expenses	-84.8	-82.2
	Profit/loss before financial items and tax (EBIT)	**621.4**	**498.3**
9	Financial income	25.5	101.8
10	Financial expenses	-48.8	-37.2
	Profit before tax	**598.1**	**562.9**
11	Income tax	-133.7	-115.4
	Profit/loss for the year	**464.4**	**447.5**

Statement of comprehensive income

Note	mDKK	2023	2022
	Profit/loss for the year	**464.4**	**447.5**
	Other comprehensive income		
	Items that can't later be reclassified to the income statement:		
	Actuarial adjustment of defined benefit pension obligation	-0.6	1.3
	Items that can later be reclassified to the income statement:		
	Exchange rate adjustments on translation of foreign entities	-7.3	-11.0
11	Taxes	-0.7	0.9
	Other comprehensive income after tax	**- 8.6**	**-8.8**
	Total comprehensive income for the year	**455.8**	**438.7**

Consolidated financial statements 1 January – 31 December

Balance sheet

Note	mDKK	2023	2022
	ASSETS		
	Non-current assets		
12,13	Intangible assets	1,295.1	1,289.8
14	Property, plant and equipment	179.3	145.3
15	Right-of-use assets	196.2	228.0
17	Trade receivables	0.2	0.5
17	Other receivables	26.8	40.8
11	Deferred tax assets	10.4	10.1
	Total non-current assets	**1,708.0**	**1,714.5**
	Current assets		
16	Inventories	219.9	260.2
17	Trade receivables	553.8	627.9
18	Contract assets	70.2	48.2
	Income tax receivables	0.0	9.0
19	Prepayments	48.5	54.0
17	Other receivables	41.5	65.2
30	Cash and cash equivalents	243.9	195.1
	Total current assets	**1,177.8**	**1,259.6**
	TOTAL ASSETS	**2,885.8**	**2,974.1**

Consolidated financial statements 1 January – 31 December

Balance sheet

Note	mDKK	2023	2022
	EQUITY AND LIABILITIES		
20	**Equity**		
	Share capital	51.9	51.9
	Reserve for currency translation	-28.1	-20.8
	Retained earnings	982.1	955.9
	Proposed dividend	440.9	233.4
	Total equity	**1,446.8**	**1,220.4**
	Liabilities		
	Long-term liabilities		
21	Pensions and similar commitments	3.8	4.3
11	Deferred tax liabilities	45.3	43.3
22	Provisions	12.1	14.2
24	Other debt	35.6	46.5
23	Borrowings	561.8	713.7
15	Lease liabilities	153.8	185.9
	Total non-current liabilities	**812.4**	**1,007.9**
	Current liabilities		
23	Borrowings	0.9	94.9
15	Lease liabilities	54.6	55.8
18	Contract liabilities	100.7	89.1
31	Trade payables	260.4	249.2
25	Loans from related parties	7.2	67.0
24	Other debt	183.2	185.6
	Income tax payables	10.4	0.0
22	Provisions	9.2	4.2
	Total current liabilities	**626.6**	**745.8**
	Total liabilities	**1,439.0**	**1,753.7**
	TOTAL EQUITY AND LIABILITIES	**2,885.8**	**2,974.1**

Consolidated financial statements 1 January – 31 December

Statement of cash flow

Note	mDKK	2023	2022
	Profit/loss before interest and tax	621.4	498.3
	Adjustment for non-cash items, etc:		
7	Depreciation and impairment	116.6	110.4
21,22	Provisions	1.9	2.5
	Cash flow from operating activities before movements in working capital	739.9	611.2
27	Change in working capital	122.1	-189,7
	Cash flow from operating activities	862.0	421.5
	Income tax paid	-150.9	-96.9
	Cash flow from operating activities	**711.1**	**324.6**
12	Purchase of intangible assets	-47.1	-40.8
14,28	Purchase of property, plant and equipment	-59.6	-39.9
29	Acquisition of subsidiaries and activities	-20.0	-17.2
	Cash flow used in investing activities	**-126.7**	**-97.9**
	External financing		
28	Repayment of borrowings	-151.1	-1.1
28	Proceeds from borrowings	1.1	150.0
28	Change in business credit	-96.0	0.0
	Repayment of lease liabilities	-58.9	-58.3
	Interest received/paid	21.1	-11.4
	Loan from related parties	-22.3	22.3
	Distributed dividends	-232.1	-233.2
	Proceeds on issue of shares	0.0	0.0
20	Sale/Repurchase of treasury shares	2.7	-17.2
	Cash flow used in financing activities	**- 535.5**	**-148.9**
	Cash flow for the year	**48.9**	**77.8**
30	Cash and cash equivalents at 1 January	195.1	116.0
	Effect of foreign exchange rate changes	-0.1	1.3
30	**Cash and cash equivalents at 31 December**	**243.9**	**195.1**

Consolidated financial statements 1 January – 31 December

Statement of Changes in Equity

		Shareholders in KOMPAN Holding A/S			
mDKK	**Share capital**	**Retained earnings**	**Reserve for currency translation**	**Proposed dividend**	**Total equity**
Equity as at 1 January 2023	**51.9**	**955.9**	**-20.8**	**233.4**	**1,220.4**
Comprehensive income in 2023					
Profit/loss for the year	-	23.5	-	440.9	**464.4**
Other comprehensive income					
Exchange rate adjustment on translation of foreign entities	-	-	-7.3	-	**-7.3**
Actuarial adjustment of defined benefit pension obligation	-	-0.6	-	-	**-0.6**
Tax on other comprehensive income	-	-0.7	-	-	**-0.7**
Total other comprehensive income	**-**	**-1.3**	**- 7.3**	**0**	**-8.6**
Total comprehensive income for the period	**-**	**22.2**	**- 7.3**	**440.9**	**455.8**
Transactions with owners					
Distributed dividends	**-**	1.3	**-**	-233.4	**-232.1**
Sale of own shares	-	2.7	**-**	-	**2.7**
Total transactions with owners	-	**4.0**	**-**	**-233.4**	**-229.4**
Equity as at 31 December 2023	**51.9**	**982.1**	**-28.1**	**440.9**	**1,446.8**
Equity as at 1 January 2022	**51.9**	**756.6**	**-9.8**	**233.4**	**1,032.1**
Comprehensive income in 2022					
Profit/loss for the year	-	214.1	-	233.4	**447.5**
Other comprehensive income					
Exchange rate adjustment on translation of foreign entities	-	-	-11.0	-	**- 11.0**
Actuarial adjustment of defined benefit pension obligation		1.3	-	-	**1.3**
Tax on other comprehensive income	-	0.9	-	-	**0.9**
Total other comprehensive income	-	**2.2**	**- 11.0**	**-**	**-8.8**
Total comprehensive income for the period	**-**	**216.3**	**- 11.0**	**233.4**	**438.7**
Transactions with owners					
Distributed dividends	**-**	0.2	**-**	-233.4	**-233.2**
Buy-back of own shares	-	-17.2	**-**	-	**-17.2**
Total transactions with owners	-	**-17.0**	**-**	**-233.4**	**-250.4**
Equity as at 31 December 2022	**51.9**	**955.9**	**-20.8**	**233.4**	**1,220.4**

Consolidated financial statements 1 January – 31 December

Summary of notes to the consolidated financial statements

Consolidated financial statements 1 January – 31 December

Notes

1 Material accounting policy information

KOMPAN Holding A/S is a limited liability company domiciled in Denmark. The financial part of the annual report for the period 1 January - 31 December 2023 comprises consolidated financial statements for KOMPAN Holding A/S and its subsidiaries (the Group) along with a separate financial statement for the parent company.

The consolidated financial statements of KOMPAN Holding A/S for 2023 have been prepared in accordance with IFRS Accounting Standards as approved by the EU and additional requirements of the Danish Financial Statements Act applying to enterprises of reporting class C (large). The Company is included in the consolidated financial statements of Dyvig Holdings A/S.

On 11 April 2024 the Board of Directors and the Executive Board reviewed and approved the 2023 annual report for KOMPAN Holding A/S. The annual report will be presented to the shareholders of KOMPAN Holding A/S for approval at the Annual General Meeting on 11 April 2024.

Basis for preparation

The consolidated financial statements are presented in Danish kroner (DKK)

The material accounting policy information described below have been applied consistently throughout the financial year and to the comparative figures. Comparative figures are not adjusted for standards implemented going forward.

Comparative figures encompass the period from 1 January - 31 December 2022

As a non-listed company, the company has chosen not to implement IFRS 8 and the financial statements therefore do not include segment details.

Statement on going concern

When preparing the accounts, the Board of Directors and the Executive Board have made an assessment as to whether the going concern assumption is justified. The Board of Directors and the Executive Board have concluded that, as at the reporting date, there are no factors giving rise to doubts as to whether the Group and the Company can and will continue as a going concern at least until the next balance sheet date. The conclusion is reached based on knowledge of the Group and the Company, the estimated future prospects and the identified uncertainties and risks associated with the same (discussed in the directors' report and note 2) and after review of budgets, including expectations of cash flow developments and changes in capital base, etc., existing credit facilities with related contractual and expected maturity periods and other conditions. It is therefore considered reasonable, objective and justified to use the going concern assumption for financial reporting purposes.

Change in accounting policies

Effective 1 January 2023, the Group has implemented the following amended standards and interpretations:

- IFRS 17 Insurance Contracts
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction
- Amendment to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements.
- Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- IAS 12 Income Taxes – Amendment to IAS 12: International Tax Reform - Pillar Two Model Rules.

The changes have not had any impact on recognition and measurement in the annual report.

Consolidated financial statements 1 January – 31 December

Notes

1 Material accounting policy information (continued)

Consolidated financial statements

The consolidated financial statements include the parent company KOMPAN Holding A/S (the Company) and entities controlled by KOMPAN Holding A/S.

Control is achieved by direct or indirect acquisition or disposal of more than 50% of the voting rights or otherwise controlling the company in question.

The consolidated financial statements are prepared as a summary of the accounts of the parent company and each individual subsidiary drawn up in accordance with the Group's accounting policies, eliminating intragroup revenues and expenses, shareholdings, internal outstanding balances and dividends, and realised and unrealised gains on transactions between the consolidated companies. Unrealised losses are eliminated in the same way as unrealised gains to the extent that they do not represent an impairment.

Business combinations

The acquisition date is the date on which KOMPAN Holding A/S obtains control of the acquired company.

Positive differences (goodwill) between, on the one hand, the purchase consideration, the value of non-controlling interests in the acquired company and the fair value of any previously acquired equity interests and, on the other hand, the fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangible assets. Goodwill is not amortised but tested at least annually for impairment. The initial impairment test is performed before the end of the year of acquisition.

On acquisition, goodwill is allocated to the cash-generating units that subsequently form the basis of the impairment test. Goodwill and fair value adjustments in conjunction with acquisition of a foreign entity with a functional currency other than the presentation currency of the KOMPAN Group are treated as assets and liabilities belonging to the foreign entity and are translated on initial recognition into the functional currency of the foreign entity using the exchange rate valid on the date of transaction.

The purchase consideration for the acquisition of a company consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is contingent on future events or the fulfilment of contractual conditions, that part of the purchase consideration is recognised at fair value on the acquisition date.

Costs incurred in conjunction with company acquisitions are recognised under other operating expenses and special items in the year of expenditure.

If, at the acquisition date, there is uncertainty about the identification or measurement of assets, liabilities or contingent liabilities assumed or the determination of the purchase consideration, initial recognition is based on provisional values. Should it subsequently become apparent that the identification or measurement of the purchase consideration, assets acquired, liabilities or contingent liabilities was incorrect on initial recognition, the statement is retroactively adjusted, including goodwill, until 12 months after acquisition, and comparative figures are adjusted. After this goodwill is not adjusted. Subsequent changes in estimates of contingent purchase consideration are recognised in profit or loss.

Foreign currency translation

The parent company's functional currency is DKK.

A functional currency is defined for each of the Group's reporting entities. The functional currency is the currency used in the primary economic environment in which each reporting entity operates. Transactions in currencies other than the functional currency are foreign currency transactions.

Consolidated financial statements 1 January – 31 December

Notes

1 Material accounting policy information (continued)

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates valid on the transaction date . Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement under financial income or expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date.

The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or the rate in the latest annual report is recognised in the income statement under financial income or financial expenses.

When companies with a functional currency other than Danish kroner are included in the consolidated financial statements, the income statement and other comprehensive income are translated at the exchange rate valid on the transaction date and the balance sheet items are translated at the exchange rates valid on the balance sheet date. The average rate for the individual months is used as the rate for the transaction date to the extent that this does not result in a significantly different picture.

Exchange differences arising from the translation of these companies' equity at start of year to exchange rates valid on the balance sheet date and on translation comprehensive income from the exchange rate valid on the date of transaction to exchange rates valid on the balance sheet date are recognised in other comprehensive income in a separate currency translation reserve under equity.

Derivative financial instruments

Derivative financial instruments are recognised from the trade date and measured at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are included on separate lines in the balance sheet and offsetting of positive and negative values is only net value when the company has the right and intention to settle several financial instruments net.

Fair value hedging

Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as an instrument used for hedging the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability as regards the part thereof that is hedged. Hedges of future cash flow under a fixed agreement, other than foreign exchange hedges, are treated as fair value hedges.

The part of the value adjustment of a derivative financial instrument that is not part of a hedging relationship is presented under financial items.

Cash flow hedging

Changes in the fair value of derivative financial instruments that qualify and are classified as hedges of future cash flow and that effectively hedge changes in future cash flow are recognised in other comprehensive income in a separate hedging reserve under equity until the hedged cash flow affect profit or loss. At this time, gains or losses on such hedging transactions are reclassified from other comprehensive income and included in the same item as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, the hedging relationship is discontinued prospectively. The cumulative change in value recognised in other comprehensive income is reclassified to the income statement once the hedged cash flow affect profit or loss or are no longer probable.

If the future cash flow of the hedged item change in such a way that the criteria for hedge accounting are no longer met, the cumulative change in value of the hedging instrument is reclassified immediately from other comprehensive income to the income statement.

The part of the value adjustment of a derivative financial instrument that is not part of a hedging relationship is presented under financial items.

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1 Material accounting policy information (continued)

Other derivative financial instruments

For derivative financial instruments that do not meet the conditions to be treated as hedging instruments, changes in fair value are recognised on an ongoing basis in the income statement under financial items.

Revenue

The Group's revenue comprises sales of playground equipment, outdoor sports and fitness facilities, furnishings and indoor solutions as well as related installation and services.

The Group's sales contracts are broken down into individually identifiable performance obligations, which are recognised and measured separately at fair value. Where a contract contains several performance obligations, the total fair value of the contract is allocated proportionately to the individual performance obligations of the contract.

Revenue is recognised when control of the individual identifiable performance obligation is transferred to the customer. Revenue recognised is measured at the fair value of the consideration agreed excluding VAT and taxes collected on behalf of third parties. All discounts granted are recognised in revenue. Fair value corresponds to the agreed price discounted to net present value, where the payment terms exceed 12 months.

The portion of the total consideration that is variable is not recognised in revenue until it is reasonably certain that no reversal of this consideration will be required in subsequent periods.

Sale of goods

Sales of goods include playground equipment, outdoor sports and fitness facilities and furnishings, and are recognised in revenue once control of the individual identifiable performance obligation in the contract is transferred to the customer.

Sale of services

Sales of services includes installation and services related to goods sold, and are recognised as revenue as the service is delivered, with control of completed work transferred to the customer on an ongoing basis. Recognition is made using input-based accounting methods based on actual time spent compared to total expected number of hours, as this method is considered the best reflection the ongoing transfer of control.

Construction contracts

Construction contracts include contracts under which goods and services are provided with a high degree of customisation and design. Construction contracts typically include a performance obligation that is progressively recognised in revenue as production and/or installation is performed. The ongoing transfer of control of work performed occurs either because the construction takes place on the customer's property, whereby ownership and thus control is transferred to the customer as the work is performed, or because the goods are of such a special nature that they cannot be used for any other purpose without disproportionate cost, while at he same time the customer is obliged to pay on an ongoing basis for work performed, including reasonable profit on the work performed.

Recognition is made using input-based accounting methods based on actual costs incurred compared to total expected costs, as this method is considered the best reflection the ongoing transfer of control.

Payment terms in the Group's sales contracts

Payment terms in the Group's sales contracts with customers depend partly on the underlying delivery obligation and partly on the underlying customer relationship.

For sales of goods where control is transferred at a specific time, payment terms will typically be 14-30 days. For sales of major construction contracts, where there is a continuous transfer of control, the payment terms will typically be ongoing.

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Notes

1 Material accounting policy information (continued)

Cost of sales

Cost of sales include costs incurred to generate revenue for the year. Costs includes direct and indirect costs of raw materials and consumables, direct wages and indirect cost of sales, depreciation and impairment of production assets, and operating, management and administrative costs of production companies.

Development costs

Development costs include costs that do not meet the criteria for recognition in the balance sheet, such as personnel costs, consumables, and depreciation and write-down of capitalised development costs.

Distribution costs

Distribution costs include costs incurred for the distribution of goods sold over the year and for sales campaigns carried out over the year, etc. This includes costs of sales personnel, advertising and exhibition costs, operation and administration of sales companies and depreciation and impairment of tangible assets in sales companies.

Administrative expenses

Administrative expenses include costs incurred during the year for management and administration, including costs of administrative staff, management, office facilities and office expenses, and depreciation and impairment of tangible assets. Write-downs of trade receivables are also included.

Financial income and expenses

Financial income and expenses comprise interest income, foreign exchange gain/loss on transactions in foreign currency and impairment losses on securities. Also included is amortisation of financial assets and liabilities, including finance lease liabilities, allowances and reimbursements under the on-account tax scheme and changes in the fair value of derivative financial instruments not designated as hedges.

Income tax

Tax on profit/loss for the year

KOMPAN Holding A/S is jointly taxed with all Danish subsidiaries as well as with the parent company Dyvig Holdings A/S (management company) and its Danish subsidiaries. The Danish corporation tax is distributed among the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are included in the on-account tax scheme.

The tax for the year, consisting of current tax and the change in deferred tax, is recognised in profit or loss, other comprehensive income or directly in equity.

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1 Material accounting policy information (continued)

Tax payable and tax deferred

Income tax liabilities and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

In the consolidated financial statements, the part of the liability or receivable relating to the Danish joint taxation is presented as an outstanding balances with affiliated companies, as KOMPAN Holding A/S is not a management company.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax on temporary differences concerning amortisation of goodwill non-deductible for tax purposes and office buildings and other items where temporary differences – except for company acquisitions - have occurred at the date of acquisition without having any effect on the results or taxable income are not, however, recognised.

Goodwill and trademarks

Goodwill and trademarks are recognised upon first recognition in the balance sheet at cost, as described under business combinations. Goodwill and trademarks are subsequently measures at cost less accumulated impairment losses. Goodwill and trademarks are not subject to amortisation. Trademarks are assumed to have an indefinite lifetime.

The carrying amount of goodwill and trademarks is allocated to the Group's cash-generating units on the acquisition date. The definition of cash-generating units follows the managerial structure and internal financial management.

Development projects, concepts, software, patents and licences, etc.

Development projects that are clearly defined and identifiable, where technical feasibility, adequate resources and a potential future market or opportunity for use within the Group can be demonstrated, and where there is an intention to manufacture, market or use the project, are recognised as intangible assets if the cost can be measured reliably and there is sufficient certainty that the future earnings or the net sales price can cover the costs of production, sales, administration and development costs. Other development costs are recognised in the income statement under development costs as the costs are incurred.

Intangible assets

Recognised development costs are measured at cost less accumulated depreciation and impairment losses. The cost includes remuneration and other costs attributable to the Group's development activities.

After completion of the development work, development projects follow straight-line depreciation over their estimated useful economic lives from the date the asset becomes available for use. The amortisation period is usually 2-5 years. The basis for depreciation is reduced by any impairment losses. Depreciation is included in Cost of sales.

Designs, patents, software and licences are measured at cost less accumulated depreciation and impairment losses.

Concepts are subject to linear depreciation over useful life. The amortisation period is usually 6 years.

Patents, software and licences are amortised on a straight-line basis over the remaining patent or contract term or the useful life, whichever is shorter. The amortisation period is usually 3-10 years.

Property, plant and equipment

Land and buildings, plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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1 Material accounting policy information (continued)

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries. To the cost is added the net present value of estimated liabilities for decommissioning and removal of the asset and for restoration of the site on which the asset was installed.

Subsequent costs, such as replacing components of a tangible asset, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits associated with the asset will flow to the Group. The replaced components are derecognised from the balance sheet and their carrying amount is transferred to the income statement. All other general maintenance and repair costs are recognised on the income statement at time of payment.

The cost of a total asset is divided into separate components that are depreciated separately if the useful lives of the individual components differ. Tangible assets are subject to straight-line depreciation over the estimated useful lives of the assets/components, which are:

Building envelope (administration)	50 years
Building envelope (production)	33 years
Technical installations	10 years
Timeframes	20 years
Roof	30 years
Plant and machinery	3-10 years
Leasehold improvements	Up to 10 years

Land is not depreciated.

Depreciation is recognised in the income statement under production, distribution, administrative and research and development costs respectively, to the extent that depreciation is not included in the cost of assets constructed in house.

Lease agreements

A right-of-use asset and a corresponding lease liability are recognised in the balance sheet when the Group, pursuant to a concluded lease agreement regarding a specific, identifiable asset, when the right-of-use asset is available in the leasing period, and when the Group obtains the right to virtually all the financial benefits from the use of the identified asset, and the right to determine the use of the identified asset.

Lease liabilities are initially measured at the current value of the future lease payments, discounted at an alternative borrowing rate. The following lease payments are recognised as part of the lease liabilities:

- Fixed payments.
- Variable lease payments that depend on an index or interest rate.
- Payments due under a residual value guarantee.
- The exercise price of options to purchase that management expects with reasonable certainty to exercise.
- Payments subject to an extension option that the Group reasonably expects to exercise.
- Fines related to a termination option, unless the Group expects with reasonable certainty not to exercise the option.

The lease liability is measured at amortised cost using the yield to maturity method (YTM). The lease liability is recalculated when there are changes in the underlying contractual cash flow, from changes in an index or an interest rate, if there are changes to the Group's estimate of a residual value guarantee, or if the Group changes its assessment of whether a purchase, extension or termination option can with reasonable assurance be expected to be exercised.

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Notes

1 Material accounting policy information (continued)

Right-of-use assets are depreciated on a straight-line basis during the expected leasing period, which is:

Vehicles, plant and machinery	1-6 years
Land and buildings	1-10 years

The Group presents right-of-use assets and lease liabilities separately in the balance sheet.

The Group has opted not to recognise low-value right-of-use assets. Lease payments related to these lease agreements are instead recognised on a straight-line basis in the income statement.

Impairment test of non-current assets

Goodwill, intangible assets with indefinite useful lives and development projects in progress

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, initially before the end of the year of acquisition. Ongoing development projects are similarly tested annually for impairment.

The carrying amount of goodwill is tested for impairment along with the other non-current assets in the cash-generating unit or Group of cash-generating units to which goodwill and trademarks are allocated and written down to recoverable amount through the income statement if the carrying amount is higher. The recoverable amount is generally measured as the present value of expected future net cash flow from the business or activity (cash generating unit) to which goodwill and trademarks relate.

Other non-current assets

The carrying amount of other non-current assets is reviewed annually to determine whether there is any indication of impairment. Where such an indication exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use.

Value in use is calculated as the net present value of expected future cash flow from the asset or the cash-generating unit of which the asset is a part.

Inventories

Inventories are measured at the cost determined per the FIFO method or the net present value method, whichever is lower.

Cost of goods for resale and raw materials and consumables comprises cost plus delivery costs.

Cost of finished goods and work in progress includes the cost of raw materials, consumables, direct wages, indirect Cost of sales and borrowing costs from specific and general borrowing directly related to the production of each individual inventory of goods. Indirect Cost of sales comprise indirect materials and labour costs as well as maintenance of and depreciation of the machines, factory buildings and equipment used in the production process and costs for production administration and management.

The net present value of inventories is determined as the selling price less the costs of completion and transaction costs, and is determined considering negotiability, obsolescence and development of expected selling price.

Consolidated financial statements 1 January – 31 December

Notes

1 Material accounting policy information (continued)

Receivables

Receivables are measured at amortised cost. Impairments to offset losses are recognised using the simplified expected credit loss model, whereby the total loss is recognised immediately in the income statement at the same time that the receivable is recognised in the balance sheet, based on the expected loss on the receivable.

Receivables are continuously monitored according to the Group's risk management until realisation. The impairment is calculated based on expected loss percentage, which is calculated based on historical data, adjusted for estimated effects of expected changes in relevant parameters, such as economic developments, political risk, etc. in the market concerned.

Contract assets

Contracts for the delivery of playground products involving a high degree of customisation and/or installation services are measured at the sales value of the work performed less payments on account.

The selling price is measured based on the stage of completion on the balance sheet date and total expected income from the individual contract. Degree of completion is determined based on an assessment of the work performed, normally calculated as milestones which reflects the ratio between the costs incurred and the total estimated cost of the contract in question.

When it is likely that total contract costs for a contract will exceed total contract revenue, the expected loss on the contract is recognised immediately as an expense and a provision.

Prepayments

Prepayments are measured at cost.

Employee commitments

Pension obligations and similar non-current liabilities

The Group has entered into pension agreements and similar agreements with the majority of its employees.

Liabilities in respect of defined contribution schemes, where the Group makes fixed contributions to independent pension funds, are recognised in the income statement in the period in which they are earned and amounts payable are recognised in the balance sheet under other liabilities.

For defined benefit pension schemes, an annual actuarial calculation is made of the net present value of the future benefits earned by employees under the scheme. The net present value is calculated based on assumptions about future developments in, among other things, wage levels, interest rates, inflation, retirement age and mortality. Net present value is calculated only for those benefits to which the employees have become entitled through their previous employment in the Group. Net present value determined on an actuarial basis less fair value of any assets associated with the scheme are recognised in the balance sheet under pension obligations.

Pension costs for the year are assessed based on actuarial estimates at the beginning of the year, and are recognised in the income statement. Differences between calculated development of pension assets and liabilities and realised values at year's end are considered actuarial gains or losses recognised in other comprehensive income.

If a pension scheme represents a net asset, the asset is recognised only to the extent that it corresponds to future refunds from the scheme or it will lead to reduced future contributions to the scheme.

Consolidated financial statements 1 January – 31 December

Notes

1 Material accounting policy information (continued)

Provisions

Provisions are recognised when, as a result of events occurring before or on the balance sheet date, the Group has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at management's best estimate of the required amount expected to settle the obligation.

In measuring provisions, the costs necessary to settle the obligation are discounted if this has a significant effect on the measurement of the provision. A pre-tax discount rate is applied that reflects the general level of interest rates in society and the specific risks associated with the obligation. The shift in the discount element for the year is recognised under financial expenses.

Warranty obligations are recognised based on experience on the level of warranty costs incurred in prior financial years.

Restructuring costs are recognised as liabilities once a detailed, formal plan for the restructuring has been made public to those affected by the plan by no later than the balance sheet date.

Financial liabilities

Borrowings etc. are recognised at fair value less transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost using the "effective interest rate method" so that the difference between the proceeds and the nominal value is recognised in the income statement under financial costs over the term of the loan.

Other financial liabilities are measured at amortised cost.

Fair value measurement

The Group applies the fair value concept in conjunction with certain disclosure requirements and for the recognition of financial instruments. Fair value is defined as the price that can be obtained by selling an asset or that must be paid to transfer a liability in a general transaction between market participants ("exit price").

Fair value is market-based and not a company-specific valuation. The company uses the assumptions that market participants would use in pricing the asset or liability based on existing market conditions, including assumptions about risk. The company's intention to own the asset or settle the liability is not considered in determining fair value.

Determination of fair value is based on the primary market. If a primary market does not exist, the most advantageous market is used as a basis, which is the market that maximises the price of the asset or liability less transaction and transportation costs.

All assets and liabilities measured at fair value, or for which fair value is disclosed, categorised according to the fair value hierarchy, as described below:

- Level 1: Value determined based on the market value of similar assets/liabilities in a well-functioning market
- Level 2: Value determined based on recognised methods of valuation based on observable market information
- Level 3: Value is determined using recognised methods of valuation and reasonable estimates (non-observable market information).

Consolidated financial statements 1 January – 31 December

Notes

1 Material accounting policy information (continued)

Statement of cash flow

The statement of cash flow presents cash flow from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of companies is shown separately under cash flow from investing activities. The statement of cash flow recognises the cash flow of acquired companies from the date of acquisition and the cash flow of businesses sold up until the date of sale.

Cash flow from operating activities are calculated according to the indirect method based on profit after tax adjusted for non-cash operating items, changes in working capital and income tax paid.

Cash flow from investing activities include payments related to the purchase and sale of businesses and operations, purchase and sales of intangible, tangible and other non-current assets, and securities not reported as cash.

Cash flow from financing activities include changes in the amount or composition of share capital and related costs as well as Proceeds from borrowings and repayments of borrowings and lease liabilities, interest received and paid, purchase and sale of own shares and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and securities with a residual maturity of less than three months at the time of purchase, which are readily convertible to cash and which are only subject to an insignificant risk of value fluctuation.

Cash flow in currencies other than the functional currency are translated at average exchange rates, unless these rates differ significantly from those prevailing on transaction dates.

Financial ratios

Financial ratios have been prepared in accordance with the recommendations of the CFA Society of Denmark.

Refer to the page with definition of Financial ratios.

Gender distribution of management: Other levels of management

The first level of management below the supreme governing body is the Executive Board and the persons who organisationally are at the same level as the Executive Board. The second level of other level of management below the supreme governing body includes persons with managerial responsibility, who refer directly to the first level of management below the supreme governing body (e.g., those who handle the day-to-day operations, department managers, team leaders - depending on the company’s managerial structure).

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Notes

2 Significant accounting estimates, and judgements

Determination of the carrying amount of certain assets and liabilities requires judgements, estimates and assumptions about future events.

The estimates and assumptions are based in part on historical experience and other factors that management considers reasonable under the circumstances, but that are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Because of the risks and uncertainties to which the Group is subject, actual outcomes may differ from the estimates made. Specific risks for the KOMPAN Group are discussed in the directors' report in the section "Non-financial conditions - specific risks" and note 31 to the consolidated financial statements.

It may be necessary to revise previously made estimates because of changes in the prevailing circumstances on which those estimates were based or because of new information or subsequent events.

Estimates that are particularly significant for financial reporting purposes are made on, among other things, impairment tests on goodwill, trademarks, lease liabilities and assets, receivables and inventories.

Impairment test for goodwill and trademarks

During the annual impairment test of goodwill and trademarks, or when there is an indication of a need for impairment loss, assessment is made of whether the parts of the company (cash-generating units) with which the goodwill or trademark is associated will be able to generate sufficient positive net cash flow in the future to support the value of the goodwill and trademarks and other net assets of that part of the company.

Due to the nature of the business, expected cash flow must be estimated several years out into the future, which naturally results in some uncertainty. The uncertainty is reflected in the chosen discount rate.

The impairment test, the particularly sensitive conditions related to this and sensitivity analyses are described in more detail in note 13 to the consolidated financial statements.

Lease liabilities and right-of-use assets

The average discount rate amounts to 3.0%. When discounting the lease payments to present value, the Group has used its alternative borrowing rate, which represents the cost of obtaining external financing for an equivalent asset with a financing period equivalent to the term of the lease agreement.

The lease term includes the irrevocable period of the lease, periods covered by an extension option that the Group reasonably expects to exercise, and periods covered by a termination option that the Group reasonably expects not to exercise.

A number of the Group's property leases contain options allowing the Group to extend the lease for a further period, typically 1-10 years. On initial recognition of the right-of-use asset, the Group assesses whether it is reasonably probably that the lease extension option will be exercised. The Group re-evaluates this estimate in the event of significant events or material changes in circumstances within its control.

Receivables

Management uses estimates in assessing the recoverability of receivables as at the balance sheet date. Impairment of expected losses on trade receivables are recognised immediately in the income statement at the same time as the receivable based on a simplified expected credit loss model. The impairment is based on historical data from an expected loss on the receivable, adjusted for estimate and effect of expected changes on relevant parameters such as economic developments, political risk, etc. in the market concerned.

No individual doubtful receivables of material significance for the financial statements have been identified when preparing the financial statements for 2023.

See also note 31 for an itemisation of aging of receivables.

Consolidated financial statements 1 January – 31 December

Notes

2 Significant accounting estimates, and judgements (continued)

Inventories

The uncertainty in estimation for inventories relates to write-down to net realisable value.

Inventories are written down in accordance with the Group's depreciation policy, which includes assessment of inventories individually for possible losses due to obsolescence, poor quality and current usability. A cumulative write-down of 33.9 mDKK was made on inventories at the end of 2023 (2022: 27.6 mDKK). Refer to note 16 for an itemisation of inventories.

Climate change

The group has in preparing the consolidated financial statements, considered climate change in terms of the physical risk on production and installation sites and the transition risk on solutions including climate change scenarios on estimates and judgement.

The following were assessed:

- The impact of climate change on the residual values and usefulness of assets were considered when determining the carrying value of non-current assets. Refer to note 12-15.
- The impact of climate change in relation to indications of impairment and the forecast of cashflows used in the impairment assessment of non-current assets including goodwill. Refer to note 12-15.
- The impact of climate change was considered in relation to the recognition and measurement of provisions and contingencies. Refer to note 22 and 26.

No material impact arising from climate changes has been identified in the financial reporting judgments and estimates for the year ended 31 December 2023. The valuation of assets and liabilities has therefore not been significantly impacted by the climate change risk.

	mDKK	2023	2022
3	**Revenue**		
	Sale of goods, installations and services	2,963.7	2,761.9
	Market value of sales of construction contracts	414.2	366.6
		3,377.9	**3,128.5**
	Geographic distribution of revenue:		
	Western Europe	2,070.9	2,015.8
	Other	1,307.0	1,112.7
		3,377.9	**3,128.5**
4	**Cost of sales**		
	Cost of goods sold	1,204.4	1,168.7
	Write-down of inventory due to obsolescence for the year	12.4	11.3
	Reversed write-downs due to obsolescence	6.1	3.1

Reversals relates to sales and disposals of goods written down.

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5 Staff costs

mDKK	2023	2022
Salaries and wages	685.4	637.9
Defined contribution pension schemes	19.8	19.5
Defined benefit pension schemes	0.1	0.4
Other social security costs	93.2	83.6
Total staff costs	**798.5**	**741.4**
Transferred to development projects in the balance sheet	-15.1	-10.9
Total staff costs included in income statement	**783.4**	**730.5**
Total average number of employees	1,826	1,811

Staff costs are thus recognised in the income statement:

	2023	2022
Cost of sales	170.5	161.3
Development costs	29.6	35.1
Distribution costs	520.9	483.7
Administrative expenses	62.4	50.4
Total staff costs	**783.4**	**730.5**

Remuneration of the Board of Directors, Executive Board and key management personnel

	2023		2022	
mDKK	Board of Directors of the parent company	Executive Board of the parent company	Board of Directors of the parent company	Executive Board of the parent company
Salaries and other remuneration	3.0	22.4	2.8	20.0
Pension contributions	-	0.4	-	0.3
	3.0	**22.8**	**2.8**	**20.3**

In 2023, the company's Executive Board and Group management included a total of 4 persons (2022: 3 persons). All are covered by net profit-based bonus arrangements and defined contribution pension schemes.

6 Development costs

mDKK	2023	2022
The connection between development costs incurred and development costs expensed is:		
Research and development costs incurred	58.3	55.8
Development costs recognised under intangible assets	-34.3	-25.3
Depreciation and impairment	24.9	24.5
Research and development costs recognised in the income statement	**48.9**	**55.0**

7 Depreciation, amortisation and impairment

	2023	2022
Depreciation, amortisation and impairment, intangible assets	35.6	33.9
Depreciation, tangible assets	26.8	22.6
Depreciation, Right-of-use assets	54.2	54.1
Gains/losses on sale of non-current assets	0.0	-0.2
	116.6	**110.4**

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7 Depreciation, amortisation and impairment (continued)

Recognised in the income statement as:

mDKK	2023	2022
Cost of sales	53.3	49.2
Development costs	24.8	24.5
Distribution costs	26.1	26.0
Administrative expenses	12.4	10.7
	116.6	**110.4**

Depreciation of intangible assets is recognised in the items Cost of sales 0.9 mDKK (2022: 0.8 mDKK), development costs 24.8 mDKK (2022: 24.4 mDKK), distribution costs 0.0 mDKK (2022: 0.0 mDKK), and administrative costs 10.6 mDKK (2022: 8.6 mDKK).

mDKK	2023	2022
8 Fees for auditors elected by the General Meeting		
Statutory audit	3.1	3.0
Other assurance services	0.1	0.2
Tax and VAT advising	0.5	0.7
Other services	0.8	0.4
	4.5	**4.3**
The fee breaks down as:		
Total fee to EY	3.5	3.1
Total fee to others	1.0	1.2
	4.5	**4.3**

9 Financial income		
Interest, cash holdings etc.	3.3	4.7
Exchange rate gains	7.5	29.1
Value adjustment of derivatives	14.7	68.0
	25.5	**101.8**
Interest on financial assets measured at amortised cost amounts to	3.3	17.4

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	mDKK	2023	2022
10	**Financial expenses**		
	Interest, credit institutions, etc.	31.1	16.2
	Interest, lease liabilities	6.5	7.2
	Foreign exchange losses	11.2	13.8
		48.8	**37.2**
	Interest on financial liabilities measured at amortised cost amounts to	37.6	23.4

11 Income tax

	2023	2022
Tax recognised in the income statement.		
Tax for the year can be broken down as follows:		
Tax on profit/loss for the year	133.7	115.4
Tax on other comprehensive income	0.7	-0.9
	134.4	**114.5**
Tax on profit/loss for the year is presented as follows:		
Income tax	128.6	124.1
Deferred tax	2.4	-3.7
Change in tax percentage	-0.4	0.0
Adjustment to tax relating to previous years	4.0	-5.9
	134.4	**114.5**

Tax on profit/loss for the year is explained as follows:

	2023 mDKK	2023 %	2022 mDKK	2022 %
Estimated 22.0% tax on profit before tax incl. taxable other comprehensive income	132.3	22.0	123.1	22.0
Adjustment of estimated tax in foreign affiliated companies at 22.0%	0.9	0.2	-1.5	-0.3
Tax effect of adjustments to unrecognised deferrable tax loss	-3.4	-0.6	-3.6	-0.6
Other taxes	0.0	0.0	3.1	0.5
Tax effect of:				
Increased deduction for trials and research, etc.	-0.7	-0.1	-1.9	-0.3
Non-taxable income	-	-	-	-
Other non-deductible expenses	1.4	0.3	1.2	0.2
Adjustment to tax relating to previous years	4.0	0.7	-5.8	-1.0
	134.4	**22.5**	**114.6**	**20.5**
Effective tax rate	22.5%		20.5%	

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11 Income tax (continued)

Tax on other comprehensive income

	2023			2022		
mDKK	**Before taxes**	**Tax revenue/ -costs**	**After tax**	**Before taxes**	**Tax revenue/ -costs**	**After tax**
Exchange rate adjustments on translation of foreign entities	7.3	0.7	7.3	11.1	-	11.1
Value adjustment pension obligations	0.6	0.0	0.6	-1.3	-0.9	-2.2
	7.9	**0.7**	**-8.6**	**9.8**	**- 0.9**	**8.9**

Deferred tax

mDKK	**2023**	**2022**
Deferred tax beginning of year	33.2	37.4
Deferred tax for the year recognised in profits for the year	2.4	-3.3
Adjustment to tax relating to previous years	-1.0	0.0
Change in tax percentage	-0.4	0.0
Deferred tax for the year recognised other comprehensive income	0.7	-0.9
Deferred tax 31 December	**34.9**	**33.2**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	-10.4	-10.1
Deferred tax liabilities	45.3	43.3
Deferred tax 31 December, net	**34.9**	**33.2**
Deferred tax relating to:		
Intangible fixed assets	40.0	36.5
Property, plant and equipment	-3.4	-3.2
Receivables	17.4	12.6
Inventories	-12.4	-9.6
Provisions	-9.0	-6.2
Other liabilities	2.3	-1.2
Re-taxation balances related to foreign losses	0.0	4.3
	34.9	**33.2**

Deferred tax assets not recognised in the balance sheet

Deferrable tax loss	2.1	5.1
	2.1	**5.1**

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11 Income tax (continued)

The value is not recognised in the balance sheet, as its utilisation is associated with significant uncertainty. In the current financial year 2.1 mDKK (2022: 5.2 mDKK) of the unrecognised tax loss has been utilised. The tax losses expire after 20 years.

All deferred tax liabilities are recognised in the financial statements.

12 Intangible fixed assets

mDKK	Goodwill	Design and concept	Trademarks	Licensing, usage rights, and IT-software	Completed develop-ment projects	Develop-ment projects in progress etc.	Total
Cost as at 01.01.2023	1,121.4	123.2	71.9	58.9	96.9	16.5	1,488.8
Foreign exchange adjustment	-5.8	-	-0.4	-	-	-	- 6.2
Additions	-	-	-	12.8	-	34.3	47.1
Disposals	-	-	-	-6.9	-4.3	-	- 11.2
Transfers	-	-	-	-	25.5	-25.5	0.0
Cost as at 31.12.2023	1,115.6	123.2	71.5	64.8	118.1	25.3	1,518.5
Depreciation and impairment 01.01.2023	-	123.2	-	29.4	46.4	-	199.0
Depreciation and amortisation	-	-	-	10.7	24.9	-	35.6
Depreciation and impairment of disposed assets	-	-	-	-6.9	-4.3	-	- 11.2
Depreciation and impairment 31.12.2023	-	123.2	-	33.2	67.0	-	223.4
Carrying amount 31.12.2023	**1,115.6**	**-**	**71.5**	**31.6**	**51.1**	**25.3**	**1,295.1**
Cost as at 01.01.2022	1,127.5	123.2	72.3	45.7	74.4	13.8	1,456.9
Foreign exchange adjustment	-6.1	-	-0.4	-0.1	-	-	- 6.6
Additions	-	-	-	15.5	-	25.3	40.8
Disposals	-	-	-	-2.2	-0.1	-	- 2.3
Transfers	-	-	-	-	22.6	-22.6	0.0
Cost as at 31.12.2022	1,121.4	123.2	71.9	58.9	96.9	16.5	1,488.8
Depreciation and impairment 01.01.2022	-	123.2	-	22.9	22.0	-	168.1
Depreciation and amortisation	-	-	-	8.7	24.5	-	33.2
Depreciation and impairment of disposed assets	-	-	-	-2.2	-0.1	-	- 2.3
Depreciation and impairment 31.12.2022	-	123.2	-	29.4	46.4	-	199.0
Carrying amount 31 December 2022	**1,121.4**	**-**	**71.9**	**29.5**	**50.5**	**16.5**	**1,289.8**

As at 31 December 2023, 4.1 mDKK (2022: 5.7 mDKK) of licensing and usage rights and IT software related to software development in progress.

Trademarks are considered to have an indefinite life as the KOMPAN trademark is a recognised trademark with a lifetime of more than 40 years from time of purchase.

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13 Impairment test

Goodwill, Design & Concept and Trademarks

Goodwill and trademarks are tested for impairment at least annually and more frequently if there is an indication of impairment.

Management has as at 31 December 2023 tested the carrying amount of goodwill and trademarks for impairment, based on the cost allocation made to the Groups of cash-generating units, which in the KOMPAN Group comprise the following geographical markets: Western Europe, USA, and Rest of world

	Goodwill		Trademarks	
mDKK	**2023**	**2022**	**2023**	**2022**
Western Europe	747.5	745.9	49.2	49.1
USA	134.3	138.8	9.0	9.3
Rest of world	233.8	236.7	13.3	13.5
	1,115.6	**1,121.4**	**71.5**	**71.9**

The recoverable amount is determined in each individual case as the higher of value in use and fair value less sales costs.

The recoverable amount is based on the value in use, which is determined using expected net cash flow based on estimates for the years 2024-2028 approved by management and with the following discount factors and growth in the terminal period. Furthermore, the permissible variation in the discount factor (increase) and terminal growth (decrease), respectively, is given for the recoverable amount in 2023 to correspond to the carrying amount. The other variables are assumed to be unchanged.

	Discount rate (after tax)		Growth in terminal period	
in %	**Applied**	**Permissible increase - %-point**	**Applied**	**Permissible decrease - %-point**
Western Europe	7.8%	15.1%	2.2%	-2.2%
USA	8.8%	36.6%	2.6%	-2.6%
Rest of world	11.1%	7.8%	2.8%	-2.8%

Impairment tests performed on the total value of goodwill and trademarks did not demonstrate any need for impairment, and probable changes in the underlying assumptions would not cause the carrying amount of goodwill and trademarks to exceed their recoverable amount.

Development projects in progress include development and refinement of new/existing products. The carrying amount as at 31 December 2023 totals 25.3 mDKK.

All development projects currently underway are progressing as planned and there is no information from either customers or competitors to indicate that the new products will not be sold in the volumes expected. Based on the amount capitalised, management has determined that there is no need for impairment.

Management did not identify factors for either 2022 or 2023 that indicate any need to perform impairment tests on development projects in progress or other intangible assets.

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14 Property, plant and equipment

mDKK	Land and buildings	Plant and machinery	Tangible assets under construction	Total
Cost 1 January 2023	87.3	127.9	7.1	222.3
Foreign exchange adjustment	1.1	-1.1	0.3	0.3
Additions	3.5	9.0	47.2	59.7
Transfers	-	14.2	-14.2	-
Disposals	-0.1	-6.4	-	6.5
Cost 31 December 2023	91.8	143.6	40.5	275.9
Depreciation and impairment 1 January 2023	16.4	60.6	-	77.0
Foreign exchange adjustment	0.2	-1.1	-	-0.8
Depreciation and amortisation	4.1	22.7	-	26.8
Depreciation and amortisation of disposed assets	-0.1	-6.3	-	-6.4
Depreciation and impairment 31 December 2023	20.7	75.9	-	96.6
Carrying amount 31 December 2023	**71.1**	**67.7**	**40.5**	**179.3**
Cost 1 January 2022	85.0	96.0	4.8	185.8
Foreign exchange adjustment	0.1	2.3	-	2.4
Additions	2.8	17.9	19.8	40.5
Transfers	-	17.5	-17.5	-
Disposals	-0.6	-5.8	-	-6.4
Cost 31 December 2022	87.3	127.9	7.1	222.3
Depreciation and impairment 1 January 2022	13.3	45.0	-	58.3
Foreign exchange adjustment	-	1.9	-	1.9
Depreciation and amortisation	3.7	18.9	-	22.6
Depreciation and amortisation of disposed assets	-0.6	-5.2	-	-5.8
Depreciation and impairment 31 December 2022	16.4	60.6	-	77.0
Carrying amount 31 December 2022	**70.9**	**67.3**	**7.1**	**145.3**

Of the carrying amount on land and buildings, furnishing of rented premises represents 3.9 mDKK.

The Group has entered into contractual commitments for further investments of 38.1 mDKK.

No changes have been made to significant estimates concerning tangible assets.

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15 Right-of-use assets

mDKK	Land and buildings	Vehicles, plant and machinery	Total
Cost 1 January 2023	323.5	55.7	379.2
Foreign exchange adjustment	-1.3	0.1	-1.2
Additions	3.3	19.5	22.8
Disposals	-5.0	-25.8	-30.8
Cost 31 December 2023	320.5	49.5	370.0
Depreciation and impairment 1 January 2023	120.8	30.4	151.2
Foreign exchange adjustment	-0.2	-0.6	-0.8
Depreciation and amortisation	39.8	14.4	54.2
Depreciation and amortisation of disposed assets	-5.0	-25.6	-30.6
Depreciation and impairment 31 December 2023	155.4	18.4	173.8
Carrying amount 31 December 2023	**165.1**	**31.1**	**196.2**
Average discount rate	3.0%	1.6%	
Cost 1 January 2022	279.4	49.9	329.3
Foreign exchange adjustment	2.1	-0.2	1.9
Additions	44.0	16.7	60.7
Disposals	-2.0	-10.7	- 12.7
Cost 31 December 2022	323.5	55.7	379.2
Depreciation and impairment 1 January 2022	83.0	25.9	108.9
Foreign exchange adjustment	0.7	-0.2	0.5
Depreciation and amortisation	39.1	15.0	54.1
Depreciation and amortisation of disposed assets	-2.0	-10.3	-12.3
Depreciation and impairment 31 December 2022	120.8	30.4	151.2
Carrying amount 31 December 2022	**202.7**	**25.3**	**228.0**
Average discount rate	3.0%	1.6%	

Significant accounting estimates, and judgements

For a description of the Group's estimates, assumptions and valuations related to leasing contracts, see note 2.

Land and buildings

The buildings and land leased by the Group can be broken down into land and buildings for production and distribution, and are distributed among the sales and production units of the Group. Distribution offices comprise the majority of the company's building leases and typically have a lease term of between 1-5 years. Buildings used for production have a typical lease term of 5-10 years.

A non-negligible number of the company's building leases contain options to extend the lease term by between 1-10 years. To the extent that management has found it reasonably certain that these options will be exercised, the option periods are recognised as part of the lease period. Extension options are recognised based on a specific contract-by-contract. As at 31 December 2023, a right-of-use asset of 148.6 mDKK related to extension options has been recognised, as management expects to exercise these with reasonable certainty. As at 31 December 2023, there are extension options with a value of 161.4 mDKK that are not recognised as a lease obligation. The Group has not provided any residual value guarantees in conjunction with the conclusion of leasing contracts for this asset category.

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15 Right-of-use assets (continued)

Vehicles, plant and machinery

This asset category consists predominantly of leased vehicles made available to the Group's sales force, as well as installation and service teams. The Group currently leases 250-300 vehicles, which have a typical term of between 3-6 years. For individual vehicles used for service and installation, the company has purchase options to acquire the vehicles at the expiration of the leasing period.

At the present time, however, management has not determined that these are reasonably likely to be used. The Group also leases printers, copiers, coffee machines and other similar equipment, typically with a term of 1-5 years, for each of its sales and production offices as well as for the administration office. The company has not provided significant residual value guarantees in conjunction with the conclusion of leasing contracts for this asset category.

Short-term leases and low-value assets

In 2023, the company expensed 5.0 mDKK in the income statement for leasing of assets classified as low value and sort term leases. The assets include mobile phones and smaller office supplies.

Lease liabilities

	2023	**2022**
Lease liabilities recognised in the balance sheet	208.4	241.7
Current	54.6	55.8
Non-current	153.8	185.9

For 2023 the Group paid 58.9 mDKK (2022: 58.3 mDKK) in leasing contracts.

Refer to note 31 for maturity analysis of the Group’s lease liabilities.

Interest expenses

Refer to note 10, for recognised interest costs related to the Group’s lease liabilities.

		2023	**2022**
16	**Inventories**		
	Raw materials and consumables	56.2	53.8
	Work in progress and semi-finished goods	56.1	93.5
	Finished goods and goods for resale	107.6	112.9
		219.9	260.2

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		2023	2022
17	**Receivables**		
	Trade receivables	554.0	628.4
	Other receivables	68.3	106.0
		622.3	**734.4**
	Of which the following is due after 12 months		
	Trade receivables	0.2	0.5
	Other receivables	26.8	40.8
		27.0	**41.3**

Credit risk associated with individual receivables depends partly on location of the debtors and partly on whether they are public or private sector customers. A large part of the KOMPAN Group's sales are to customers in the public sector, where the risk of loss is generally low, but where payment, particularly on receivables in Southern Europe, sometimes occurs after the normal due date. Based on the Group's internal credit procedures, the credit quality of unimpaired bad debts is therefore considered to be good and the impairments made as at 31 December 2023 are considered adequate. See note 31 for information on the credit control procedures.

Other receivables consist mainly of forward contracts.

The carrying amount of receivables is estimated to be equal to their fair value.

18 Contract assets

	2023	2022
Receivables from sales included in the item receivables, cf. note 17	554.0	628.4
Contract assets	70.2	48.2
	624.2	**676.6**
Contract liabilities		
Prepayments from customers	100.7	89.1
	100.7	89.1

Recognised revenue related to contract assets

Contract assets include the sales value of work performed where the Group has not yet obtained unconditional right to payment because the work performed has not yet been accepted by the customer, as well as bill-and-hold projects where delivery to the customer has not taken place, but control has been transferred.

Unfulfilled delivery commitments relating to construction contracts and advance payments

In accordance with the exception in IFRS 15.121, the Group has not disclosed any unfulfilled delivery commitments, as the Group's construction contracts have an expected duration of less than one year.

19 Prepayments

Prepayments include current prepaid expenses in the form of licenses and prepaid services.

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20 Equity

Capital management

The Group regularly assesses the need for adjusting the capital structure to weigh the increased required rate of return on equity against the increased uncertainty related to loan capital. The equity share of total assets amounted to 49.7% at the end of 2023, compared to 41.6% in 2022.

The realised return on equity for 2023 was 34,7% (2022: 39,8%).

It is KOMPAN Holding A/S' dividend policy that shareholders should receive a return on their investment in the form of share price increase and dividends exceeding a non-risk investment in bonds. Dividends shall be paid in consideration of the necessary consolidation of equity as a basis for the Group's continued expansion.

Share capital

	Issued shares			
	Number		Nominal value (mDKK)	
mDKK	**2023**	**2022**	**2023**	**2022**
1 January	51,865,733	51,865,733	51.9	51.9
Share capital increase	0	0	0.0	0.0
31 December	**51,865,733**	**51,865,733**	**51.9**	**51.9**

Share capital consists of 2,365,614 A-shares and 49,500,119 B-shares, for a total of 51,865,733 shares at a nominal value of 1 DKK. A-shares carry a voting right of ten votes per share, while B-shares carry a voting right of one vote per share.

Own shares

	Number	kDKK Nominal value	Percentage of Share capital
1 January 2023	314,053	314.1	0.61%
Sale of own shares	-36,500	-36.5	-0.07%
Buy-back of own shares	0	0	0%
31 December 2023	277,553	277.6	0.54%

Own shares with a net nominal value of 36.5 kDKK were sold at an average price of 80 DKK to key employees in 2023, equivalent to a market value of 2.7 mDKK. As a part of the above, a subsidiary owns shares with a nominal value of 14.4 kDKK in Kompan Holding A/S.

1 January 2022	44,400	44.4	0.09%
Sale of own shares	-20,000	-20.0	-0.04%
Buy-back of own shares	289,653	289.7	0.56%
31 December 2022	314,053	314.1	0.61%

Reserves

Own shares

Purchase- and sales totals for own shares are recognised directly in equity under retained earnings.

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20 Equity (continued)

Dividend

Dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Proposed dividend payments for the year are disclosed as a separate item under equity until adopted by the General Assembly

A dividend of 440.9 mDKK is proposed (2022: 233.4 mDKK), equivalent to a dividend per share of 8.5 DKK (2022: 4.5 DKK).

Reserve for currency translation

The reserve for currency translation comprises the parent company shareholders' share of exchange differences arising from the translation of the financial statements of entities with a functional currency other than Danish kroner, exchange rate adjustments relating to assets and liabilities that form part of the Group's net investment in such entities.

The reserve is dissolved upon disposal of foreign entities.

21 Pensions and similar commitments

In defined contribution pension schemes, the employer is obliged to pay a specific contribution (e.g. a fixed amount or a fixed percentage of salary). In a defined contribution scheme, the Group does not bear the risk of future changes in interest rates, inflation, mortality and disability.

Under defined benefit pension schemes, the employer is obliged to pay a certain benefit (e.g. a retirement pension as a lump sum or a fixed percentage of ending salary). In a defined benefit scheme, the Group bears the risk of future changes in salary levels, interest rates, inflation, mortality and disability.

Danish companies' pension obligations are covered by insurance. Several foreign companies are similarly covered by insurance, while for some commitments the group liable for a guaranteed minimum benefit. For employees in France who are not covered or only partially covered by insurance (defined benefit schemes), the liability is actuarially calculated at present value at the balance sheet date.

Future pension benefits are primarily based on employees' seniority in the scheme and salary at retirement.

The Group expects to contribute 0.5 mDKK to the defined benefit pension scheme in 2024.

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21 Pensions and similar commitments (continued)

The principal assumptions used in the actuarial calculations at the balance sheet date can, on average, be summarised as follows:

	2023	**2022**
Discount rate	3.2%	3.8%
Future rate of wage increase	2.0%	2.0%

mDKK	**2023**	**2022**
Change in net present value of defined benefit obligation		
Obligation 1 January	4.1	5.0
Pension costs for the current financial year	0.1	0.4
Pensions paid out	-1.0	0.0
Actuarial adjustment	0.6	-1.3
Net obligations recognised in the balance sheet	**3.8**	**4.1**
Pension costs recognised in the income statement		
Total recognised for defined benefit schemes	0.1	0.4
Total recognised for defined contribution schemes	19.8	19.6
Total recognised	**19.9**	**20.0**
The cost is recognised in the following accounting items		
Cost of sales	1.3	1.6
Development costs	2.5	2.3
Distribution costs	13.5	14.1
Administrative expenses	2.6	2.0
	19.9	**20.0**

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22 Provisions

mDKK	Warranty commitments
Provisions 1 January 2023	18.4
Provisions for the year	8.3
Provisions used over the year	-5.4
Provisions 31 December 2023	21.3
The balance sheet is distributed as follows:	
Long-term liabilities	12.1
Current liabilities	9.2
	21.3
Provisions 1 January 2022	17.3
Provisions for the year	7.0
Provisions used over the year	-5.9
Provisions 31 December 2022	18.4
The balance sheet is distributed as follows:	
Long-term liabilities	14.2
Current liabilities	4.2
	18.4

Warranty obligations regard sold products that are delivered with a 1-10 year warranty. The liability is calculated based on historical warranty costs. The costs are expected to be incurred primarily over the next 6-year period, which is consistently applied.

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23 Borrowings

mDKK	2023	2022
Long-term liabilities	561.8	713.7
Current liabilities	0.9	94.9
Carrying amount	**562.7**	**808.6**
Nominal value	562.7	808.6

2023	Actual nominal interest rate	Actual effective interest rate	Currency	Fixed-interest period	Carrying value
Mortgage loan					
Floating rate loans	0.7%	0.7%	DKK	0-3 years	11.4
Total mortgage loan					**11.4**
Bank loans					
Floating rate loans	4.6%	4.6%	EUR	1 mo.	551.2
Fixed rate	5.0%	5.0%	EUR	3 years.	0.1
Total bank loans					**551.3**
2022					
Mortgage loan					
Floating rate loans	0.3%	0.3%	DKK	0-3 years	12.4
Total mortgage loan					**12.4**
Bank loans					
Floating rate loans	2.7%	2.7%	EUR	1 mo.	700.0
Fixed rate	5.0%	5.0%	EUR	3 years.	0.1
Credit facility	2.8%	2.8%	DKK	3 mo.	96.0
Total bank loans					**796.1**

The fair value, measured as the present value of expected future principal and interest instalments is generally equal to the carrying amount.

The Group's liabilities to credit institutions are based on agreements that are contingent, among other things, on compliance with certain financial covenants. The conditions are fulfilled as at the balance sheet date and are expected to remain fulfilled throughout the loan period.

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24 Other debt

mDKK	2023	2022
Purchase price payable for company acquisition	10.5	31.9
Other payables	208.2	200.2
	218.7	**232.1**

Of which 35.6 mDKK is due after 12 months (2022: 46.5 mDKK).

25 Loans from related parties

KOMPAN Holding A/S is part of the joint taxation Group under Dyvig Holdings A/S.

Joint tax contributions within the Danish tax jurisdiction is presented in the consolidated financial statements of KOMPAN Holding A/S as payable to the parent company.

Corporate income tax relating to foreign jurisdictions is presented as corporate income tax payable.

26 Contingent liabilities, and other obligations

Contingent liabilities

KOMPAN Holding A/S and its subsidiaries are party to a small number of pending disputes. The outcome of these cases is not expected individually or collectively to have a material impact on the Group's financial position.

Performance guarantees

Assets provided as security for credit institutions:

mDKK	2023	2022
Land and buildings with a carrying amount of	53.9	55.0
Receivables and other assets	0.7	7.5
Borrowings for which collateral was pledged	11.5	12.6

In addition, Group companies have extended 7.7 mDKK in payment guarantees to third parties.

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27 Change in working capital

mDKK	2023	2022
Change in inventories	39.3	-90.1
Change in receivables	49.6	-191.5
Prepayments/deferred revenue, net	5.0	-10.9
Change in trade creditors, advance payments from customers and other payables	28.2	102.8
Total change in working capital	**122.1**	**- 189.7**

28 Non-cash changes in debt obligations

2023 (mDKK)	Opening balance	Cash flow	Non-cash changes	As at 31 December
Purchase price payable for company acquisition	31.9	-20.0	-1.4	10.5
Debt obligations arising from investing activities	**31.9**	**-20.0**	**-1.4**	**10.5**
Bank loans	712.6	-151.1	1.2	562.7
Business credit facilities	96.0	-96.0	-	0.0
Lease liabilities	241.7	-58.9	25.6	208.4
Debt obligations from financing activities	**1,050.3**	**- 306.0**	**26.8**	**771.1**

2022 (mDKK)	Opening balance	Cash flow	Non-cash changes	As at 31 December
Purchase price payable for company acquisition	50.3	-17.2	-1.2	31.9
Debt obligations arising from investing activities	**50.3**	**-17.2**	**-1.2**	**31.9**
Bank loans	563.7	148.9	-	712.6
Business credit facilities	96.0	-	-	96.0
Lease liabilities	227.8	-58.3	72.2	241.7
Debt obligations from financing activities	**887.5**	**90.6**	**72.2**	**1,050.3**

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29 Acquisition of subsidiaries and activities

2023:

KOMPAN Group (KOMPAN A/S) has not acquired subsidiaries or other activities during 2023. A payment of 14.5 mDKK was made in 2023 for the buyback of 9.8% of the shares in KOMPAN Commercial Systems SA, 2.3 mDKK for 2.0 % of Kompan Int. Holding A/S and 3.2 mDKK for activities of Standing Strong.

2022:

KOMPAN Group (KOMPAN A/S) has not acquired subsidiaries or other activities during 2022. A payment of 11.5 mDKK was made in 2022 for the buyback of 9.8% of the shares in KOMPAN Commercial Systems SA and 5.6 mDKK for 2.0 % of Kompan Int. Holding A/S.

30 Cash and cash equivalents

mDKK	2023	2022
Cash and cash equivalents 31 December include:		
Cash and cash equivalents	242.1	195.1
Cash and cash equivalents 31 December, cf. statement of cash flow	**242.1**	**195.1**

Of the Group's total cash and cash equivalents, 0,2 mDKK is held in restricted accounts as security for rent and similar obligations.

The Group has 293.6 mDKK in unused credit facilities (2022: 143.5 mDKK).

31 Financial risks and financial instruments

Group risk management policy

As a result of its operations, investments and financing, the Group is exposed to a number of financial risks, including:

- Market risk (currency-, interest-, and product & supplier risk)
- Cash- and financing risk
- Credit risks.

The Group controls all financial risks centrally. The overall framework for financial risk management is established in the Group's Financing Policy, which has been approved by the Board of Directors. It is the Group's policy not to engage in active speculation in financial risks. The Group's financial management is thus aimed solely at managing the financial risks resulting from the Group's operations and financing.

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31 Financial risks and financial instruments (continued)

There have been no changes in the Group's risk exposure or risk management compared to 2022.

Management continuously monitors the Group's risk concentration in areas such as customers, geographic areas, currencies, etc. In addition, management monitors whether the Group's risks are correlated and whether there have been any changes in the Group's risk concentration.

For a description of the material accounting policy information and methods applied, including the recognition criteria and measurement bases applied, refer to the discussion under material accounting policy information - note 1.

The Group's main financial risks are described in the sections below. Every section opens with a brief description of the financial risk, related business activity, effect, risk management related to the financial risk and effect in the financial year.

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31 Financial risks and financial instruments (continued)

Market risks

Product- and supplier risk

Related business activity	Effect	Risk management	Effect in 2023 (2022)
Market	*Effect:* High	**Market**	**Market**
The majority of the KOMPAN Group's sales are made directly or indirectly to public authorities. The KOMPAN Group is therefore affected by the development of demand from these areas. The main markets are Europe and USA, where austerity measures in several European countries or USA will also impact demand.	*Threat:* Low	The KOMPAN Group seeks to adjust its sales and production capacity to current market developments. It is management's assessment that the Group's capacity risk is limited.	The KOMPAN Group has seen growth in some markets, while other markets has been close to unchanged from previous year.
Products		**Products**	**Products**
The KOMPAN Group considers it a critical competitive parameter to be a leader in the development of furnishings and equipment for playgrounds, outdoor sports and fitness facilities and innovation in these areas. Sustainability is considered to be a key element of this development.		With the current product development efforts and identified acquisition targets, it has been determined that the company can maintain its position as the market's most innovative supplier of play, fitness and sports equipment. A number of initiatives have been implemented that shall ensure greater sustainability in both production and products.	There have been advances across almost all product Groups, but new product launches in ROBINIA and themed playgrounds have had a positive impact on revenue and profit in 2023. More “Green” products were also launched and sold in 2023. Continued positive impact is expected in 2024.
Inventory		**Inventory**	**Inventory**
The Group is essentially a contract manufacturer. However, because of commercial demands for expedited delivery times and minimum orders for individual components and spare part commitments, the company must carry a certain stock of finished goods at all times.		Effort is made to continuously reduce total inventory through the use of increasingly efficient forecast and supply chain models and the implementation of common component platforms across design lines.	After a year with supply chain challenges and increasingly large projects, the Group has succeeded to lower the overall value of the inventories. Continuous efforts are made to optimise inventory tie-up in connection with production.
Suppliers and raw materials		**Suppliers and raw materials**	**Suppliers and raw materials**
The Group's production depends to some extent on raw materials that are priced in relation to a global market price index. Furthermore, security of supply is critical for the order-generating setup.		The KOMPAN Group has a global network of suppliers. It is estimated that supply failures of individual suppliers can be mitigated relatively quickly through substitution with other suppliers. The development in raw material prices - in particular for steel and plastics, HPL sheets and freight rates - has an impact on profits and is covered in the mid-term with fixed price contracts.	After a year with increasing prices on raw materials, prices have stabilised over the year, and for some product types even been reduced due to drop in energy prices. Further impacted by geopolitical challenges are expected to continue into 2024. The ongoing sourcing optimisation plans have progressed as expected.
Installation		**Installation**	**Installation**
The KOMPAN Group has outsourced the majority of the installation of playgrounds and in this context runs a risk as to whether the installation is carried out in accordance with the KOMPAN Group's guidelines.		In order to mitigate this risk, the KOMPAN Group has sought to standardise installation service through the development of guidelines containing best practice instructions and expected installation time for the products. The KOMPAN Group has also established a global installation department, which provides support to the subsidiaries and performs continuous quality control.	Earnings on installation services improved in 2023. Continued implementation of an optimisation program to standardise the installation business across markets is expected to positively impact earnings in 2024.

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31 Financial risks and financial instruments (continued)

Foreign currency risks

Related business activity	Effect	Risk management	Effect in 2023 (2022)
The Group is exposed to exchange rate fluctuations as a result of the individual Group companies undertaking purchase and sale transactions and holding receivables and payables in currencies other than their own functional currency. The Group's foreign entities are not significantly affected by exchange rate fluctuations, as both income and expenses are settled in local currency. Activities in the subsidiary KOMPAN A/S are affected by exchange rate fluctuation, as revenue is primarily generated in foreign currencies, while costs are incurred primarily in Danish kroner, euro and Czech koruna.	*Effect:* High *Threat:* Moderate	The Group's foreign exchange risk is hedged primarily by bearing income and expenses in the same currency and by using derivative financial instruments*. Every quarter management reviews the expected exposure 12 months ahead and then covers in accordance with the adopted policy. Exposure in EUR is not covered. The majority of the Group's payables to credit institutions is denominated in EUR.	4% (7%) of the Group's revenue was settled in DKK and approximately 43% (39%) of the revenue relates to EUR. The rest - around 57% (54%) - is denominated in USD, GBP, AUD, NOK, PLN and SEK. The majority of production takes place in Brno in the Czech Republic, which is why a large part of the Group's cost of goods sold is in CZK. The Group's most significant commercial currency exposure relates to sales in USD, GBP, AUD, NOK and SEK and purchases in CZK.

Exposure and sensitivity analysis

The Group's currency exposure and sensitivity to changes in exchange rates is summarised in the tablet below.

All other things being equal, a reasonably likely change in exchange rates in relation to exchange rates valid on the balance sheet date would have the following hypothetical impact on the year's EBITDA and the Group's revenue:

	2023			2022		
	Sensitivity			Sensitivity		
mDKK	Probable decrease of exchange rate	Hypothetical effect on EBITDA 1	Effect on revenue	Probable increase of exchange rate	Hypothetical effect on EBITDA 1	Effect on revenue
USD/DKK	-10%	-6.1 %	-3.0%	-10%	-5.7%	-2.4%
AUD/DKK	-10%	-0.8%	-0.3%	-10%	-0.9%	-0.3%
GBP/DKK	-10%	-2.6%	-1.3%	-10%	-3.0%	-1.3%
NOK/DKK	-10%	-0.7%	-0.3%	-10%	-1.1%	-0.4%
SEK/DKK	-10%	-0.8%	-0.4%	-10%	-1.4%	-0.4%
CZK/DKK	-10%	+3.4%	0.0%	-10%	+5.0%	0.0%

1. EBITDA is calculated as earnings before depreciation, amortisation and other operating expenses and exceptional items, plus depreciation of tangible assets.

A corresponding positive change in exchange rates would have a corresponding opposite impact on EBITDA and revenue.

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31 Financial risks and financial instruments (continued)

Outstanding foreign exchange forward contracts net at 31 December for the Group used for financial hedging, but the company does not meet the conditions for hedge accounting of future transactions:

Hedging of cashflows from transactions in foreign currency

	2023				2022			
mDKK	Estimated principal*	Value adjustment recognised in the income statement**	Fair value	Remaining term (mos.)	Estimated principal*	Value adjustment recognised in the income statement**	Fair value	Remaining term (mos.)
Foreign currency risks								
CZK/DKK	800.5	7.8	42.8	0-24	1.040.0	64.6	56.7	0-36
PLN/DKK	0.0	-0.2	0.0	3	9.7	0.4	0.3	3
GBP/DKK		0.1	0.0					
USD/DKK	0.0	1.5	0.0	6-12	-247.5	22.6	21.2	6-12
	800.5	9.2	42.8		802.2	87.6	78.2	

* Positive principals of foreign exchange forward transactions are purchases of that currency, while negative principals are sales.

** Gains/losses on exchange recognised in the income statement under financial items

The hedged cash flow are expected to affect profit or loss over the remaining lifetime of the forward foreign exchange contracts.

Interest rate risks

Related business activity	Effect	Risk management	Effect in 2023 (2022)
As a result of financing of investments and current operations, the Group is exposed to fluctuations in interest rates both in Denmark and abroad. The primary exposure relates to fluctuations in CIBOR and EURIBOR.	*Effect:* Moderate *Threat:* Moderate	The Group’s interest-bearing debt is at a variable interest rate. Interest rates are generally reviewed on a monthly basis. As of 31 December 2023 KOMPAN Holding A/S has decided to enter into partly hedge of the interest rates based on an assessment of the total borrowing against the costs of interest rate hedging.	A general increase in interest rates of one percentage point would negatively impact profit before tax for 2023 by approximately 5.5 mDKK (2022: 7.7 mDKK) measured on a 12-month basis. The cumulative effect on equity excluding the tax effect will be negative by approximately 5.5 mDKK (2022: 7.7 mDKK). The Group's debt financing is 100% floating rate (2022: 100%), of which 67% is hedged by a fixed interest rate swap contract (2022: 0 %), hence the interest rate sensibility will be less from 2024. The actual average nominal interest rate of the debt as of 31 December 2023 was 4.6% (2022: 2.7%).

Consolidated financial statements 1 January – 31 December

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31 Financial risks and financial instruments (continued)

Liquidity risks

Related business activity	Effect	Risk management	Effect in 2023 (2022)
The Group is exposed to liquidity risks as a result of its ongoing activities and repayment agreements for loan financing. The Group's liquidity management with regard to ongoing operations and payment of financial obligations is vital, as a lack of liquidity can result in breaches of loan terms, which can have significant consequences for KOMPAN Holding A/S.	*Effect:* High *Threat:* Moderate	It is the Group's borrowing policy to ensure maximum flexibility, including through the repayment profile chosen. The Group's cash reserve consists of cash and untapped credit facilities. The Group's objective is to have sufficient liquidity to be able to act accordingly in the event of unforeseen fluctuations in liquidity.	The Group's cash reserve as at 31 December 2023 consists primarily of confirmed credit facilities maturing in mid-September 2026. As in 2022, the Group did not violate any covenants or otherwise come close to breaching any agreed loan terms during the year. Cash position including unused credit facilities amounts to 536.5 mDKK at 31 December 2023 (2022: 154.1 mDKK). It is management's opinion that the Group has sufficient liquidity to fulfil liabilities as they fall due.

Consolidated financial statements 1 January – 31 December

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31 Financial risks and financial instruments (continued)

Maturity analysis

The Group's debt obligations fall due for settlement as follows:

2023 (mDKK)	Contractual cash flow	Within 1 year	1 to 5 years*	After 5 years
Non-derivative financial instruments				
Borrowings	613.5	26.3	580.2	7.0
Lease liabilities	244.2	58.8	184.6	0.8
Trade payables	260.4	260.4	-	-
31 December 2023	1,118.1	345.5	764.8	7.8

2022 (mDKK)	Contractual cash flow	Within 1 year	1 to 5 years*	After 5 years
Non-derivative financial instruments				
Borrowings	765.4	34.8	723.3	7.3
Lease liabilities	254.9	55.7	169.1	30.1
Trade payables	249.2	249.2	-	-
31 December 2022	1,269.5	339.7	892.4	37.4

* The Group's primary confirmed credit facilities expire in mid-September 2025.

Assumptions for the maturity analysis

- The maturity analysis is based on all undiscounted cash flow including estimated interest payments. Interest payments are estimated based on current market conditions.
- The undiscounted cash flow from derivative financial instruments are presented gross unless the parties have a contractual right/obligation to settle net.

Based on the Group's expectations for future operations and the Group's current cash position, no other material liquidity risks have been identified.

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31 Financial risks and financial instruments (continued)

Financing risk

Related business activity	Effect	Risk management	Effect in 2023 (2022)
The Group is exposed to financing risk as a result of its long-term strategy, which involves significant investments in distribution networks and production facilities. Implementation of KOMPAN Holding A/S' strategy is contingent on future financing.	*Effect:* Moderate *Threat:* Moderate	KOMPAN Holding A/S is financed primarily through Nordea Bank A/S. Refer also to the section on liquidity risk.	Refer to the section on liquidity risk.

Refer to note 23 for an itemisation of debt to credit institutions.

Credit risks

Related business activity	Effect	Risk management	Effect in 2023 (2022)
The Group is exposed to credit risk from trade receivables and from outstanding balances with banks in the form of deposits and counterparty risk. Risks related to trade receivables arise when Group companies transact sales for which no advance payment is received. Credit risk on deposits with banks arises when there is uncertainty about the counterparty's ability to meet their obligations when due.	*Effect:* Medium *Threat:* Low	The Group carries out ongoing credit assessments of customers and counterparties. Management of credit risk is based on internal credit assessments and limits for customers and financial counterparties. Credit limits are established based on the creditworthiness of the customers/counterparties together with local market risk. All major customers undergo a credit check before conclusion of contract and are monitored on an ongoing basis. Trade with customers in Eastern Europe, the Middle East, Asia/Pacific and Italy is partly covered by credit insurance with Atradius. If customers do not have a satisfactory credit rating, and is not covered by a credit insurance, the Group uses prepayment, bank guarantee and credit insurance to cover payment uncertainties.	The main concentration of credit risk is in trade receivables in Western Europe, which represent 57% of the Group's total trade receivables as at 31 December 2023 (61% as of 31 December 2022). The Group does not have material risks relating to individual customers or business partners. Losses for the year due to credit risk total 0.8 mDKK (2022: 1.7 mDKK) and related to losses on trade receivables from sales.

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Consolidated financial statements 1 January – 31 December

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31 Financial risks and financial instruments (continued)

Trade receivables

As at 31 December 2023 payment terms were exceeded on 38.7% (2022: 40.6%) of the Group's receivables, of which receivables overdue by 180 days or more amount to 27.3 mDKK. (2022: 31.2 mDKK).

The maximum credit risk for financial assets is reflected in the carrying amounts included in the balance sheet without taking collateral received into account.

Credit risk associated with individual receivables depends primarily on the status of the debtors as public or private sector counterparties. Based on the Group's internal credit assessment procedures, the credit quality of unimpaired receivables is considered to be of high quality with a low risk of loss.

The Group uses the simplified expected credit loss model to assess the need for impairment of financial assets measured at amortised cost, including trade receivables and construction contracts. The model implies that the expected loss over the life of the asset is recognised immediately in the income statement and subject to ongoing monitoring according to the Group's risk management until realisation. Impairment is calculated based on expected loss rates, which are calculated based on historical data based on expected losses over the total lifetime of the receivable, adjusted for estimated effects of expected changes in relevant parameters, such as economic developments, political risk, etc. in the market concerned. As expected losses deviates between non-public and public customers a differentiated loss percentages is applied for each category.

Trade receivables and contract assets are due as follows as at 31 December 2023:

mDKK	Loss percentage Public / Non-public	Receivables total	Expected credit loss	Total after expected credit loss
Maturity period:				
Not due	0.1%/0.5%	390.6	1.1	389.5
Up to 30 days	0.2%/1.0%	123.5	0.8	122.7
Between 30 and 60 days	0.3%/2.0%	48.7	0.7	48.0
Between 60 and 90 days	0.5%/4.0%	14.7	0.4	14.3
Between 90 and 180 days	1.5%/6.0%	25.9	0.9	25.0
More than 180 days	2.5%/12.5%	27.3	2.6	24.7
Bankruptcy process	100%/100%	6.2	6.2	0.0
		636.9	**12.7**	**624.2**

Trade receivables and contract assets are due as follows as at 31 December 2022:

mDKK	Loss percentage Public / Non-public	Receivables total	Expected credit loss	Total after expected credit loss
Maturity period:				
Not due	0.1%/0.5%	409.0	1.2	407.8
Up to 30 days	0.2%/1.0%	116.0	0.7	115.3
Between 30 and 60 days	0.3%/2.0%	60.8	0.7	60.1
Between 60 and 90 days	0.5%/4.0%	23.9	0.6	23.3
Between 90 and 180 days	1.5%/6.0%	42.2	1.4	40.8
More than 180 days	2.5%/12.5%	31.2	1.9	29.3
Bankruptcy process	100%/100%	5.6	5.6	0.0
		688.7	**12.1**	**676.6**

Consolidated financial statements 1 January – 31 December

Notes

31 Financial risks and financial instruments (continued)

Trade receivables and contract assets, gross before expected credit loss, are distributed as follows:

mDKK	2023	2022
Public	307.5	365.4
Non-public	329.4	323.3
	636.9	**688.7**

Trade receivables overdue as at 31 December were as follows:

mDKK	2023	2022
Maturity period:		
Up to 30 days	123.5	116.0
Between 30 and 60 days	48.7	60.8
Between 60 and 90 days	14.7	23.9
Between 90 and 180 days	25.9	42.2
More than 180 days	33.5	36.8
	246.3	**279.7**

Impairment losses recorded in a pooled account included in the carrying amount of trade receivables have developed as follows:

mDKK	2023	2022
1 January	12.1	11.4
Impairment losses reversed during the year	-10.4	-6.6
Provisions for the year	11.8	9.0
Realised during the year	-0.8	-1.7
31 December	12.7	12.1

Interest income totalling 0 mDKK on written-down receivables was recognised in the financial statements (2022: 0 mDKK).

Categories of financial instruments

	Carrying amount	
mDKK	2023	2022
Financial assets measured at fair value through the income statement	42.8	78.2
Loans, receivables and cash holdings	846.4	844.4
Financial liabilities measured at fair value through the income statement	10.5	31.9
Financial liabilities used as hedging instruments	-	-
Financial liabilities measured at amortised cost	823.1	1,047.0

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31 Financial risks and financial instruments (continued)

Fair value hierarchy for financial instruments measured at fair value on the balance sheet or for which fair value is disclosed

mDKK	Quoted prices (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
2023				
Derivative financial instruments measured at fair value through the income statement	-	42.8	-	42.8
Financial assets measured at fair value 31.12.	**-**	**42.8**	**-**	**42.8**
Contingent purchase consideration	-	-	10.5	10.5
Financial liabilities measured at fair value through the income statement	-	0	-	0
Derivative financial instruments entered for hedging of future cash flow	-	-	-	-
Financial liabilities measured at fair value 31.12.	**-**	**0**	**10.5**	**10.5**

mDKK	Quoted prices (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
2022				
Derivative financial instruments measured at fair value through the income statement	-	78.2	-	78.2
Financial assets measured at fair value 31.12.	**-**	**78.2**	**-**	**78.2**
Contingent purchase consideration	-	-	31.9	31.9
Financial liabilities measured at fair value through the income statement	-	-	-	-
Derivative financial instruments entered for hedging of future cash flow	-	-	-	-
Financial liabilities measured at fair value 31.12.	**-**	**-**	**31.9**	**31.9**

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Notes

31 Financial risks and financial instruments (continued)

Derivative financial instruments

Forward exchange contracts and interest rate swap contracts are valued using generally accepted valuation techniques based on relevant observable exchange rates.

Contingent purchase consideration

The fair value of contingent consideration for purchase is based on the discounted value of the enterprise value under the concluded purchase contracts, calculated based on the projected budgets. The estimated fair value increases with higher annual revenue growth, higher primary operations before tax and upon lower discount rates.

Management has concluded that changing the above non-observable inputs to reflect other reasonably likely assumptions would not result in a significant change in estimated fair value.

A net value adjustment of 1.5 mDKK was recognised in 2023. (2022: -1.2 mDKK).

Bank loans and financial leasing contracts (measured at amortised cost in the balance sheet)

Bank loans and financial leasing contracts are valuated at a rate of 100.

Trade receivables, cash holdings and trade payables (measured at amortised cost in the balance sheet)

Trade receivables and trade creditors with a short credit period are estimated to have a fair value equal to their carrying amount.

32 Related parties

Leg Holding A/S has direct controlling interest with an equity interest of 64.9% of share capital and 75.1% of voting shares.

Dyvig Holdings A/S is the ultimate controlling party with direct and indirect equity interests of 57.3 % of the share capital and 74.1% of voting shares.

KOMPAN Holding A/S has registered the following other shareholders holding 5% or more of the share capital:

- Kirk Kapital Strategic Investments A/S, Havneøen 1, 7100 Vejle

In 2022, 269,653 shares were acquired/disposed from key employees of KOMPAN.

In 2023, 36,500 shares were sold to key employees of KOMPAN.

Executive employees

KOMPAN Holding A/S' related parties with significant influence include the company's and the Group's board of directors, Executive Board and immediate family members of these individuals. Related parties also comprise companies in which this Group of people has material interests.

The Group's transactions with related parties compose dividend payments of 232.1 mDKK, remuneration and bonus schemes of management, cf. note 5 and joint tax contribution of 7.2 mDKK.

33 Events after the reporting period

No significant events took place after 31 December 2023.

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34 Adoption of new and revised Standards

At the time of publication of this annual report, the IASB has issued the following new accounting standards and interpretations that are not mandatory for Kompan Holding A/S' preparation of the 2023 annual report:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current when subject to covenants.
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IAS 21: Limitation in currency exchanges

Not all of the above standards and interpretations are approved by EU. The approved standards and interpretations not in force will be implemented as they become mandatory for Kompan Holding A/S. None of the above standards and interpretations are considered to have an impact on recognition and measurement for Kompan Holding A/S.

Parent company financial statements 1 January – 31 December

Income statement

Note	mDKK	2023	2022
2	Administrative expenses	-21.6	-15.3
	Other operating income	23.6	16.5
	Profit/loss before interest and tax	**2.0**	**1.2**
	Dividends from subsidiary	343.7	245.5
4	Financial income	1.5	1.6
5	Financial expenses	-35.9	-12.4
	Profit before tax	**311.3**	**235.9**
6	Income tax	7.1	2.1
	Profit/loss for the year	**318.4**	**238.0**

Parent company financial statements 1 January – 31 December

Balance sheet

Note	mDKK	2023	2022
	ASSETS		
	Fixed assets		
3	Investments in subsidiaries	1,312.4	1,312.4
	Total fixed assets	**1,312.4**	**1,312.4**
	Current assets		
	Receivables from related parties	7.1	2.1
	Other receivables	1.2	1.3
	Cash and cash equivalents	1.8	0.5
	Total current assets	**10.1**	**3.9**
	TOTAL ASSETS	**1,322.5**	**1,316.3**
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	51.9	51.9
	Retained earnings	101.8	220.3
	Proposed dividend	440.9	233.4
	Total equity and liabilities	**594.6**	**505.6**
	Liabilities		
	Long-term liabilities		
8	Borrowings	551.2	700.1
	Total non-current liabilities	**551.2**	**700.1**
	Current liabilities		
8	Borrowings	0.0	0.0
	Loans from related parties	176.5	110.1
	Other debt	0.2	0.5
	Total current liabilities	**176.7**	**110.6**
	Total liabilities	**727.9**	**810.7**
	TOTAL EQUITY AND LIABILITIES	**1,322.5**	**1,316.3**

Parent company financial statements 1 January – 31 December

Statement of Changes in Equity

mDKK	Share capital	Retained earnings	Proposed dividend	Total
Equity 1 January 2023	51.9	220.3	233.4	**505.6**
Profit/loss for the year	-	-122.5	440.9	**318.4**
Buy-back/sale of own shares	-	2.7	-	**2.7**
Distributed dividends	-	1.3	-233.4	**- 232.1**
Equity 31 December 2023	**51.9**	**101.8**	**440.9**	**594.6**
Equity 1 January 2022	51.9	232.7	233.4	**518.0**
Profit/loss for the year	-	4.6	233.4	**238.0**
Buy-back/sale of own shares	-	-17.2	-	**- 17.2**
Distributed dividends	-	0.2	-233.4	**- 233.2**
Equity 31 December 2022	**51.9**	**220.3**	**233.4**	**505.6**

The composition of share capital and dividends are set out in note 20 of the consolidated financial statements.

Parent company financial statements 1 January – 31 December

Summary of notes to the financial statements

Parent company financial statements 1 January – 31 December

Notes

1 Material accounting policy information

The financial statements for KOMPAN Holding A/S for 2023 have been presented in accordance with the Danish Financial Statements Act (accounting class C medium-sized).

KOMPAN Holding A/S only differs from the Material accounting policy information described for the Group (note 1 in the consolidated financial statements) on the following points:

- Shares in subsidiaries are measured at cost.
- Dividends from subsidiaries are recognised as income when declared

	mDKK	2023	2022
2	**Staff costs**		
	Fees paid to the Board of Directors of the parent company	3.0	2.8
	Remuneration and fees to Executive Board	22.4	20.0
	Pension contributions, Executive Board	0.4	0.3
		25.8	**23.1**

Average number of employees 2023: 3 (2022: 3 persons).

The company has had no employees other than the Executive Board.

Refer to note 5 to the consolidated financial statements for a description of the parent company's bonus scheme for the Executive Board.

3	**Investments in subsidiaries**		
	Cost 1 January	1,312.4	1,312.4
	Cost 31 December	1,312.4	1,312.4
	Impairment losses1 January	-	-
	Impairment losses 31 December	-	-
	Carrying amount 31 December	**1,312.4**	**1,312.4**

Subsidiary (mDKK)	Registered office	Profit/loss for the year 2022	Equity as at 31 December December 2022	Equity interest 2023
KOMPAN A/S	Odense, DK	405.8	836.4	100%

The annual report for 2023 for Kompan A/S has not yet been submitted at the time of submission of the annual report for Kompan Holding A/S.

Parent company financial statements 1 January – 31 December

Notes

	mDKK	2023	2022
4	**Financial income**		
	Foreign exchange adjustments	1.5	1.6
		1.5	**1.6**
5	**Financial expenses**		
	Interest, credit institutions	25.9	7.6
	Other financing expenses	0.6	0.5
	Foreign exchange adjustments	3.1	2.1
	Interest expenses to subsidiaries	6.3	2.2
		35.9	**12.4**
6	**Income tax**		
	Tax for the year can be broken down as follows:		
	Income tax charge for the year	7.1	2.1
		7.1	**2.1**
7	**Distribution of profit and loss**		
	Proposed distribution of profit and loss:		
	Retained earnings	-122.5	4.6
	Proposed dividend	440.9	233.4
		318.4	**238,0**

8 **Own shares**

	Number	kDKK Nominal value	Percentage of Share capital
1 January 2023	299,653	299.7	0.58%
Sale of own shares	-36,500	-36.5	-0.07%
31 December 2023	**263,153**	**263.2**	**0.51%**

	Number	kDKK Nominal value	Percentage of Share capital
1 January 2022	30,000	30.0	0.06%
Sale of own shares	-20,000	-20,0	-0.04%
Buy-back of own shares	289,653	289.7	0.56%
31 December 2022	**299,653**	**299.7**	**0.58%**

Purchase and sales totals for own shares are recognised directly in equity under retained earnings.

Parent company financial statements 1 January – 31 December

Notes

9 Borrowings

mDKK	2023	2022
Long-term liabilities	551.2	700.1
Current liabilities	0	0
Total carrying amount	**551.2**	**700.1**

The company’s debt obligations mature as follows:

2023 (mDKK)	Total	Within 1 year	1 to 5 years*	After 5 years
Non-derivative financial instruments				
Payables to credit institutions	551.2	-	551.2	-
Payables to related parties	176.5	176.5	-	-
31 December 2023	**727.7**	**176.5**	**551.2**	**-**

2022 (mDKK)	Total	Within 1 year	1 to 5 years*	After 5 years
Non-derivative financial instruments				
Payables to credit institutions	700.1	-	700.1	-
Payables to related parties	110.1	110.1	-	-
31 December 2022	**810.2**	**110.1**	**700.1**	**-**

* The company’s primary confirmed credit facilities expire in mid-September 2026.

10 Contingent liabilities and other obligations

Performance guarantees

KOMPAN Holding A/S’ assets are not pledged for collateral.

The company has provided a guarantee for payment of 300 mDKK to the credit institution of its subsidiaries (2022: 150.0 mDKK).

The company is jointly taxed with other companies in the Dyvig Holdings A/S Group. As a jointly taxed company that is not wholly owned, the company has limited and secondary liability for Danish corporate income tax and withholding tax on dividends, interest and royalties within the jointly taxed Group.

11 Related parties

Leg Holding A/S has direct controlling interest with an equity interest of 64.9% of share capital and 75.1% of voting shares.

Dyvig Holdings A/S is the ultimate controlling party with direct and indirect equity interests of 57.3 % of the share capital and 74.1% of voting shares.

KOMPAN Holding A/S has registered the following other shareholders holding 5% or more of the share capital:

- Kirk Kapital Strategic Investments A/S, Havneøen 1, 7100 Vejle

In 2022, 269,653 shares were acquired/disposed from key employees of KOMPAN.

In 2023, 36,500 shares were sold to key employees of KOMPAN.

Parent company financial statements 1 January – 31 December

Notes

Executive employees

KOMPAN Holding A/S' related parties with significant influence include the company's and the Group's board of directors, the Executive Board and senior employees in the parent company and immediate family members of these individuals. Related parties also comprise companies in which this Group of people has material interests.

Group companies

The parent company's outstanding balances with related parties at 31 December 2023 are shown in the balance sheet.

The Danish companies in the Group are jointly taxed, and thus Danish tax receivables/payables are settled with Dyvig Holdings A/S.

In 2023 the parent company received 23.6 mDKK (2022: 16.5 mDKK) in management fees, and interest expenses of 6.3 mDKK (2022: 2.1 mDKK) on outstanding balances of 176.5 mDKK with subsidiaries.

12 Events after the reporting period

No significant events took place after 31 December 2023.

Management's statement

The Board of Directors and the Executive Board have today examined and approved the consolidated financial statements and annual financial statements for 2023 for KOMPAN Holding A/S.

The consolidated financial statements have been reported in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements under in the Danish Financial Statements Act. The financial statements for the parent company have been prepared in accordance with the provisions of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements give a true and fair view the assets, liabilities, and financial position of the Group and the company as at 31 December 2023 of the profit/loss of the activities of the Group and company and the Group's cash flow for financial year 1 January – 31 December 2023.

In our opinion, the directors' report includes a fair review of the development in the Group's and the Parent Company's operations and financial conditions, results for the year, cash flow and financial position and a description of the most significant risks and uncertainty factors that the Group and the Parent Company face.

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

Odense, 11 April 2024

Executive Board:

Henrik Fuglsang Damgaard-Hansen CEO/Managing director	Peter Elkjær-Larsen CFO/Financial director	Jesper Egelykke Jensen CSCO/Supply chain manager

Board of Directors:

Christian Peter Dyvig (Chair of the Board of Directors)	Connie Astrup-Larsen	Mia Dyvig
Andreas Færk	Mads Dreyer *)	Otto Mertz *)

*) Employee-elected

Independent auditor's report

To the shareholders of KOMPAN Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of KOMPAN Holding A/S for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, for the Group and the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion, the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2023 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

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

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

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

Independent auditor’s report (continued)

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report (continued)

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

Odense, 11 April 2024
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Brian Skovhus Jakobsen State-Authorised Public Accountant mne27701	Henrik Carstensen State-Authorised Public Accountant mne47765

Definition of Financial ratios

The Financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin	Gross profit x 100/Net revenue
Profit margin	Profits from primary operation x 100/Net revenue
Solvency ratio	Equity at end of period x 100/total assets, end of period
Profit/loss	Profit/loss attributable to parent company shareholders
Return on equity	Profit/loss after tax x 100/Average equity

Group chart

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All group entities are ultimately 100 % owned by Kompan Holding A/S

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Jesper Egelykke Jensen
CSCO/Supply chain manager
On behalf of: KOMPAN Holding A/S
Serial number: 6b2d4957-30dd-489d-a6ce-df55709c77aa
IP: 213.83.xxx.xxx
2024-04-11 07:14:44 UTC

Peter Elkjær-Larsen
CFO/Financial Director
On behalf of: KOMPAN Holding A/S
Serial number: f7156176-bf2b-4499-892f-3e79db4cf99e
IP: 217.63.xxx.xxx
2024-04-11 09:01:36 UTC

Henrik Fuglsang Damgaard-Hansen
CEO/Managing director
On behalf of: KOMPAN Holding A/S
Serial number: d6636997-cfff-4a78-adb8-1b63112cf093
IP: 213.237.xxx.xxx
2024-04-12 07:49:30 UTC

Andreas Færk
Board of Directors
On behalf of: KOMPAN Holding A/S
Serial number: 6b1022b3-ec1a-4ef5-9e0f-23ca2e795ca6
IP: 87.49.xxx.xxx
2024-04-12 07:55:51 UTC

Otto Nørgård Mertz
Board of Directors
On behalf of: KOMPAN Holding A/S
Serial number: 27daf1b9-dcfd-4f67-984d-43b9c287937e
IP: 62.28.xxx.xxx
2024-04-12 07:57:35 UTC

Christian Peter Dyvig
Chair of the Board of Directors
On behalf of: KOMPAN Holding A/S
Serial number: 5f0f3645-f388-48bd-a368-d88f4b738064
IP: 152.115.xxx.xxx
2024-04-12 08:38:14 UTC

Mads Dreyer
Board of Directors
On behalf of: KOMPAN Holding A/S
Serial number: 9ce4e61e-501b-418c-bb86-1c54d6e5643d
IP: 213.83.xxx.xxx
2024-04-12 08:40:04 UTC

Mia Dyvig
Board of Directors
On behalf of: KOMPAN Holding A/S
Serial number: 1743b4f9-8262-4414-9d40-14a1cf0bddfe
IP: 83.93.xxx.xxx
2024-04-12 11:12:41 UTC

Connie Astrup-Larsen
Board of Directors
On behalf of: KOMPAN Holding A/S
Serial number: 68dd962a-79f5-4e26-b0ad-8d320179fdd1
IP: 93.90.xxx.xxx
2024-04-12 15:32:44 UTC

Henrik Carstensen
EY Godkendt Revisionspartnerselskab CVR: 30700228
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: d9e2ee5d-af51-4e00-842e-3fff34a3893a
IP: 165.225.xxx.xxx
2024-04-12 18:06:25 UTC

Brian Skovhus Jakobsen
EY Godkendt Revisionspartnerselskab CVR: 30700228
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: f4e2f440-6b05-4190-bd8b-9ed44fd2f32e
IP: 80.208.xxx.xxx
2024-04-13 06:59:20 UTC

Henrik Ugilt Ege Christensen
Chair of the general meeting
On behalf of: KOMPAN Holding A/S
Serial number: 8f26cb8b-17f5-4bbd-bf31-8a0d75733b71
IP: 87.58.xxx.xxx
2024-04-13 07:05:16 UTC