Up & Up Capital A/S

Industrivej 29, DK-7430 Ikast

Annual Report for 2023

CVR No. 38 06 12 75

The Annual Report was presented and adopted at the Annual General Meeting of the company on 18/6 2024

Klaus Juhl Pedersen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Up & Up Capital A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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

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

Ikast, 18 June 2024

Executive Board

Klaus Juhl Pedersen
Manager

Board of Directors

Dion Møberg Eriksen Chairman	Rikke Juhl Jensen	Gitte Juhl Capel
Klaus Juhl Pedersen		

Independent Auditor's report

To the shareholders of Up & Up Capital A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Up & Up Capital 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 a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor’s responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Parent Company´s internal control.

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

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

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

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

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

Herning, 18 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Spencer Poulsen	Hans Jørgen Andersen
State Authorised Public Accountant	State Authorised Public Accountant
mne23324	mne30211

Company information

The Company	Up & Up Capital A/S Industrivej 29 7430 Ikast CVR No: 38 06 12 75 Financial period: 1 January - 31 December Incorporated: 1 October 2016 Financial year: 8th financial year Municipality of reg. office: Ikast-Brande
Board of Directors	Dion Møberg Eriksen, chairman Rikke Juhl Jensen Gitte Juhl Capel Klaus Juhl Pedersen
Executive Board	Klaus Juhl Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning
Bankers	Jyske Bank Sølvgade 24 7400 Herning

Group Chart

Company	Residence	Ownership
Up & Up Capital A/S	**Hjemsted**	
Ny Hattenæs, 2020 ApS	Ikast	100%
House Doctor Group ApS	Ikast	100%
Society of Lifestyle A/S	Ikast	100%
Nordmark Invest ApS	Ikast	100%
Society of Lifestyle Asia	Kina	100%
Society of Lifestyle US Inc.	USA	100%

Financial Highlights

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

	Group				
	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	301,255	377,102	451,363	370,230	306,350
Gross profit	88,983	84,153	125,825	117,548	74,734
Profit/loss of primary operations	8,511	-3,355	45,799	48,505	3,988
Profit/loss of financial income and expenses	-7,148	3,448	-2,385	249	501
Net profit/loss for the year	-11,772	-9,842	33,815	38,762	2,815
Balance sheet					
Balance sheet total	251,844	286,622	295,374	190,758	168,103
Investment in property, plant and equipment	4,628	47,445	58,428	7,222	6,398
Equity	95,332	107,506	141,445	105,085	113,170
Cash flows					
Cash flows from:					
- operating activities	36,064	-441	16,035	27,351	3,479
- investing activities	-3,412	-45,098	-59,930	-6,831	-7,716
- financing activities	-33,831	24,625	52,810	-16,165	-68,197
Change in cash and cash equivalents for the year	-1,179	-20,914	8,916	4,355	-72,434
Number of employees	154	166	158	146	151
Ratios					
Gross margin	29.5%	22.3%	27.9%	31.7%	24.4%
Profit margin	2.8%	-0.9%	10.1%	13.1%	1.3%
Return on assets	3.4%	-1.2%	15.5%	25.4%	2.4%
Solvency ratio	37.9%	37.5%	47.9%	55.1%	67.3%
Return on equity	-11.6%	-7.9%	27.4%	35.5%	1.9%

Management's review

Key activities

The most important activities of the Group consist of trading and purchasing within interior and interior design under the brand House Doctor. In addition, the Group has three brands; Meraki (care products), Nicolas Vahé (gourmet food) and ByNord (bedding).

Market overview

The Group has branches in Sweden, the United Kingdom, the Netherlands and Germany.

Development in the year

The income statement of the Group for 2023 shows a profit of DKK 661,999 of continuing activities, and at 31 December 2023 the balance sheet of the Group shows a positive equity of DKK 95,331,966.

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

The Ukraine crisis continues to cause a challenging market situation. Retailer customers are nervous as the market is volatile primarily due to inflation and high interest rates, which have had a negative effect for Society of Lifestyle A/S, and we have thus not met the expectations for revenue and earnings.

In 2023 we took a decision to focus primarily on European markets and as a consequence we closed down our physical representation in USA. All costs related to this decision are included in the result for 2023 and has affected the net result negatively due to the impact from discontinuing activities.

During 2023 we have seen the benefits of the 2022 restructuring process which, together with a continued focus on increased efficiency, has led to significant cost savings.

The result in 2023 has not met management's expectations, but we believe we have a strong setup for a positive outlook for the future.

Special risks - operating risks and financial risks

Foreign exchange risks

A significant part of the Group's purchases is carried out in foreign currency, just like the majority of the Group's sale. To cover the risk of negative exchange rate fluctuation the Group engage in hedging transactions lasting up to 12 months.

No special risks besides the common risk within the Group's industry has been identified.

Targets and expectations for the year ahead

Management expects a continued challenging activity level in 2024 due to uncertainty in the global economy, caused by an increased global crisis level which can influence both the market situation and purchase freight prices negatively. Revenue is expected to be comparable to 2023. The effect of internal restructuring and improved processes leads us to aim for a significantly better bottom line in 2024 than in 2023.

A profit before tax in the range of DKK 10 - 20 mio. is expected in 2024.

External environment

The Group's activities are not considered to have a significant impact on the environment.

Intellectual capital resources

The Group's future earnings depend on a high level of knowledge resources within the design of new products, branding to new and existing customers, as well as purchasing and inventory management.

Management's review

Statement of corporate social responsibility

Business model

The Group's business model is the design, purchase and sale of home furnishing and interior, body care products and gourmet food. The production itself is handled by a large number of subcontractors, most of whom are based outside Denmark.

Risk analysis

The Group's risk of having an impact on the areas specified in the law regarding the environment and climate, social and employee conditions, human rights and anti-corruption is assessed to be limited. Furthermore, the Group's business activities do not add additional risks related to corporate social responsibility. The Group complies with relevant legislation in all the countries in which it operates.

Nevertheless, the Group is particularly aware of the potential risks associated with the Group's work, including attracting and retaining skilled employees.

The Group's sales activities take place mainly in Europe, where a high degree of regulation and regulatory control exists. The Group does not experience significant risks in relation to human rights, corruption and the environment. The Group has not prepared policies for corruption and the environment since the risk of issues in these areas are considered very limited. Regarding human rights we have no formal policy, but our employee handbook describes how we want to relate to each other, what can be expected from each other and each employee’s responsibility in terms of cooperation and interacting; both internally and externally.

Work environment

The Group's operating company, Society of Lifestyle A/S, has a focus on providing employees with the opportunity to achieve personal success. We want to provide a work climate and a leadership behavior where we aim to help the individual employee to be a success. For us, success is a matter of being happy so you can deliver your very best in any work situation.

The Group seeks to create a workplace where both the physical and mental work environment are given high priority. This is reflected in an active work environment organization that ensures modern facilities in the office, follow-up on illness, etc.

All employees are informed about safety and personnel policies in general and the health scheme ensures security for optimal options should the need for treatment arise. The Group has registered one minor work accident during 2023. The Group will continue its focus on work environment in the coming years.

Society of Lifestyle A/S is aware of the well-being of its employees, and to ensure the right focus, we have annual employee satisfaction surveys, which we use to set up initiatives that need to be worked on.

Management's review

Social responsibility

The Group aims to make a positive impact on both local and global communities. We are committed to social responsibility and giving back. In 2023, we made cash donations to aid organizations.

Our Group's human rights policy is integrated into our Ethical Sourcing Policy and Code of Conduct. This Code reflects our core values and is grounded in the Universal Declaration of Human Rights and the UN Global Compact, addressing Human Rights, Labor, Environment, and Anti-Corruption. The 10 Principles of the UN Global Compact are drawn from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

All our suppliers have agreed to our Code of Conduct and policies. Vendors in high-risk countries are required to provide complete transparency of the production facilities used for Society of Lifestyle A/S products. Since 2022, we have been mapping our suppliers, including Tier 1. Our safety representatives visit these factories to assist in improving daily operations.

In 2023, we did not record any human rights violations.

By the end of 2025, all suppliers in high-risk countries will be required to undergo third-party audits. We accept BSCI, Sedex, and SA8000 reporting.

Environment

The Group's activities do not significantly affect the external environment, but management is generally aware of measures that can protect the environment, including optimization of energy consumption in warehouse and choice of transport solutions as well as reduction of packaging materials.

The Group does not engage in research or development activities.

Statement on gender composition

The Group's top management level consists of the Board of Directors. The board consists of four persons. Three of them are the owners of the Group represented by one male and two female owners; as chairman we have engaged with an external professional male. There is thus an equal distribution of genders in the Group's top management level.

As other management levels consist exclusively of the company's registered director, the company is not required to provide information about the underrepresented gender, nor to set target figures for this.

An overview of gender composition on management levels:

	2023
Top management	
Total number of members	4
Underrepresented gender %	50%
Year for meeting target	n/a
Other management levels	
Total number of members	1
Year for meeting target	n/a

Management's review

It is the Group's policy to have an equal gender composition at all management levels. Through 2023, this has been fulfilled and it is assessed that an equal gender distribution has been achieved in accordance with the Danish Business Authority’s guidelines.

Statement on data ethics

The Group handles general data in the form of customer, supplier and employee data. Data is processed in accordance with the GDPR and our privacy and information security policies. As the Group primarily sells B2B and has extremely limited processing of personally sensitive data, the Group's assessment is that there is no need for a policy for data ethics. The Group will continuously assess whether a policy is necessary.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 January - 31 December

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		DKK	DKK	DKK	DKK
Revenue	1	301,255,411	377,102,262	0	0
Other operating income		1,783,984	3,519,555	0	0
Expenses for raw materials and consumables		-168,676,596	-241,839,984	0	0
Other external expenses		-45,379,555	-54,628,381	-117,679	-262,279
Gross profit		**88,983,244**	**84,153,452**	**-117,679**	**-262,279**
Staff expenses	2	-68,689,851	-77,792,718	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-11,767,862	-9,696,993	0	0
Other operating expenses		-14,965	-19,040	0	0
Profit/loss before financial income and expenses		**8,510,566**	**-3,355,299**	**-117,679**	**-262,279**
Income from investments in subsidiaries		0	0	-11,840,488	-9,843,979
Income from investments in associates		537,208	630,349	537,208	630,349
Financial income	4	228,971	7,568,273	1,786,434	1,112,146
Financial expenses	5	-7,914,392	-4,750,949	-2,271,138	-1,644,501
Profit/loss before tax		**1,362,353**	**92,374**	**-11,905,663**	**-10,008,264**
Tax on profit/loss for the year	6	-700,354	-379,905	134,000	166,000
Profit/loss of continuing activities		**661,999**	**-287,531**	**-11,771,663**	**-9,842,264**
Discontinuing activities	8	-12,433,662	-9,554,733	0	0
Net profit/loss for the year	7	**-11,771,663**	**-9,842,264**	**-11,771,663**	**-9,842,264**

Balance sheet 31 December

Assets

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		DKK	DKK	DKK	DKK
Goodwill		1,670,888	2,343,833	0	0
Intangible assets	9	**1,670,888**	**2,343,833**	**0**	**0**
Land and buildings		102,453,600	104,728,765	0	0
Other fixtures and fittings, tools and equipment		22,926,391	27,258,553	0	0
Leasehold improvements		247,198	232,591	0	0
Property, plant and equipment in progress		0	0	0	0
Property, plant and equipment	10	**125,627,189**	**132,219,909**	**0**	**0**
Investments in subsidiaries	11	0	0	99,612,182	111,854,758
Investments in associates	12	0	602,792	0	602,792
Receivables from associates	13	0	2,569,792	0	2,569,792
Other investments	13	2,717,917	30,000	2,687,917	0
Deposits	13	1,816,056	1,825,500	0	0
Fixed asset investments		**4,533,973**	**5,028,084**	**102,300,099**	**115,027,342**
Fixed assets		**131,832,050**	**139,591,826**	**102,300,099**	**115,027,342**
Inventories	14	**75,497,710**	**84,497,148**	**0**	**0**
Trade receivables		19,913,899	25,038,631	0	0
Receivables from group enterprises		0	0	26,565,674	30,291,536
Other receivables		859,536	4,407,585	0	1,700,000
Deferred tax asset	15	5,385,000	2,014,000	303,000	169,000
Corporation tax		1,810,000	1,874,000	1,810,000	1,874,000
Prepayments	16	2,527,088	3,103,313	0	0
Receivables		**30,495,523**	**36,437,529**	**28,678,674**	**34,034,536**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Cash at bank and in hand		**3,807,632**	**5,092,722**	**0**	**0**
Current assets		**109,800,865**	**126,027,399**	**28,678,674**	**34,034,536**
Assets relating to discontinuing activities		**10,211,544**	**21,002,948**	**0**	**0**
Assets		**251,844,459**	**286,622,173**	**130,978,773**	**149,061,878**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		DKK	DKK	DKK	DKK
Share capital		1,050,000	1,050,000	1,050,000	1,050,000
Reserve for net revaluation under the equity method		0	291,792	22,623,438	35,157,806
Reserve for hedging transactions		-941,361	-526,567	0	0
Reserve for exchange rate conversion		-60,289	-72,995	0	0
Retained earnings		95,283,616	106,763,487	71,658,528	71,297,911
Equity		**95,331,966**	**107,505,717**	**95,331,966**	**107,505,717**
Mortgage loans		11,270,730	12,252,302	0	0
Lease obligations		9,398,602	11,699,911	0	0
Long-term debt	17	**20,669,332**	**23,952,213**	**0**	**0**
Mortgage loans	17	981,572	0	0	0
Credit institutions		67,752,441	96,800,453	13,270,315	16,241,871
Lease obligations	17	2,301,307	2,078,115	0	0
Prepayments received from customers		1,058,125	701,676	0	0
Trade payables		18,764,511	14,970,638	56,250	56,250
Payables to group enterprises		0	0	258,328	46,545
Payables to owners and Management		30,057,936	32,763,225	22,061,914	25,211,495
Corporation tax		454,580	339,488	0	0
Deposits		5,000	5,000	0	0
Other payables		10,037,651	6,567,385	0	0
Short-term debt		**131,413,123**	**154,225,980**	**35,646,807**	**41,556,161**
Debt		**152,082,455**	**178,178,193**	**35,646,807**	**41,556,161**
Liabilities relating to discontinuing activities	8	**4,430,038**	**938,263**	**0**	**0**
Liabilities and equity		**251,844,459**	**286,622,173**	**130,978,773**	**149,061,878**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Fee to auditors appointed at the general meeting	22				
Accounting Policies	23				

Statement of changes in equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,050,000	291,792	-526,567	-72,995	106,763,487	107,505,717
Exchange adjustments	0	0	0	12,706	0	12,706
Fair value adjustment of hedging instruments, beginning of year	0	0	55,442	0	0	55,442
Fair value adjustment of hedging instruments, end of year	0	0	-587,229	0	0	-587,229
Tax on adjustment of hedging instruments for the year	0	0	116,993	0	0	116,993
Net profit/loss for the year	0	-291,792	0	0	-11,479,871	-11,771,663
Equity at 31 December	**1,050,000**	**0**	**-941,361**	**-60,289**	**95,283,616**	**95,331,966**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1,050,000	35,157,806	71,297,911	107,505,717
Exchange adjustments	0	12,706	0	12,706
Exchange adjustments relating to foreign entities	0	-414,794	0	-414,794
Net profit/loss for the year	0	-12,132,280	360,617	-11,771,663
Equity at 31 December	**1,050,000**	**22,623,438**	**71,658,528**	**95,331,966**

Cash flow statement 1 January - 31 December

	Note	Group 2023	Group 2022
		DKK	DKK
Result of the year		-11,771,663	-9,842,264
Adjustments	18	15,849,162	3,665,982
Change in working capital	19	39,693,444	6,057,494
Cash flow from operations before financial items		**43,770,943**	**-118,788**
Financial income		228,971	7,568,274
Financial expenses		-7,929,730	-5,091,265
Cash flows from ordinary activities		**36,070,184**	**2,358,221**
Corporation tax paid		-5,771	-2,799,043
Cash flows from operating activities		**36,064,413**	**-440,822**
Purchase of property, plant and equipment		-4,627,664	-47,450,945
Fixed asset investments made etc		-78,125	-412,120
Sale of property, plant and equipment		151,280	154,200
Sale of fixed asset investments made etc		742,494	2,210,500
Dividends received from associates		400,000	400,000
Cash flows from investing activities		**-3,412,015**	**-45,098,365**
Repayment of mortgage loans		0	-10,878
Repayment of loans from credit institutions		-29,048,012	29,583,076
Reduction of lease obligations		-2,078,117	-2,368,728
Repayment of other long-term debt		0	20,221,798
Dividend paid		0	-22,800,000
Repayment of loans from capital owners		-2,705,289	0
Cash flows from financing activities		**-33,831,418**	**24,625,268**
Change in cash and cash equivalents		**-1,179,020**	**-20,913,919**
Cash and cash equivalents at 1 January		5,537,889	26,451,808
Cash and cash equivalents at 31 December		**4,358,869**	**5,537,889**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		4,358,869	5,537,889
Cash and cash equivalents at 31 December		**4,358,869**	**5,537,889**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
1. Revenue				
Geographical segments				
Revenue, Denmark	86,514,741	90,611,011	0	0
Export sales, EU	166,253,348	214,369,889	0	0
Export sales, other foreign countries	48,487,322	72,121,362	0	0
	301,255,411	**377,102,262**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
2. Staff Expenses				
Wages and salaries	63,039,268	71,532,615	0	0
Pensions	3,991,872	4,025,263	0	0
Other social security expenses	1,658,711	2,234,840	0	0
	68,689,851	**77,792,718**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors	**1,173,368**	**1,820,160**	**0**	**0**
Average number of employees	**154**	**166**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	672,945	672,945	0	0
Depreciation of property, plant and equipment	11,094,917	9,024,048	0	0
	11,767,862	**9,696,993**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
4. Financial income				
Interest received from group enterprises	0	0	1,700,813	1,042,354
Interest received from associates	78,125	69,792	78,125	69,792
Other financial income	150,846	86,667	7,496	0
Exchange gains	0	7,411,814	0	0
	228,971	**7,568,273**	**1,786,434**	**1,112,146**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
5. Financial expenses				
Interest paid to group enterprises	0	0	12,041	0
Other financial expenses	7,261,007	4,637,792	2,259,097	1,644,501
Exchange loss	653,385	113,157	0	0
	7,914,392	**4,750,949**	**2,271,138**	**1,644,501**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
6. Income tax expense				
Current tax for the year	300,354	492,461	0	0
Deferred tax for the year	283,007	-411,875	-134,000	-166,000
Adjustment of tax concerning previous years	0	-2,556	0	0
	583,361	**78,030**	**-134,000**	**-166,000**
thus distributed:				
Income tax expense	700,354	379,905	-134,000	-166,000
Tax on equity movements	-116,993	-301,875	0	0
	583,361	**78,030**	**-134,000**	**-166,000**

Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK
7. Profit allocation		
Reserve for net revaluation under the equity method	-12,132,280	-32,613,629
Retained earnings	360,617	22,771,365
	-11,771,663	**-9,842,264**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK

8. Discontinuing activities

	2023	2022	2023	2022
Revenue	10,166,068	18,915,221	0	0
Expenses for raw materials and consumables	-12,546,507	-19,028,989	0	0
Other external expenses	-12,781,433	-10,410,288	0	0
Gross profit/loss	**-15,161,872**	**-10,524,056**	**0**	**0**
Staff expenses	-1,025,950	-1,815,520	0	0
Profit/loss before financial income and expenses	**-16,187,822**	**-12,339,576**	**0**	**0**
Financial expenses	-15,338	-113,157	0	0
Profit/loss before tax	**-16,203,160**	**-12,452,733**	**0**	**0**
Tax on profit/loss for the year	3,769,498	2,898,000	0	0
Net profit/loss for the year of discontinuing activities	**-12,433,662**	**-9,554,733**	**0**	**0**
Fixed asset investments	339,070	372,120	0	0
Fixed assets	**339,070**	**372,120**	**0**	**0**
Inventories	8,789,909	18,939,514	0	0
Receivables	531,328	1,246,147	0	0
Cash at bank and in hand	551,237	445,167	0	0
Current assets	**9,872,474**	**20,630,828**	**0**	**0**
Assets relating to discontinuing activities	**10,211,544**	**21,002,948**	**0**	**0**
Debt	4,430,038	938,263	0	0
Liabilities relating to discontinuing activities	**4,430,038**	**938,263**	**0**	**0**

Notes to the Financial Statements

9. Intangible fixed assets
Group

	Goodwill
	DKK
Cost at 1 January	6,729,448
Cost at 31 December	6,729,448
Impairment losses and amortisation at 1 January	4,385,615
Amortisation for the year	672,945
Impairment losses and amortisation at 31 December	5,058,560
Carrying amount at 31 December	**1,670,888**

10. Property, plant and equipment
Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	124,245,148	54,518,777	518,012
Exchange adjustment	0	-3,785	0
Additions for the year	2,321,670	2,202,989	103,005
Disposals for the year	0	-261,920	0
Cost at 31 December	126,566,818	56,456,061	621,017
Impairment losses and depreciation at 1 January	19,516,383	27,260,224	285,421
Exchange adjustment	0	-3,472	0
Depreciation for the year	4,596,835	6,402,511	88,398
Reversal of impairment and depreciation of sold assets	0	-129,593	0
Impairment losses and depreciation at 31 December	24,113,218	33,529,670	373,819
Carrying amount at 31 December	**102,453,600**	**22,926,391**	**247,198**
Amortised over	5 - 30 years	3 - 7 years	3 - 5 years
Including assets under finance leases amounting to	0	11,699,913	0

Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK
11. Investments in subsidiaries		
Cost at 1 January	76,988,744	76,988,744
Cost at 31 December	76,988,744	76,988,744
Value adjustments at 1 January	34,866,014	68,807,437
Exchange adjustment	12,706	-227,161
Net profit/loss for the year	-11,840,488	-9,843,979
Dividend to the Parent Company	0	-22,800,000
Other equity movements, net	-414,794	-1,070,283
Value adjustments at 31 December	22,623,438	34,866,014
Carrying amount at 31 December	**99,612,182**	**111,854,758**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes
Ny Hattenæs, 2020 ApS	Ikast	TDKK 40	100%
House Doctor Group A/S	Ikast	TDKK 125	100%
Society of Lifestyle A/S	Ikast	TDKK 20.000	100%
Nordmark Invest ApS	Ikast	TDKK 100	100%
Society of Lifestyle Asia	Kina	TUSD 240	100%
Society of Lifestyle US Inc.	USA	TUSD 1	100%

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
12. Investments in associates				
Cost at 1 January	311,000	2,271,001	311,000	2,271,001
Additions for the year	2,647,917	40,000	2,647,917	40,000
Disposals for the year	-271,000	-2,000,001	-271,000	-2,000,001
Transfers for the year	-2,687,917	0	-2,687,917	0
Cost at 31 December	0	311,000	0	311,000
Value adjustments at 1 January	291,792	261,442	291,792	261,442
Disposals for the year	108,208	66,838	108,208	66,838
Net profit/loss for the year	0	363,512	0	363,512
Dividends received	-400,000	-400,000	-400,000	-400,000
Value adjustments at 31 December	0	291,792	0	291,792
Carrying amount at 31 December	**0**	**602,792**	**0**	**602,792**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership
Nonstop-IT ApS	Herning	TDKK 80	50%
The White Box Brand Investments I A/S	Herning	TDKK 200	40%

13. Other fixed asset investments

	Group			Parent company	
	Receivables from associates	Other investments	Deposits	Receivables from associates	Other investments
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	2,569,792	30,000	1,825,500	2,569,792	0
Additions for the year	78,125	0	0	78,125	0
Disposals for the year	-2,647,917	0	-9,444	-2,647,917	0
Transfers for the year	0	2,687,917	0	0	2,687,917
Cost at 31 December	0	2,717,917	1,816,056	0	2,687,917
Carrying amount at 31 December	**0**	**2,717,917**	**1,816,056**	**0**	**2,687,917**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
14. Inventories				
Raw materials and consumables	765,357	251,169	0	0
Finished goods and goods for resale	64,960,731	75,267,779	0	0
Prepayments for goods	9,771,622	8,978,200	0	0
	75,497,710	**84,497,148**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
15. Deferred tax asset				
Deferred tax asset at 1 January	2,014,000	-994,000	169,000	3,000
Amounts recognised in the income statement for the year	3,254,007	2,706,125	134,000	166,000
Amounts recognised in equity for the year	116,993	301,875	0	0
Deferred tax asset at 31 December	**5,385,000**	**2,014,000**	**303,000**	**169,000**

The recognised tax asset comprises tax loss carry-forward expected to be utilised within the next three to four years. In connection with the assessment of the utilisation of the tax asset, emphasis has been placed on the fact that several factors have given rise to extra costs in 2022 and 2023, which are not expected to occur again in the coming years. Therefore, it is expected that the Group's revenue will be increasing.

16. Prepayments

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

Notes to the Financial Statements

17. Long-term debt

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

The debt falls due for payment as specified below:

	Group 2023	Group 2022	Parent company 2023	Parent company 2022
	DKK	DKK	DKK	DKK
Mortgage loans				
After 5 years	6,915,238	7,858,544	0	0
Between 1 and 5 years	4,355,492	4,393,758	0	0
Long-term part	11,270,730	12,252,302	0	0
Within 1 year	981,572	0	0	0
	12,252,302	**12,252,302**	**0**	**0**
Lease obligations				
After 5 years	0	2,274,517	0	0
Between 1 and 5 years	9,398,602	9,425,394	0	0
Long-term part	9,398,602	11,699,911	0	0
Within 1 year	2,301,307	2,078,115	0	0
	11,699,909	**13,778,026**	**0**	**0**

18. Cash flow statement - Adjustments

	Group 2023	Group 2022
	DKK	DKK
Financial income	-228,971	-7,568,273
Financial expenses	7,929,730	4,864,106
Depreciation, amortisation and impairment losses, including losses and gains on sales	11,742,049	9,518,593
Income from investments in associates	-537,208	-630,349
Tax on profit/loss for the year	-3,069,144	-2,518,095
Exchange adjustments	12,706	0
	15,849,162	**3,665,982**

Notes to the Financial Statements

	Group 2023	Group 2022
	DKK	DKK
19. Cash flow statement - Change in working capital		
Change in inventories	19,149,043	24,731,518
Change in receivables	9,963,825	3,204,061
Change in trade payables, etc	11,112,363	-20,505,927
Fair value adjustments of hedging instruments	-531,787	-1,372,158
	39,693,444	**6,057,494**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
20. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a carrying amount of	67,576,603	69,665,473	0	0
The following assets have been placed as security with bankers:				
Corporate mortgage totaling TDKK 50,000. which provides a mortgage on inventories, receivables from sales and services, other fixtures and fittings, tools and equipment as well as intangible assets to a total carrying amount of	115,237,000	134,706,000	0	0
Owner mortgage deeds totaling TDKK 12,000, which provide a mortgage on land and buildings with a total carrying amount of	57,663,000	61,821,000	0	0
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	749,000	693,000	0	0
Between 1 and 5 years	236,000	330,000	0	0
	985,000	**1,023,000**	**0**	**0**
Leases with a total lease obligation during the notice period of	9,793,000	16,782,000	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK

20. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 454,580. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

21. Related parties

Related parties	Basis
KJP Holding ApS	Parent Company
RJJ Holding ApS	Parent Company
GJC Holding ApS	Parent Company
Ny Hattenæs, 2020 ApS	Subsidiary
House Doctor Group ApS	Subsidiary
Society of Lifestyle A/S	Subsidiary
Nordmark Invest ApS	Subsidiary
Society of Lifestyle Asia	Subsidiary
Society of Lifestyle US Inc.	Subsidiary

Transactions

During the year, apart from intra-group transactions and normal management remuneration, no transactions were carried out with the Board of Directors, the Executive Board, senior executives, significant shareholders, affiliated companies or other related parties that were not carried out on normal market terms pursuant to section 98 c, subsection 7.

22. Fee to auditors appointed at the general meeting

	Group	
	2023	2022
	DKK	DKK
PwC		
Audit fee	275,000	300,250
Tax advisory services	85,500	278,285
Non-audit services	211,095	211,735
	571,595	**790,270**

23. Accounting policies

The Annual Report of Up & Up Capital A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in DKK.

Recognition and measurement

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

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

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

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

Leases

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

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

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

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

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

Hedge accounting

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

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

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

Notes to the Financial Statements

Segment information on revenue

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

Income statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Gross profit

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries and associates

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

Financial income and expenses

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

Notes to the Financial Statements

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

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

Balance sheet

Intangible fixed assets

Goodwill

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

Property, plant and equipment

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

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

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

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

Buildings	5 - 20 years
Other fixtures and fittings, tools and equipment	3 - 7 years
Leasehold improvements	3 - 5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Notes to the Financial Statements

Investments in subsidiaries and associates

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

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

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

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

Fixed asset investments

Fixed asset investments, which consist of unlisted bonds and shares, are measured at cost price at the balance sheet date.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

The cost of goods for resale equals landed cost.

Receivables

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

Prepayments

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

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Notes to the Financial Statements

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

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

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

Current tax receivables and liabilities

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

Financial liabilities

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

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

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

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

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