

Søstrene Grenes Import A/S

Mariane Thomsens Gade 1 C, 5.
8000 Aarhus C
CVR No. 76220115

Annual report 01.05.2023 - 30.04.2024

The Annual General Meeting adopted the annual
report on 18.09.2024

Lasse Skaarup Christensen
Chairman of the General Meeting

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Entity details

Entity

Søstrene Grenes Import A/S
Mariane Thomsens Gade 1 C, 5.
8000 Aarhus C

Business Registration No.: 76220115
Registered office: Aarhus
Financial year: 01.05.2023 - 30.04.2024

Board of Directors

Lasse Skaarup Christensen
Kurt Hedegaard Carstensen
Karen Sofie Hansen-Hoeck
Mikkel Vaupell Grene
Cresten Vaupell Grene

Executive Board

Mikkel Vaupell Grene
Cresten Vaupell Grene
Line Krogh Vogdrup

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Søstrene Grenes Import A/S for the financial year 01.05.2023 - 30.04.2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2024 and of the results of its operations for the financial year 01.05.2023 - 30.04.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 18.09.2024

Executive Board

Mikkel Vaupell Grene

Cresten Vaupell Grene

Line Krogh Vogdrup

Board of Directors

Lasse Skaarup Christensen

Kurt Hedegaard Carstensen

Karen Sofie Hansen-Hoeck

Mikkel Vaupell Grene

Cresten Vaupell Grene

Independent auditor's report

To the shareholder of Søstrene Grenes Import A/S

Opinion

We have audited the financial statements of Søstrene Grenes Import A/S for the financial year 01.05.2023 - 30.04.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2024 and of the results of its operations for the financial year 01.05.2023 - 30.04.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 18.09.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Thomas Rosquist Andersen

State Authorised Public Accountant

Identification No (MNE) mne31482

Søren Marquart Alsen

State Authorised Public Accountant

Identification No (MNE) mne40040

Management commentary

Financial highlights

	2023/24	2022/23	2021/22	2020/21	2019/20
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	1,507,740	1,287,376	1,188,357	881,612	776,402
Gross profit/loss	493,539	391,662	377,690	262,840	151,248
Operating profit/loss	205,467	148,746	161,729	84,713	(13,908)
Net financials	(8,684)	9,036	5,172	(1,742)	3,096
Profit before tax	195,189	158,172	167,183	83,434	(10,493)
Profit/loss for the year	157,246	123,686	130,388	64,937	(6,920)
Total assets	792,068	703,876	793,683	705,691	687,615
Investments in property, plant and equipment	10,926	6,954	7,048	2,100	5,912
Equity	395,168	356,633	441,259	324,856	293,698
Ratios					
Return on equity (%)	41.75	31.00	34.04	21.00	(2.35)
Equity ratio (%)	50.24	50.55	55.17	46.00	42.80

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

THE WONDERFUL WORLD OF ANNA & CLARA

The wonderful tale of Søstre Grene began in the late summer of 1973, in Aarhus, Denmark. It is the story of the two elderly sisters, Anna and Clara Grene, who diligently work to create slight, bright differences to everyday life.

Søstre Grene is a chain of retail stores where a truly special atmosphere exists. Walking into one of these stores is meant to feel like entering an oasis where, at least for a while, shoppers can take a break from the hectic pace of everyday life. By doing this, Søstre Grene seeks out to set the stage for wonderful experiences and joyful moments. Experiences that encourage people to explore and to let their imagination run free.

With great passion, Søstre Grene develops new designs within their product categories. The stores receive a wealth of new products every week, and many of these items are only sold for a short period of time. Common to all products is an elegant and feminine expression that brings beauty to everyday life, and the prices are always kept at a very reasonable level. In every respect, Søstre Grene is based on strong values, as a family owned and operated company with a unique culture called "the Sister Spirit".

Today Søstre Grene is still managed from the head office in Aarhus, Denmark, where it all began with the first store opening. Welcome to Anna and Clara's wonderful world.

Aarhus, 18 September 2024

Cresten & Mikkel Vaupell Grene Owners

Primary activities

Søstrene Grene is a family-owned and -operated group of companies. The family ownership makes it possible to think and operate Søstrene Grene with a sound and long-term perspective according to the good values that we believe in while constantly innovating the concept and products, respecting the history and culture of Søstrene Grene dating back to the very beginning in 1973.

The business consists of a wholesale business related to the import and export of goods to the Søstrene Grene stores and retail activities in web shops, own stores and stores partly owned through joint venture companies. Apart from fully owned and partially owned stores, some of the Søstrene Grene stores are owned and operated

All rights related to the Søstrene Grene brand is owned by the wholesale company Søstrene Grenes Import A/S, which is a fully owned subsidiary of Søstrene Grenes Holding ApS.

In the financial year, Søstrene Grene stores are found in Austria, Belgium, Denmark, Faroe Islands, Finland, France, Germany, Iceland, Ireland, Norway, the Netherlands, Sweden, Switzerland and the UK.

Søstrene Grene has more than 5.7 million followers on different social media platforms, which plays a vital part in the business strategy.

Development in activities and finances

Søstrene Grene has over the years developed and refined the concept and assortment while expanding into new areas with a very positive response from customers in all markets. Currently Germany and the United Kingdom are the areas with the most growth.

This financial year the revenue in Søstrene Grenes Holding ApS grew 17% to a new all-time high of DKK 1,508 m. The digitalisation of the business model in Søstrene Grene has continued and all markets now have a web shop except the Faroe Islands.

Internally we are focusing both on securing significant growth and on strengthening and enhancing our foundation and capabilities with several major projects and investments with the implementation of SAP being the largest. Largest investments however are the opening and refurbishments of Physical stores which is mainly financed by the cashflow from the operation.

The result for the year is an all-time best in the history of Søstrene Grene both before tax and on EBITDA. The management considers the result very satisfying.

Profit/loss for the year in relation to expected developments

Revenue for the year has increased from DKK 1,287m to DKK 1,508m, and it is the highest revenue in a year in the history of Søstrene Grenes Import A/S. The income statement for the financial year ending 30 April 2024 shows a gross profit increasing from DKK 392m to DKK 494m. The profit before tax shows an increase from DKK 158m to DKK 197m.

Operating profit is DKK 205m compared to 2022/23 when operating profit was DKK 149m. This is the best financial performance in the history of Søstrene Grenes Import and is considered to be satisfactory.

The balance sheet shows an equity of DKK 395m (30 April 2023: DKK 357m).

Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances in the year.

Outlook

The strategy is to continue the major digital journey with several large, important projects on the way. The goal is to digitalise the company even more, add more automatisations and to offer a "customer centric" digital Søstrene Grene with all the options and services that the future customers are going to need.

In 2025 a second distribution center is opening in The Netherlands with a footprint of 45,000 m² with the capacity to support 300 stores and e-commerce.

Although Søstrene Grene web shops are found in almost all our countries, the physical stores will still be in the center of it all. Not only has a major upgrade of stores been initiated with the new Retail for the senses concept, but the expansion with brand new stores has also been accelerated with an expected 60 new stores in 2024. In the coming 3 years, almost 200 new stores are expected to be opened around Europe.

The expectations for the financial year were a growth in revenue of 11 - 20% to DKK 1,425m – DKK 1,550m. The financial year 2023/24 has realized an increase in revenue of DKK 220m, or 17%. The increase is above expectations and is considered satisfactory.

Management expects the revenue in 2024/25 to increase in the range of 20% to 35% to approximately DKK 1,800m to DKK 2,030m. The expectation is primarily based on organic growth and the opening of new stores.

Earnings before tax for the year 2024/25 are expected to be in the range of DKK 170m to DKK 200m. Further investments in organizational resources, a new IT infrastructure for the expanding omnichannel business and further digitalization of the business are planned as well as increased efforts in marketing. Investments that are expected to bring increased revenue and earnings in the years to come.

Material assumptions and uncertainties

The exact number of new stores cannot be predicted since it depends on timing of opening and availability of suitable locations.

Particular risks

Sea freight costs are expected to be significantly higher in 2024/25 which will impact the margin negatively since it is expected that most of the increases will be absorbed by the company and not added to the retail prices in a very competitive and price-focused retail market. Sea freight rates are expected to normalize after the Christmas peak season.

The main currency risk relates to the purchase of products in US dollar. To offset the risk of currencies going forward a hedging policy has been implemented. Product purchase is hedged by 25%, 50% and 75% of expected usage in the periods 7-12, 4-6 and 1-3 months respectively in advance.

Interest rate risk is primarily related to the short-term debt to banks. The long-term debt is split between fixed interest rate and variable interest rate with ratio 65%/35%. The aim is to limit the interest risk and ensure not to be exposed to increased interest rates.

Statutory report on corporate social responsibility

Reference is made to the consolidated and parent-company financial statements of Søstrene Grenes Holding ApS, Danish Central Business Registration no. 35140328, which include a report on the Søstrene Grene Group's social responsibility.

Statutory report on the underrepresented gender

2023/24

Supreme management body

Total number of members	5
Underrepresented gender (%)	20.00
Target figures (%)	40.00
Year of expected achievement of target figures	2024/25

The supreme governing body of Søstrene Grenes Holding ApS is composed of four male board members and one female.

Our goal to obtain a ratio of at least 40:60% of the underrepresented gender has unfortunately not been achieved in this financial year.

Our target for the financial year 2024/25 is to obtain a gender balance of 40:60% in the supreme governing body of Søstrene Grenes Holding ApS.

2023/24

Other management levels

Total number of members	10
Underrepresented gender (%)	30.00
Target figures (%)	40.00
Year of expected achievement of target figures	2024/25

There is a tendency towards a stronger overrepresentation of women in the retail business as store managers. The split of the gender representation for management bodies is currently women 30% and men 70% in total.

The gender split for the top management team in Søstrene Grene HQ has changed from women 22% and male 78% to in 2022/23 to be 30% women and male 70% in the financial year 2023/24, thus achieving a better gender balance.

Even though competences do always come first in the selection of resources to management positions, Søstrene Grene strives to offer equal possibilities for men and women on the management level. The overall goal is to give equal possibilities and access to management positions to both genders.

Persons of both genders are being recruited to management positions internally or externally based on qualifications.

Søstrene Grenes Import A/S has recruited a female Chief Financial Officer after the balance sheet date which will result in the target figures being met in 2024/25.

Statutory report on data ethics policy

Reference is made to the consolidated and parent-company financial statements of Søstrene Grenes Holding ApS, Danish Central Business Registration no. 35140328, which include a report on the Søstrene Grene Group's data ethics policy.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK '000
Revenue	1	1,507,740	1,287,376
Other operating income	2	27,375	23,370
Cost of sales		(814,556)	(755,849)
Other external expenses		(227,020)	(163,235)
Gross profit/loss		493,539	391,662
Staff costs	3	(245,865)	(207,916)
Depreciation, amortisation and impairment losses	4	(26,854)	(22,696)
Other operating expenses		(15,353)	(12,304)
Operating profit/loss		205,467	148,746
Income from investments in group enterprises		457	390
Other financial income	5	9,778	23,097
Other financial expenses	6	(18,462)	(14,061)
Profit/loss before tax		197,240	158,172
Tax on profit/loss for the year	7	(39,994)	(34,486)
Profit/loss for the year	8	157,246	123,686

Balance sheet at 30.04.2024

Assets

	Notes	2023/24 DKK'000	2022/23 DKK'000
Acquired intangible assets		45,588	38,006
Development projects in progress	10	14,927	0
Intangible assets	9	60,515	38,006
Land and buildings		203,424	205,769
Other fixtures and fittings, tools and equipment		14,872	16,449
Leasehold improvements		4,644	1,179
Property, plant and equipment	11	222,940	223,397
Investments in group enterprises		2,815	2,392
Deposits		13,205	8,585
Other receivables		549	1,315
Financial assets	12	16,569	12,292
Fixed assets		300,024	273,695
Manufactured goods and goods for resale		175,361	164,327
Inventories		175,361	164,327
Trade receivables		13,420	22,656
Receivables from group enterprises		153,261	92,745
Other receivables		113,764	71,257
Prepayments	13	15,835	11,482
Receivables		296,280	198,140
Cash		20,403	67,714
Current assets		492,044	430,181
Assets		792,068	703,876

Equity and liabilities

	Notes	2023/24 DKK'000	2022/23 DKK'000
Contributed capital		510	510
Reserve for fair value adjustments of hedging instruments		1,488	(4,438)
Reserve for development expenditure		11,643	0
Retained earnings		291,527	235,561
Proposed dividend		90,000	125,000
Equity		395,168	356,633
Deferred tax	14	20,524	15,484
Provisions		20,524	15,484
Mortgage debt		74,780	79,073
Bank loans		0	10,213
Lease liabilities		10,943	16,487
Other payables		8,870	8,350
Non-current liabilities other than provisions	15	94,593	114,123
Current portion of non-current liabilities other than provisions	15	11,811	13,867
Bank loans		39,188	622
Trade payables		178,720	152,926
Payables to group enterprises		1,539	813
Joint taxation contribution payable		33,074	25,936
Other payables		17,451	23,472
Current liabilities other than provisions		281,783	217,636
Liabilities other than provisions		376,376	331,759
Equity and liabilities		792,068	703,876
Financial instruments	16		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Transactions with related parties	21		
Group relations	22		

Statement of changes in equity for 2023/24

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	510	(4,438)	0	235,561	125,000
Ordinary dividend paid	0	0	0	0	(125,000)
Fair value adjustments of hedging instruments	0	7,597	0	0	0
Other entries on equity	0	0	0	363	0
Tax of entries on equity	0	(1,671)	0	0	0
Transfer to reserves	0	0	11,643	(11,643)	0
Profit/loss for the year	0	0	0	67,246	90,000
Equity end of year	510	1,488	11,643	291,527	90,000

	Total DKK'000
Equity beginning of year	356,633
Ordinary dividend paid	(125,000)
Fair value adjustments of hedging instruments	7,597
Other entries on equity	363
Tax of entries on equity	(1,671)
Transfer to reserves	0
Profit/loss for the year	157,246
Equity end of year	395,168

Notes

1 Revenue

	2023/24	2022/23
	DKK'000	DKK'000
Nordic	594,189	549,688
DACH and Benelux	531,555	447,152
Southern Europe	246,195	229,111
UK and Asia	135,801	61,425
Total revenue by geographical market	1,507,740	1,287,376

2 Other operating income

Other operating income consist of sale of software, consulting work in connection with design of shops, accounting fees and wage reimbursements.

3 Staff costs

	2023/24	2022/23
	DKK'000	DKK'000
Wages and salaries	205,670	170,251
Pension costs	20,511	17,713
Other social security costs	3,658	3,953
Other staff costs	16,026	15,999
	245,865	207,916
Average number of full-time employees	391	366

	Remuneration of Management 2023/24 DKK'000	Remuneration of Management 2022/23 DKK'000
Executive Board	4,367	5,827
Board of Directors	120	106
	4,487	5,933

4 Depreciation, amortisation and impairment losses

	2023/24 DKK'000	2022/23 DKK'000
Amortisation of intangible assets	16,962	14,312
Depreciation of property, plant and equipment	9,892	8,384
	26,854	22,696

5 Other financial income

	2023/24 DKK'000	2022/23 DKK'000
Financial income from group enterprises	1,272	3,326
Other interest income	6,856	1,259
Exchange rate adjustments	1,650	5,366
Other financial income	0	13,146
	9,778	23,097

6 Other financial expenses

	2023/24 DKK'000	2022/23 DKK'000
Financial expenses from group enterprises	547	0
Other interest expenses	17,915	14,061
	18,462	14,061

7 Tax on profit/loss for the year

	2023/24 DKK'000	2022/23 DKK'000
Current tax	34,954	31,978
Change in deferred tax	5,040	2,508
	39,994	34,486

8 Proposed distribution of profit and loss

	2023/24	2022/23
	DKK'000	DKK'000
Ordinary dividend for the financial year	90,000	125,000
Retained earnings	67,246	(1,314)
	157,246	123,686

9 Intangible assets

	Acquired intangible assets DKK'000	Development projects in progress DKK'000
Cost beginning of year	88,166	0
Additions	24,544	14,927
Cost end of year	112,710	14,927
Amortisation and impairment losses beginning of year	(50,160)	0
Amortisation for the year	(16,962)	0
Amortisation and impairment losses end of year	(67,122)	0
Carrying amount end of year	45,588	14,927

10 Development projects

Development projects in progress relates to the development of a new ERP system. Cost includes both direct internal and external costs.

11 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	220,773	40,148	3,247
Additions	0	6,721	4,205
Disposals	0	(1,597)	0
Cost end of year	220,773	45,272	7,452
Depreciation and impairment losses beginning of year	(15,004)	(23,699)	(2,068)
Depreciation for the year	(2,345)	(6,807)	(740)
Reversal regarding disposals	0	106	0
Depreciation and impairment losses end of year	(17,349)	(30,400)	(2,808)
Carrying amount end of year	203,424	14,872	4,644
Recognised assets not owned by entity	0	12,785	0

12 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	1,045	8,585	1,315
Exchange rate adjustments	(21)	0	0
Additions	0	4,620	0
Disposals	0	0	(766)
Cost end of year	1,024	13,205	549
Revaluations beginning of year	1,347	0	0
Exchange rate adjustments	(13)	0	0
Share of profit/loss for the year	457	0	0
Revaluations end of year	1,791	0	0
Carrying amount end of year	2,815	13,205	549

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Søstrene Grene Europe B.V.	The Netherlands	B.V.	100
Søstrene Grene Trading (Shanghai) Co., Ltd.	China	Co. Ltd.	100

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

14 Deferred tax

	2023/24	2022/23
	DKK'000	DKK'000
Intangible assets	13,317	8,362
Property, plant and equipment	12,453	12,192
Inventories	(2,105)	(2,029)
Receivables	(3,132)	(3,031)
Liabilities other than provisions	(9)	(10)
Deferred tax	20,524	15,484

	2023/24	2022/23
	DKK'000	DKK'000
Changes during the year		
Beginning of year	15,484	12,976
Recognised in the income statement	5,040	2,508
End of year	20,524	15,484

15 Non-current liabilities other than provisions

	Due within 12 months	Due within 12 months	Due after more than 12 months	Outstanding after 5 years
	2023/24	2022/23	2023/24	2023/24
	DKK'000	DKK'000	DKK'000	DKK'000
Mortgage debt	4,331	4,218	74,780	57,882
Bank loans	0	2,150	0	0
Lease liabilities	7,480	7,499	10,943	678
Other payables	0	0	8,870	0
	11,811	13,867	94,593	58,560

16 Financial instruments

Other payables include a positive fair value of forward exchange contracts of DKK 1,487k (2022/23: DKK 5,690k). The forward exchange contracts have been entered into to hedge the foreign currency risk of trade payables in USD total 27,750k. The exchange loss has been set off against the value adjustment of the hedged liabilities in the income statement. The forward exchange contracts have a term of 2-12 months. The forward contracts have been entered into with the Company's usual bank.

17 Unrecognised rental and lease commitments

Unrecognised rental and lease commitments amount to DKK 138m in 2023/24 compared to DKK 111 m in 2022/23.

Of total rental and lease commitments, the total unrecognised rental commitments amounts to DKK 134m, the unrecognised lease commitments amounts to 4m and the unrecognised commitments related to IT contracts amounts to DKK 25m.

The Company releases the leaseholds and has a corresponding contingent asset at the balance sheet date of DKK 6m.

18 Contingent liabilities

The Company's bank has issued a bank guarantee of DKK 2m for leaseholds at the balance sheet date, as well as other guarantees of DKK 25m.

The Entity participates in a Danish joint taxation arrangement where Søstrene Grenes Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2012/13 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total tax liability for the jointly taxed companies is disclosed in the financial statement of the administration entities.

19 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties, which amounts to DKK 79m at the balance sheet date. The carrying amount of mortgaged properties amounts to DKK 203m.

Collateral provided for group enterprises

The Entity has provided a joint and several guarantee to Sydbank for the parent Søstrene Grenes Holding ApS. The bank debt amounts to DKK 27m at the balance sheet date.

20 Related parties with controlling interest

Søstrene Grenes Holding ApS, Aarhus C, wholly owns the shares of the Entity and thus has control over the Entity.

21 Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Søstrene Grenes Holding ApS, Aarhus C.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group

enterprises, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Søstrene Grenes Holding ApS and all its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Straight-line amortisation is made on the basis of the estimated useful lives of the assets which are 3-5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, leasehold improvements as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	5-50 years
Other fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement

The Company has omitted to prepare a cash flow statement in accordance with S. 86 of the Danish Financial Statements Act, as this is included in the consolidated financial statements, for Søstrene Grenes Holding ApS.