

Deloitte.



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Entity details

Entity

SAMSØE & SAMSØE WHOLE SALE ApS
Ryesgade 19 C
2200København N

Business Registration No.: 25191811

Registered office: København

Financial year: 01.01.2024- 31.12.2024

Executive Board

Peter Sextus Rasmussen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of SAMSØE & SAMSØE WHOLE SALE ApS for the financial year 01.01.2024 - 31.12.2024.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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

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

Copenhagen, 26.05.2025

Executive Board

Peter Sextus Rasmussen

Independent auditor's report

To the shareholders of SAMSØE & SAMSØE WHOLE SALE ApS

Opinion

We have audited the financial statements of SAMSØE & SAMSØE WHOLE SALE ApS for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 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.

Copenhagen, 26.05.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Hans Tauby

State Authorised Public Accountant
Identification No (MNE) mne44339

Marcus Rathje

State Authorised Public Accountant
Identification No (MNE) mne51483

Management commentary

Financial highlights

| | 2024 DKK'000 | 2023 DKK'000 | 2022 DKK'000 | 2021 DKK'000 | 2020 DKK'000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Key figures | | | | | |
| Revenue | 441,025 | 447,675 | 464,507 | 444,553 | 395,249 |
| Gross profit/loss | 117,756 | 114,153 | 101,435 | 125,329 | 89,764 |
| Operating profit/loss | 57,866 | 55,898 | 47,852 | 57,133 | 32,745 |
| Net financials | 2,022 | (150) | 639 | (2,412) | 1,684 |
| Profit/loss for the year | 45,743 | 42,241 | 37,663 | 43,112 | 26,784 |
| Total assets | 127,885 | 97,480 | 130,303 | 155,662 | 148,806 |
| Investments in property, plant and equipment | 164 | 1,699 | 0 | 43 | 1,323 |
| Equity | 56,292 | 46,281 | 47,046 | 63,179 | 65,746 |
| Average number of employees | 124 | 111 | 123 | 121 | 126 |
| Ratios | | | | | |
| Gross margin (%) | 26.70 | 25.50 | 21.84 | 28.19 | 22.71 |
| EBIT margin (%) | 13.12 | 12.49 | 10.30 | 12.85 | 8.28 |
| Net margin (%) | 10.37 | 9.44 | 8.11 | 9.70 | 6.78 |
| Return on equity (%) | 89.19 | 90.52 | 68.34 | 66.88 | 49.94 |
| Equity ratio (%) | 44.02 | 47.48 | 36.11 | 40.59 | 44.18 |

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

Gross margin (%) :

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company's primary activity is to design, produce, market and sell clothing and accessories.

Development in activities and finances

The Company's income statement for 2024 shows a profit of DKK 45,742,635 , and the Company's balance sheet as of 31 December 2024 shows equity of DKK 54,892,349.

Profit/loss for the year in relation to expected developments

The expectation for 2024 was an increase in the activity and profit of the year due to optimization of the business both domestically and abroad. The outlook in 2023 was to have revenue in the range DKK 450.000.000 and DKK 470.000.000, while the expected profit of the year is in the range DKK 44.000.000 and DKK 50.000.000.

The activity and result in 2024 continues to be affected by the aftermath of the events of recent years, volatile freight rates, geopolitical uncertainties, change in the consumer behavior, affecting the forecasts and effects the way off buying. Due to this, the outlook for revenue was not met, however the profit of the year met the outlook range.

In light of the situation with the current turmoil in the markets, management considers the result for the year in line with expectations, both for revenue and earnings.

Uncertainty relating to recognition and measurement

There has been no uncertainty relating to recognition and measurement in the annual report.

Outlook

The digitalization strategy has shown results, the investment in technology will continue in the coming years and together with a 2030 strategy plan this expects to have a stronger impact for the years to come.

The management therefore expects an increase in the profit of the year due to optimization of the product mix and distribution both in current markets and new markets.

The expected revenue is in the range DKK 450.000.000 and DKK 470.000.000, while the expected profit of the year is in the range DKK 50.000.000 and DKK 60.000.000.

Use of financial instruments**Market risks**

It is the Group Management's opinion that the market is facing a greater focus in relation to the environmental impact and upcoming regulation in the industry, the management is aware of this and will continue their focus on minimizing the environmental impact.

Currency risks

Imports are mainly in EUR and USD. The Group's reporting takes place primarily in DKK. As a general rule, currency hedging is provided for the majority of total imports. An increase in USD and EUR will negatively affect the company's results.

Interest rate risks

Net interest-bearing debt is non-material. An increase in interest rates is therefore not expected to significantly affect the company's results.

No positions are entered into to hedge interest rate risks.

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 2024

| | Notes | 2024 DKK | 2023 DKK |
|--|-------|--------------------|--------------------|
| Revenue | | 441,025,165 | 447,674,790 |
| Other operating income | | 102,405 | 2,411,224 |
| Cost of sales | | (213,648,192) | (221,239,609) |
| Other external expenses | | (109,723,228) | (114,693,830) |
| Gross profit/loss | | 117,756,150 | 114,152,575 |
| Staff costs | 2 | (57,297,074) | (56,157,706) |
| Depreciation, amortisation and impairment losses | 3 | (1,709,853) | (2,096,722) |
| Other operating expenses | | (882,933) | 0 |
| Operating profit/loss | | 57,866,290 | 55,898,147 |
| Other financial income | 4 | 2,602,762 | 2,992,293 |
| Other financial expenses | 5 | (581,102) | (3,142,686) |
| Profit/loss before tax | | 59,887,950 | 55,747,754 |
| Tax on profit/loss for the year | 6 | (14,145,315) | (13,506,371) |
| Profit/loss for the year | 7 | 45,742,635 | 42,241,383 |

Balance sheet at 31.12.2024

Assets

| | Notes | 2024 DKK | 2023 DKK |
|--|-------|-------------------|-------------------|
| Other fixtures and fittings, tools and equipment | | 353,259 | 494,704 |
| Leasehold improvements | | 2,089,706 | 3,494,041 |
| Property, plant and equipment | 8 | 2,442,965 | 3,988,745 |
| Deposits | | 3,807,634 | 3,521,539 |
| Financial assets | 9 | 3,807,634 | 3,521,539 |
| Fixed assets | | 6,250,599 | 7,510,284 |
| Manufactured goods and goods for resale | | 44,675,512 | 33,777,159 |
| Prepayments for goods | | 29,663,147 | 14,830,084 |
| Inventories | | 74,338,659 | 48,607,243 |
| Trade receivables | | 32,972,936 | 29,380,976 |
| Receivables from group enterprises | | 0 | 2,330,402 |
| Other receivables | | 1,663,760 | 2,867,943 |
| Derivative financial instruments | 10 | 3,682,855 | 5,608 |
| Receivables | | 38,319,551 | 34,584,929 |

| | | |
|-----------------------|--------------------|-------------------|
| Cash | 8,976,565 | 6,777,198 |
| Current assets | 121,634,775 | 89,969,370 |
| Assets | 127,885,374 | 97,479,654 |

Equity and liabilities

| | Notes | 2024 DKK | 2023 DKK |
|---|--------------|---------------------|---------------------|
| Contributed capital | 11 | 125,000 | 125,000 |
| Reserve for fair value adjustments of hedging instruments | | 2,872,627 | 4,374 |
| Retained earnings | | 13,294,722 | 6,152,087 |
| Proposed dividend | | 40,000,000 | 40,000,000 |
| Equity | | 56,292,349 | 46,281,461 |
| Deferred tax | 12 | 41,896 | 175,474 |
| Other provisions | 13 | 2,690,072 | 0 |
| Provisions | | 2,731,968 | 175,474 |
| Trade payables | | 43,203,202 | 21,124,557 |
| Payables to group enterprises | | 617,224 | 3,166,477 |
| Payables to shareholders and management | | 152,265 | 210,945 |
| Joint taxation contribution payable | | 15,651,533 | 13,049,914 |
| Other payables | | 9,087,476 | 13,348,475 |
| Deferred income | 14 | 149,357 | 122,351 |
| Current liabilities other than provisions | | 68,861,057 | 51,022,719 |
| Liabilities other than provisions | | 68,861,057 | 51,022,719 |
| Equity and liabilities | | 127,885,374 | 97,479,654 |

| | |
|---|----|
| Events after the balance sheet date | 1 |
| Unrecognised rental and lease commitments | 15 |
| Contingent liabilities | 16 |
| Assets charged and collateral | 17 |
| Related parties with controlling interest | 18 |
| Non-arm's length related party transactions | 19 |
| Group relations | 20 |

Statement of changes in equity for 2024

| | Contributed capital DKK | Reserve for fair value adjustments of hedging instruments DKK | Retained earnings DKK | Proposed dividend DKK | Total DKK |
|---|----------------------------|---|--------------------------|--------------------------|-------------------|
| Equity beginning of year | 125,000 | 4,374 | 6,152,087 | 40,000,000 | 46,281,461 |
| Ordinary dividend paid | 0 | 0 | 0 | (40,000,000) | (40,000,000) |
| Fair value adjustments of hedging instruments | 0 | 3,678,481 | 0 | 0 | 3,678,481 |
| Group contributions etc | 0 | 0 | 1,400,000 | 0 | 1,400,000 |
| Tax of entries on equity | 0 | (810,228) | 0 | 0 | (810,228) |
| Profit/loss for the year | 0 | 0 | 5,742,635 | 40,000,000 | 45,742,635 |
| Equity end of year | 125,000 | 2,872,627 | 13,294,722 | 40,000,000 | 56,292,349 |

Notes

1 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.

2 Staff costs

| | 2024 DKK | 2023 DKK |
|---------------------------------------|-------------------|-------------------|
| Wages and salaries | 52,225,074 | 51,939,693 |
| Pension costs | 2,411,075 | 2,202,486 |
| Other social security costs | 2,660,925 | 2,015,527 |
| | 57,297,074 | 56,157,706 |
| | | |
| Average number of full-time employees | 124 | 111 |

With reference to section 98 B, subsection 3 of the Danish Financial Statements Act, the remuneration to the executive board is not disclosed.

3 Depreciation, amortisation and impairment losses

| 2024 DKK | 2023 DKK |
|-------------|-------------|
|-------------|-------------|

| | | |
|---|------------------|------------------|
| Depreciation of property, plant and equipment | 1,709,853 | 2,096,722 |
| | 1,709,853 | 2,096,722 |
| 4 Other financial income | | |
| | 2024 | 2023 |
| | DKK | DKK |
| Exchange rate adjustments | 1,675,577 | 0 |
| Other financial income | 927,185 | 2,992,293 |
| | 2,602,762 | 2,992,293 |
| 5 Other financial expenses | | |
| | 2024 | 2023 |
| | DKK | DKK |
| Financial expenses from group enterprises | 579,562 | 1,750,922 |
| Other interest expenses | 1,540 | 4,857 |
| Exchange rate adjustments | 0 | 1,386,116 |
| Other financial expenses | 0 | 791 |
| | 581,102 | 3,142,686 |

6 Tax on profit/loss for the year

| | | |
|--------------------------------------|-------------------|-------------------|
| | 2024 | 2023 |
| | DKK | DKK |
| Current tax | 14,280,128 | 12,487,502 |
| Change in deferred tax | (133,578) | 1,017,634 |
| Adjustment concerning previous years | (1,235) | 1,235 |
| | 14,145,315 | 13,506,371 |

7 Proposed distribution of profit and loss

| | | |
|--|-------------------|-------------------|
| | 2024 | 2023 |
| | DKK | DKK |
| Ordinary dividend for the financial year | 40,000,000 | 40,000,000 |
| Retained earnings | 5,742,635 | 2,241,383 |
| | 45,742,635 | 42,241,383 |

8 Property, plant and equipment

| | | |
|------------------------|---|---|
| | Other fixtures and fittings, tools and equipment DKK | Leasehold improvements DKK |
| Cost beginning of year | 2,797,024 | 13,101,231 |

| | | |
|---|--------------------|---------------------|
| Additions | 0 | 164,073 |
| Disposals | (44,760) | 0 |
| Cost end of year | 2,752,264 | 13,265,304 |
| Depreciation and impairment losses beginning of year | (2,302,320) | (9,607,190) |
| Depreciation for the year | (141,445) | (1,568,408) |
| Reversal regarding disposals | 44,760 | 0 |
| Depreciation and impairment losses end of year | (2,399,005) | (11,175,598) |
| Carrying amount end of year | 353,259 | 2,089,706 |

9 Financial assets

| | Deposits DKK | |
|------------------------------------|-------------------------|------------------|
| Cost beginning of year | | 3,521,539 |
| Additions | | 286,095 |
| Cost end of year | | 3,807,634 |
| Carrying amount end of year | | 3,807,634 |

10 Derivative financial instruments

The Company has forward exchange contracts that covers a period of 3-12 months. The Company has entered the forward exchange contracts to hedge the exchange rate risk on the expected future foreign exchange cashflow.

The forward exchange contracts is enteted with the Company's usual credit institution and the contracts has a value of DKK 3,682,855 as of 31.12.2024.

The valuation of the forward exchange contracts is based on a discounted cash flow method, in which the expected future cash flows in the financial instruments, are based on relevant, observable forward exchange rates, which is discounted to 31.12.2024 with a discount rate that reflects the credit risk related to both the counterparty (Samsøe & Samsøe Whole Sale ApS) and the credit institution.

A total of eight forward exchange contracts has been entered by the Company as of 31.12.2024. The contracts is related to purchase of USD at exchange rates between 6.684 - 6.764 which is executed in the period 31. March 2025 to 30. December 2025.

11 Share capital

| | Number | Par value DKK | Nominal value DKK |
|--------|---------------|--------------------------|----------------------------------|
| Shares | 125 | 1000 | 125,000 |
| | 125 | | 125,000 |

12 Deferred tax

| | 2024 DKK | 2023 DKK |
|--|---------------------|---------------------|
| | | |

| | | |
|--|---------------|----------------|
| Property, plant and equipment | 41,896 | 175,474 |
| Deferred tax | 41,896 | 175,474 |
| | 2024 | 2023 |
| Changes during the year | DKK | DKK |
| Beginning of year | 175,474 | (842,160) |
| Recognised in the income statement | (133,578) | 1,017,634 |
| End of year | 41,896 | 175,474 |
| 13 Other provisions | | |
| Other provisions comprise anticipated costs of returns. | | |
| 14 Deferred income | | |
| Deferred income comprises giftcards. | | |
| 15 Unrecognised rental and lease commitments | | |
| | 2024 | 2023 |
| | DKK | DKK |
| Liabilities under rental or lease agreements until maturity in total | 8,864,873 | 9,959,242 |

16 Contingent liabilities

The Company has granted guarantees of payments, amounting to DKK 1,077,353.

The Entity participates in a Danish joint taxation arrangement where P & P Holdings A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

17 Assets charged and collateral

The Company has secured the engagement with the bank connection by way of mortgage comprising simple claims, inventories, unregistered vehicles, property, plant and equipment and goodwill. The nominal value of the mortgage is DKK 11,000,000 as security for balances with credit institutions in the company as well as for its parent company Samsøe & Samsøe Holding A/S and its sister companies in the Samsøe & Samsøe group.

The Company has entered into a guarantee of payment for balances with credit institutions in the company as well as for its parent company Samsøe & Samsøe Holding A/S and its sister companies in the Samsøe & Samsøe group and ENVII group. The guarantee of payment is limited at DKK 62,000,000. The bank balance for the engagement is a deposit of DKK 2,155,490 as of 31.12.2024.

18 Related parties with controlling interest

Samsøe & Samsøe Holding A/S owns all shares in the Company, thus exercising control.

P & P Holdings A/S owns all shares in Samsøe & Samsøe Holding A/S and has indirect exercising control over the Company.

19 Non-arm's length related party transactions

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.

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

P & P Holdings A/S, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

P & P Holdings A/S, Copenhagen

Accounting policies

Reporting class

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

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

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.

Income statement

Revenue

Revenue from the sale of 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.

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 normal 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 comprise depreciation, amortisation and impairment losses for the financial year.

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 the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and 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 all Danish group enterprises. 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**Property, plant and equipment**

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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 |
|--|--------------------|
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 3-5 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.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Receivables

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

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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Other provisions

Other provisions comprise anticipated costs of returns.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of P & P Holdings A/S, Business Reg. No. 32325807.