SæTHER

Sæther Nordic A/S

Ryttermarken 11, 3520 Farum

CVR no. 70 33 34 14

Annual report 2023

Approved at the Company's annual general meeting on 25 April 2024

Chairman of the meeting:

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SÆTHER

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Sæther Nordic 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2023.

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

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

Farum, 25 April 2024
Executive Board:

Palle Pedersen
Chief Executive Officer

Daniel Dornhoff Cordsen
Chief Financial Officer

Board of Directors:

Søren Tyge Sørensen
Chairman

Lars Daugaard Jepsen

Kay Spanger

Pernille Krogh-Meyer

Independent auditor's report

To the shareholders of Sæther Nordic A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Sæther Nordic 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 accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for 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 consolidated financial statements and the parent Company financial statements" (herinafter 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 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 the 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:

Independent auditor's report

- 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 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.

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 form of 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 the work we have performed, 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

Non-compliance with the Danish Bookkeeping Act

In our opinion, the Company has not complied with the Danish Bookkeeping Act requirement regarding retention of accounting records as the accounting records for 2022 and previous years has been damaged as a result of water damage.

Copenhagen, 25 April 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Simon Blendstrup	Jacob Thøgersen
State Authorised Public Accountant	State Authorised Public Accountant
mne44060	mne49102

Management's review

Company details

Name	Sæther Nordic A/S
Address, Postal code, City	Ryttermarken 11, 3520 Farum
CVR no.	70 33 34 14
Registered office	Furesø
Financial year	1 January - 31 December
Board of Directors	Søren Tyge Sørensen, Chairman Lars Daugaard Jepsen Kay Spanger Pernille Krogh-Meyer
Executive Board	Palle Pedersen, Chief Executive Officer Daniel Dornhoff Cordsen, Chief Financial Officer
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea

Management's review

Financial highlights for the Group

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	1,445,074	1,378,779	1,192,153	911,685	879,295
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	64,996	61,137	102,071	76,784	39,510
Operating profit/loss	49,470	47,612	89,400	58,722	26,824
Net financials	-9,518	-4,064	-3,040	-2,893	-2,950
Profit for the year	31,685	33,260	67,767	50,273	17,016
Total assets	537,741	488,210	426,917	310,933	274,163
Investments in property, plant and equipment	-27,135	-11,789	-29,959	-6,294	-8,558
Equity	169,067	156,450	161,664	115,707	67,573
Cash flows from operating activites	50,655	-85,162	30,776	66,865	58,922
Financial ratios					
Operating margin	3.6%	3.5%	7.5%	7.3 %	3.2 %
Gross margin	21.5%	18.7%	25.1%	29.5%	23.3%
Return on assets	9.6%	10.4%	24.2%	20.1%	9.6%
Equity ratio	31.4%	32.0%	37.9%	37.2%	24.6%
Return on equity	19.5%	20.9%	48.9%	54.9%	25.7%
Average number of full-time employees	414	371	311	283	278

Financial ratios are calculated in accordance with the terms and definitions as described in the accounting policies.

Management's review

Business review

The Group's main activities are the sale and marketing of perfumes and cosmetic products to the Nordic market.

The main activities of the parent company are supply chain, IT, group management, finance, controlling and administration for the Group's subsidiaries.

Financial review

The income statement for 2023 shows a profit of DKK 31,685 thousand against a profit of DKK 33,260 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 169,067 thousand.

Developments during the year are considered satisfactory based on updated forecasts for the year, which did take planned organizational changes and weakened SEK and NOK into consideration. This is despite the fact, that the outlook in the annual report for 2022 did show an expected net sales increase of 10-15% and earnings increase in the area of 7-12%.

The lack of meeting the outlook for 2023 is primarily due to average decrease in SEK -7% and NOK -11% vs. 2022, which impacts both the translation into DKK as well as the cash flow exceeding the hedged cash flow.

Financial review parent company

The parent company incurred a net profit after tax of DKK 31.685 thousand, affected by the same events as impacted group figures.

No facts or events occured in the parent company during the financial year which are not reflected in the management report for the Group.

Financial risks and use of financial instruments

The Group's purchases are made essentially in EUR, while the Group's sales are essentially made in DKK, EUR, NOK and SEK. In addition, purchases are made to a lesser extent in USD.

Currency risks are therefore related to SEK, NOK and USD, as DKK essentially follows EUR. To mitigate the currency risk hedging, heding of foreign exchange risks is carried out on the basis of an ongoing assessment of exposure for the next 12 months and hedging is carried out through forward exchange transactions. Our currency policy targets to cover 80% of the calculated exposures with hedges.

Investments in subsidiaries are considered to be long-term and related exchange rate risks are generally not hedged.

Statutory CSR report

The company is a distributor of beauty products in the Nordic region. The company represents over 100 brands and is a leader in the Nordic market.

Sæther has selected and started to work with the Greenhouse Gas Protocol and United Nations Sustainable Development Goals. For that purpose Sæther has established a Sustainability Steering Committee. The Steering committee (SteerCo) has been designed to represent all relevant functions across the Group and include people with decision-binding.

Sæther has selected to actively work with the following four SDG targets:

5 – Gender equality
8 – Decent work and economic Growth
12 – Responsible consumption and production
13 – Climate action

Management's review

Anti-corruption

SÆTHER is committed to never engaging in bribery, corruption, extortion, or embezzlement and to avoiding the risk of illegal methods influencing public officials, the judiciary, or any other private parties. To comply with applicable law and mitigate the risk of any suspicion of irregularities or illegalities that may have economic and reputational significance for us, SÆTHER established an online Whistleblower Platform based on the principle of openness and responsibility as a supplement to internal dialogue in the company in 2022. The platform is available for employees, business partners, and suppliers to report issues regarding financial crimes, suspicion about unethical behavior, corruption, bribery, Physical violence or sexual abuse and Threats to environmental health and safety. With the Whistleblower Platform, SÆTHER aims to signal and show corporate transparency and responsibility. In 2023 no cases have been reported. There is a risk associated with encountering corrupt practices such as bribery and unethical business behavior, however, we identify this risk as low.

In 2023 a company code of conduct has been built, that is being signed by our partners. New partners will also sign the code of conduct going forward.

In general responsible issues regarding human rights, social responsibility and anti-corruption are considered to be an integral part of the Nordic labor market and Nordic corporate culture and are well incorporated into the company. This is reflected in the company's trade with both Nordic and foreign companies.

Social responsibility incl. human rights

SÆTHER supports the United Nations Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at work. In 2023 no breaches of human rights were identified, and SÆTHER will continue to focus efforts to prevent any human rights violations. Principles regarding social responsibility is an integral part of the aforementioned company code of conduct. The risks associated with human rights are i.e. child labor and denial of labor rights. During 2023, employees have been trained in human rights.

Look Good Feel Better is a humanitarian organization that offers free skincare and makeup courses for women undergoing ambulatory cancer treatment. A Look Good Feel Better course lasts two hours and provides all participants with a free kit of skincare and makeup products to take home. For 25 years, SÆTHER has been a trusted ally and partner, initially helping the organization establish and find its form in the Danish market. Since 1997 we have supported the organization in Denmark by donating products, the time of consultants for the courses, and paying a partnership fee.

Social and employee conditions

As our employees are our greatest asset, we want to focus on the wellbeing and thrive ability of our employees by focusing on diversity, a mentally and physically safe workplace, right to education, and diversity and inclusion on all levels. By not considering these material topics for the future, SÆTHER risks not being able to hire and retain the best employees.In 2023 8.5% of SÆTHER employees from different departments and locations (Denmark, Sweden, Norway, and Finland) were offered to take courses on the four SDGs, plus an introductory course on Sustainable Development Goals. Of the 8.5%, 89% registered and participated in the classes, which is considered satisfactory. Further to this Sæther has established an internal ambassador corps of passionate employees to help carry out the sustainability mission in all areas of our organization now and going forward.

Climate and environmental impact

The most material risks in relation to the climate and environment are emissions from transportation, fuel consumption, and potential material waste from our products and our value chain's operations, which could have significant environmental impacts if not properly managed. In 2023 Sæther has changed its company policy, so that all new company cars from 1 July 2024 will be running on pure electricity. In 2023 Sæther also changed most of the indoor lighting to energy sources with much lower energy consumption.

We aim to reduce our greenhouse gas emissions and ensure consistency and transparency in our ESG efforts. During 2023 we have calculated and establishing a CO2e baseline year (2021) for scope 1 and 2 greenhouse gas emissions following the Greenhouse Gas Protocol Corporate Accounting Standard (2004).

Management's review

Report on the gender composition of Management

Supreme Governing body	2023
Total numbers of members	4
Underrepresented gender in %	25%
Other levels of management	**2023**
Total numbers of members	23
Underrepresented gender in %	48%
Target figure in %	40%

Supreme governing body

The supreme governing body has set a target figure for the underrepresented gender on the supreme governing body of at least 25%, corresponding to 1 out of 4 members. The board is working to keep the current level in the future. Thus, we have an equal distribution in our company.

Other levels of management

The company's other levels of management consist of the company's registered executive board, as well as the heads of the organization's individual functions, who report directly to the registered executive board. The other management levels consist of the following 52% women and 48% men, which is considered satisfactory. Thus, we have an equal distribution in our company for our other levels of management.

Data ethics

The company does not consider it relevant to develop a policy on data ethics. In this connection, the Company emphasise importance to the fact that the Company only to a limited extent collects and processes data and does not use new technologies as part of the Company's main activity, and does not itself or through external suppliers carry out specific data analyses, evaluations or segmentations.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The company expects revenue growth for 2024 of between 3-7% due to expected organic growth while earnings are expected to be at level with 2023.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group 2023	Group 2022	Parent company 2023	Parent company 2022
2	**Revenue**	1,445,074	1,378,779	1,047,813	956,638
	Cost of sales	-845,662	-794,663	-951,634	-882,093
	Other operating income	1,930	2	68,626	53,461
3	Other external expenses	-290,161	-326,728	-86,140	-85,954
	Gross profit	311,181	257,390	78,665	42,052
4	Staff costs	-246,185	-196,253	-72,546	-63,952
5	Amortisation/depreciation of intangible assets and property, plant and equipment	-13,596	-13,523	-1,505	-1,098
	Profit/loss before net financials	51,400	47,614	4,614	-22,998
	Income from investments in group entities	0	0	35,815	55,218
6	Financial income	498	1,709	462	1,435
7	Financial expenses	-10,016	-5,773	-10,191	-6,223
	Profit before tax	41,882	43,550	30,700	27,432
8	Tax for the year	-10,197	-10,290	985	5,828
	Profit for the year	31,685	33,260	31,685	33,260

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2023	2022	2023	2022
	ASSETS				
	Fixed assets				
10	**Intangible assets**				
	Acquired intangible assets	1,552	1,219	1,552	1,219
		1,552	1,219	1,552	1,219
11	**Property, plant and equipment**				
	Other fixtures and fittings, tools and equipment	34,593	19,260	3,323	1,039
	Leasehold improvements	2,702	3,731	2,702	3,731
	Prepayments for property, plant and equipment	857	2,035	557	1,735
		38,152	25,026	6,582	6,505
12	**Investments**				
	Investments in group entities	0	0	141,526	105,837
	Deposits	6,209	5,743	6,040	5,686
		6,209	5,743	147,566	111,523
	Total fixed assets	45,913	31,988	155,700	119,247
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	298,321	254,447	298,321	254,447
		298,321	254,447	298,321	254,447
	Receivables				
	Trade receivables	160,188	159,072	591	2,743
	Receivables from group entities	0	0	6,759	13,841
15	Deferred tax assets	6,611	3,963	3,286	0
	Joint taxation contribution receivable	1,413	0	4,260	4,876
	Other receivables	14,483	25,731	3,821	17,145
13	Prepayments	8,560	11,684	7,119	5,653
		191,255	200,450	25,836	44,258
	Cash	2,252	1,325	7	0
	Total non-fixed assets	491,828	456,222	324,164	298,705
	TOTAL ASSETS	537,741	488,210	479,864	417,952

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2023	2022	2023	2022
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	1,500	1,500	1,500	1,500
	Net revaluation reserve according to the equity method	0	0	77,148	41,459
	Reserve for development costs	0	0	1,211	0
	Translation reserve	-3,168	-3,042	0	-3,042
	Hedging reserve	-9,557	9,197	-9,557	9,197
	Retained earnings	173,292	148,795	91,765	107,336
	Dividend proposed for the year	7,000	0	7,000	0
	Total equity	169,067	156,450	169,067	156,450
	Provisions				
15	Deferred tax	0	195	0	195
	Other provisions	6,843	8,295	0	0
17	**Total provisions**	6,843	8,490	0	195
	Liabilities other than provisions				
16	**Non-current liabilities other than provisions**				
	Other payables	9,862	9,580	4,106	4,020
		9,862	9,580	4,106	4,020
	Current liabilities other than provisions				
	Other credit institutions	61,564	106,146	61,564	106,834
	Trade payables	146,697	112,524	93,897	81,430
	Payables to group entities	10,000	27,500	88,948	55,371
	Income taxes payable	6,381	8,409	0	0
	Payables to shareholders and management	40,000	0	40,000	0
	Other payables	86,648	54,497	21,603	10,443
19	Deferred income	679	4,614	679	3,209
		351,969	313,690	306,691	257,287
	Total liabilities other than provisions	361,831	323,270	310,797	261,307
	TOTAL EQUITY AND LIABILITIES	537,741	488,210	479,864	417,952

1 Accounting policies
9 Appropriation of profit
20 Contractual obligations and contingencies, etc.
21 Security and collateral
22 Related parties

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group					
Note	DKK'000	Share capital	Translation reserve	Hedging reserve	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2022	1,500	616	-987	115,535	45,000	161,664
	Transfer through appropriation of profit	0	0	0	33,260	0	33,260
	Exchange adjustment	0	-3,658	0	0	0	-3,658
	Adjustment of hedging instruments at fair value	0	0	13,056	0	0	13,056
	Tax on items recognised directly in equity	0	0	-2,872	0	0	-2,872
	Dividend distributed	0	0	0	0	-45,000	-45,000
	Equity at 1 January 2023	1,500	-3,042	9,197	148,795	0	156,450
	Transfer through appropriation of profit	0	0	0	24,685	7,000	31,685
	Equity transferred to reserves	0	0	188	-188	0	0
	Exchange adjustment	0	-126	0	0	0	-126
	Adjustment of hedging instruments at fair value	0	0	-24,284	0	0	-24,284
	Tax on items recognised directly in equity	0	0	5,342	0	0	5,342
	Equity at 31 December 2023	1,500	-3,168	-9,557	173,292	7,000	169,067

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity (continued)

		Parent company							
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Translation reserve	Hedging reserve	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2022	1,500	29,056	0	616	-987	86,479	45,000	161,664
9	Transfer, see "Appropriation of profit"	0	12,403	0	0	0	20,857	0	33,260
	Exchange adjustment	0	0	0	-3,658	0	0	0	-3,658
	Adjustment of hedging instruments at fair value	0	0	0	0	13,056	0	0	13,056
	Tax on items recognised directly in equity	0	0	0	0	-2,872	0	0	-2,872
	Dividend distributed	0	0	0	0	0	0	-45,000	-45,000
	Equity at 1 January 2023	1,500	41,459	0	-3,042	9,197	107,336	0	156,450
9	Transfer, see "Appropriation of profit"	0	35,815	1,211	0	0	-12,341	7,000	31,685
	Equity transferred to reserves	0	0	0	0	188	-188	0	0
	Exchange adjustment	0	-126	0	0	0	0	0	-126
	Other value adjustments of equity	0	0	0	3,042	0	-3,042	0	0
	Adjustment of hedging instruments at fair value	0	0	0	0	-24,284	0	0	-24,284
	Tax on items recognised directly in equity	0	0	0	0	5,342	0	0	5,342
	Equity at 31 December 2023	1,500	77,148	1,211	0	-9,557	91,765	7,000	169,067

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2023	Group 2022
	Profit for the year	31,685	33,260
23	Adjustments	31,858	20,849
	Cash generated from operations (operating activities)	63,543	54,109
24	Changes in working capital	7,768	-117,355
	Cash generated from operations (operating activities)	71,311	-63,246
	Interest received, etc.	498	1,709
	Interest paid, etc.	-10,016	-5,773
	Income taxes paid	-11,138	-17,852
	Cash flows from operating activities	50,655	-85,162
	Additions of intangible assets	-512	-1,281
	Acquisition of property, plant and equipment	-27,135	-11,789
	Addition of deposits	-466	-2,289
	Cash flows to investing activities	-28,113	-15,359
	Dividends paid	0	-45,000
	Proceeds of debt to credit institutions	0	82,343
	Repayments, debt to credit institutions	-44,582	0
	Incurrence of debt, group entities	10,000	0
	Incurrence of debt, shareholders	12,500	27,500
	Cash flows from financing activities	-22,082	64,843
	Net cash flow	460	-35,678
	Cash and cash equivalents at 1 January	1,325	37,531
	Foreign exchange adjustments	467	-528
	Cash and cash equivalents at 31 December	2,252	1,325

The cash flow statement cannot be directly derived from the other components of the financial statements.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Sæther Nordic A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and group entities controlled by the Parent Company.

Control means a parent company's power to direct a group entity's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

The consolidated entities' financial statements have been prepared in accordance with the Parent Company's accounting policies. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by aggregating similar financial statement items. Intra-group income, expenses, gains, losses, ownership interest, dividends and balances are eliminated. Equity investments in consolidated entities are set off against the proportionate share of the consolidated entity's fair value of assets and liabilities at the acquisition date.

Newly acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Entities over which the Group exercises significant influence are considered associates. Significant influence is presumed to exist when the Group directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Foreign group entities

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Exchange adjustments of balances with separate foreign enitites that are considered to constitute an addition to or a deduction from the total investment in the separate foreign entitiy are taken directly to equity.

On the sale of an separate foreign entity, the accumulated exchange adjustment is re-classified from equity to the income statement together with the gain or the loss.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliable and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including sale of services to affiliates and gains or losses on the sale of non-current assets.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

The residual value is determined at the time of acquisition and is reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Residual values are assessed to be DKK 0.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments under operating leases are recognised in the income statement over the term of the lease.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in group entities

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the Parent Company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the Parent Company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the Parent Company has a legal or a constructive obligation to cover the subsidiary's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Gains or losses on disposal of subsidiaries are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to return commitments related to the sale of goods. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and short-term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to geographical markets is disclosed. The segmentation is in accordance with the Company's internal financial management.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before net financials +/- Other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2023	2022	2023	2022
2	**Segment information**				
	Breakdown of revenue by geographical segment:				
	Revenue, Denmark	644,880	593,894	479,729	451,260
	Revenue, Sweden	523,943	501,374	385,212	335,627
	Revenue, Norway	227,499	218,115	158,978	143,877
	Revenue, Other countries	48,752	65,396	23,894	25,874
		1,445,074	1,378,779	1,047,813	956,638

Segment information is provided for revenue at business segments. Segment information is not provided by business area, as the main area represents more than 95 % of the total activity.

		Group	
	DKK'000	2023	2022
3	**Fee to the auditors appointed in general meeting**		
	Statutory audit	901	703
	Tax assistance	108	100
	Other assistance	287	171
		1,296	974

In accordance with section 96(3) of the Danish Financial Statements Act, audit fees are not disclosed for the parent company as audit fees are disclosed for the Group as a whole in the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2023	2022	2023	2022
4	**Staff costs**				
	Wages/salaries	193,887	156,038	59,099	55,230
	Pensions	18,303	18,325	5,405	4,002
	Other social security costs	23,229	15,349	3,324	2,440
	Other staff costs	10,766	6,541	4,718	2,280
		246,185	196,253	72,546	63,952
	Average number of full-time employees	414	371	126	107
	Remuneration to members of Management:				
	Executive Board	5,410	4,447	5,410	4,447
	Board of Directors	549	401	449	401
		5,959	4,848	5,859	4,848
5	**Amortisation/depreciation of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	179	62	179	62
	Depreciation of property, plant and equipment	13,417	13,461	1,326	1,036
		13,596	13,523	1,505	1,098
6	**Financial income**				
	Interest receivable, group entities	0	0	331	289
	Exchange adjustments	0	1,054	0	1,054
	Other financial income	498	655	131	92
		498	1,709	462	1,435

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	Group 2023	Group 2022	Parent company 2023	Parent company 2022
7	**Financial expenses**				
	Interest expenses, group entities	225	718	1,058	1,749
	Interest expenses, shareholders	900	0	900	0
	Exchange adjustments	2,292	154	1,533	0
	Other financial expenses	6,599	4,901	6,700	4,474
		10,016	5,773	10,191	6,223
8	**Tax for the year**				
	Estimated tax charge for the year	7,810	11,213	0	0
	Deferred tax adjustments in the year	2,387	-923	1,861	-952
	Refund in joint taxation	0	0	-2,846	-4,876
		10,197	10,290	-985	-5,828
	Specified as follows:				
	Tax for the year	10,197	10,290	-985	-5,828
	Tax on items recognised directly in equity	-5,342	2,872	-5,342	2,872
		4,855	13,162	-6,327	-2,956

	DKK'000	Parent company 2023	Parent company 2022
9	**Appropriation of profit**		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	7,000	0
	Net revaluation reserve according to the equity method	35,815	12,403
	Other statutory reserves	1,211	0
	Retained earnings/accumulated loss	-12,341	20,857
		31,685	33,260

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Intangible assets

DKK'000	Group Acquired intangible assets
Cost at 1 January 2023	1,281
Additions in the year	512
Cost at 31 December 2023	1,793
Impairment losses and amortisation at 1 January 2023	62
Amortisation in the year	179
Impairment losses and amortisation at 31 December 2023	241
Carrying amount at 31 December 2023	1,552

DKK'000	Parent company Acquired intangible assets
Cost at 1 January 2023	1,281
Additions in the year	512
Cost at 31 December 2023	1,793
Impairment losses and amortisation at 1 January 2023	62
Amortisation in the year	179
Impairment losses and amortisation at 31 December 2023	241
Carrying amount at 31 December 2023	1,552

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

11 Property, plant and equipment

DKK'000	Group: Other fixtures and fittings, tools and equipment	Group: Leasehold improvements	Group: Prepayments for property, plant and equipment	Group: Total
Cost at 1 January 2023	74,848	10,656	2,035	87,539
Additions in the year	26,437	141	557	27,135
Transfer from other accounts	2,311	-576	-1,735	0
Cost at 31 December 2023	103,596	10,221	857	114,674
Impairment losses and depreciation at 1 January 2023	55,588	6,925	0	62,513
Exchange adjustment	592	0	0	592
Depreciation in the year	12,823	594	0	13,417
Impairment losses and depreciation at 31 December 2023	69,003	7,519	0	76,522
Carrying amount at 31 December 2023	34,593	2,702	857	38,152

DKK'000	Parent company: Other fixtures and fittings, tools and equipment	Parent company: Leasehold improvements	Parent company: Prepayments for property, plant and equipment	Parent company: Total
Cost at 1 January 2023	19,064	10,656	1,735	31,455
Additions in the year	705	141	557	1,403
Transfer from other accounts	2,311	-576	-1,735	0
Cost at 31 December 2023	22,080	10,221	557	32,858
Impairment losses and depreciation at 1 January 2023	18,025	6,925	0	24,950
Depreciation in the year	732	594	0	1,326
Impairment losses and depreciation at 31 December 2023	18,757	7,519	0	26,276
Carrying amount at 31 December 2023	3,323	2,702	557	6,582

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

12 Investments

DKK'000	Group Deposits
Cost at 1 January 2023	5,743
Additions in the year	466
Cost at 31 December 2023	6,209
Carrying amount at 31 December 2023	**6,209**

	Parent company		
DKK'000	Investments in group entities	Deposits	Total
Cost at 1 January 2023	64,378	5,686	70,064
Additions in the year	0	354	354
Cost at 31 December 2023	64,378	6,040	70,418
Value adjustments at 1 January 2023	41,459	0	41,459
Exchange adjustment	-126	0	-126
Share of the profit/loss for the year	35,815	0	35,815
Value adjustments at 31 December 2023	77,148	0	77,148
Carrying amount at 31 December 2023	**141,526**	**6,040**	**147,566**

Parent company

Name	Legal form	Domicile	Interest
E. Sæther A/S	Aktieselskab	Danmark	100.00%
E. Saether AB	Kapitalselskab	Sverige	100.00%
Saether OY	Kapitalselskab	Finland	100.00%
E. Sæther AS	Kapitalselskab	Norge	100.00%

13 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent, licence fees and other prepaid expenses.

Parent company

Prepayments include accrual of expenses relating to subsequent financial years, including rent, licence fees and other prepaid expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Parent company 2023	Parent company 2022
14 Share capital		
Analysis of the share capital:		
1,000 A shares of DKK 1.00 nominal value each	1	1
1,499,000 B shares of DKK 1.00 nominal value each	1,499	1,499
	1,500	1,500

	Group		Parent company	
DKK'000	2023	2022	2023	2022
15 Deferred tax				
Deferred tax at 1 January	-3,768	-5,949	195	-1,725
Deferred tax adjustment in the year	2,387	2,260	1,873	1,920
Deferred tax on loss in equity	-5,354	0	-5,354	0
Currency adjustment to deferred tax	124	-79	0	0
Deferred tax at 31 December	-6,611	-3,768	-3,286	195

Deferred tax relates to:

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Intangible assets	341	0	341	0
Property, plant and equipment	-1,724	-2,394	95	195
Receivables	0	-93	0	0
Provisions	-1,506	-1,281	0	0
Tax loss	-3,722	0	-3,722	0
	-6,611	-3,768	-3,286	195
Analysis of the deferred tax				
Deferred tax assets	-6,611	-3,963	-3,286	0
Deferred tax liabililties	0	195	0	195
	-6,611	-3,768	-3,286	195

At 31 December 2023, the Group had recognised a tax asset totalling DKK 6.611 thousand. The tax asset consists primarily of non-utilised tax deductions in the form of timing differences.

Based on the 2024 budget and future expectations, management has assessed it likely that future taxable profit will be available in which tax assets can be utilized.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

16 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other payables	9,862	0	9,862	8,584
	9,862	0	9,862	8,584

	Parent company			
DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other payables	4,106	0	4,106	3,476
	4,106	0	4,106	3,476

17 Provisions

Group

Other provisions comprise provisions for return commitments related ot the sale of goods. Return provisions relate to aniticpated return expenses in accordance with agreements with customers. The obligation is expected to be settled over the return period, which is maximum one year.

18 Derivative financial instruments

Group

Forecast transactions

The Group's purchases are made essentially in EUR, while the Group's sales are essentially made in DKK, EUR, NOK and SEK. In addition, purchases are made to a lesser extent in USD.

Currency risks are therefore related to SEK, NOK and USD, as DKK essentially follows EUR. To mitigate the currency risk hedging of foreign exchange risks is carried out on the basis of an ongoing assessment of exposure for the next 14 months and hedging is carried out through forward exchange transactions.

There is not included any significant not observable input in the fair value assessment.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

18 Derivative financial instruments (continued)

Fair value disclosures

The Group has the following assets and liabilities measured at fair value:

DKK'000	Forward contracts
Group	
Fair value at year end	-11,886
Unrealised fair value adjustments for the year, recognised in the income statement	2,907
Unrealised fair value adjustments for the year, recognised in hedging reserve	-24,284
Fair value level	2
Parent Company	
Fair value at year end	-11,886
Unrealised fair value adjustments for the year, recognised in the income statement	2,907
Unrealised fair value adjustments for the year, recognised in hedging reserve	-24,284
Fair value level	2

Forecast transactions

		Contractual value		Gains and losses recognised in equity	
DKK'000	Period	2023	2022	2023	2022
Currency swaps	1-14 months	180,907	328,930	-24,284	13,056

19 Deferred income

Group

Deferred income consists of prepaid marketing contributions that will not be recognised as income until the subsequent financial year once the recognition criteria are satisfied.

Parent company

Deferred income consists of prepaid marketing contributions that will not be recognised as income until the subsequent financial year once the recognition criteria are satisfied.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

20 **Contractual obligations and contingencies, etc.**

Contingent liabilities

Group

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Rent and lease liabilities	70,728	63,424	49,569	51,266

Group

Rent and lease liabilities include a rent obligation totalling DKK 60,452 thousand (2022: DKK 59,857 thousand) in interminable rent agreements with remaining contract terms of 1-8 years. Furthermore, the Group has liabilities under operating leases for cars and IT equipment totalling DKK 10,276 thousand (2022: DKK 3,567 thousand) with remaining contract terms of 1-4 years.

The Companies in the group is jointly taxed with other Danish group entities. As a jointly taxed group entity, the Company has joint and several unlimited liability, together with the other group entities, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities.

Parent company

The Company is jointly taxed with other Danish group entities. As a jointly taxed group entity, the Company has joint and several unlimited liability, together with the other group entities, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities.

The Company is jointly taxed with E. Sæther Holding A/S until 31. March 2023, which acts as management company, and other Danish group entities. The Company has limited and alternative liability together with other jointly taxed group entities for payment of income taxes for income years as of 31. march 2023.

The Company is jointly taxed with PP Holding 2019 ApS as of 1. April 2023, which acts as management company, and other Danish group entities. The Company has limited and alternative liability together with other jointly taxed group entities for payment of income taxes for income years starting from 1. April 2023.

The Company is jointly registered for VAT with its subsidiary E. Sæther A/S. The Company is thus jointly and severally liable for all VAT liabilities under the joint registration. Total consolidated VAT payable for the jointly registered companies totalled DKK 117 thousand at 31 December 2023.

Rent and lease liabilities include a rent obligation totalling DKK 47,999 thousand (2022: DKK 49,684 thousand) in interminable rent agreements with remaining contract terms of 1-8 years. Furthermore, the Company has liabilities under operating leases for cars and IT equipment totalling DKK 1,570 thousand (2022: DKK 1,582 thousand) with remaining contract terms of 1-4 years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

21 Security and collateral

Group

A company charge of DKK 180 million, secured on Group trade receivables and inventories, has been provided as security for E. Sæther A/S' and Sæther Nordic A/S' debt to Nordea

A bank guarantee has been provided for rent liabilities totalling DKK 1,246 thousand.

Parent company

A company charge of DKK 155 million, secured on the Company's trade receivables and inventories, has been provided as security for the Company's debt to Nordea.

Furthermore, the former parent Company, E. Sæther Holding A/S has provided a guarantee vis-à-vis Nordea in respect of the subsidiary E. Sæther A/S' debt to Nordea.

22 Related parties

Group

Information about consolidated financial statements

Parent	Domicile
PP Holding 2019 ApS	Denmark

Related party transactions

DKK'000	2023	2022
Group		
Rent of owner-occupied property from shareholder	4,460	4,185
Allocation of interests from shareholders	1,125	718
Parent Company		
Sales of goods to group enterprises	932,217	848,806
Sale of POS materials to group enterprises	50,170	43,613
Allocation of supplier contributions to group enterprises	115,461	68,824
Sales of services to group enterprises	167,942	129,316
Allocation of employee costs to group enterprises	10,210	3,617
Allocation of interests to group enterprises	579	1,177
Rent of owner-occupied property from shareholder	4,460	4,185

Receivables from and payables to group entities are specified in the balance sheet.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

22 Related parties (continued)

Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

Parent company

Parties exercising control

Related party	Domicile	Basis for control
PP Holding 2019 ApS	Denmark	Participating interest Shareholders' agreement Participating interest

Information about remuneration to Management

Information about remuneration to Management appears from note 4, "Staff costs".

		Group	
	DKK'000	2023	2022
23	**Adjustments**		
	Amortisation/depreciation and impairment losses	13,596	13,523
	Gain/loss on the sale of non-current assets	0	163
	Provisions	-1,452	-7,191
	Financial income	-498	-1,709
	Financial expenses	10,016	5,773
	Tax for the year	10,196	10,290
		31,858	20,849
24	**Changes in working capital**		
	Change in inventories	-43,874	-34,192
	Change in receivables	13,256	-70,253
	Change in trade and other payables	62,671	-22,107
	Other changes in working capital	-24,285	9,197
		7,768	-117,355

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

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Daniel Dornhoff Cordsen
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Pernille Krogh-Meyer
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Søren Tyge Sørensen
Chairman at general meeting
Serial number: ab36a57a-dfe8-4b61-ab93-c413d5f6d01c
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