
CHANGE OF SCANDINAVIA HOLDING A/S

Farum Gydevej 73, DK-3520 Farum

Annual Report for
1 July 2023 - 30 June 2024

CVR No. 29 14 71 67

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 16/12 2024

Tom Deichmann
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CHANGE OF SCANDINAVIA HOLDING A/S for the financial year 1 July 2023 - 30 June 2024.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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

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

Farum, 16 December 2024

Executive Board

Claus Walther Jensen
Manager

Board of Directors

Tom Deichmann
Chairman

Annette Carina Thomsen

Claus Walther Jensen

Gitte Breil

Julie Breil

Independent Auditor's report

To the shareholder of CHANGE OF SCANDINAVIA HOLDING A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of CHANGE OF SCANDINAVIA HOLDING A/S for the financial year 1 July 2023 - 30 June 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Hillerød, 16 December 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Aslund Pedersen

State Authorised Public Accountant

mne17120

Michael Blom

State Authorised Public Accountant

mne32797

Company information

The Company	CHANGE OF SCANDINAVIA HOLDING A/S Farum Gydevej 73 DK-3520 Farum CVR No: 29 14 71 67 Financial period: 1 July 2023 - 30 June 2024 Municipality of reg. office: Furesø
Board of Directors	Tom Deichmann, chairman Annette Carina Thomsen Claus Walther Jensen Gitte Breil Julie Breil
Executive Board	Claus Walther Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

Financial Highlights

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

	Group				
	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	876,618	844,300	873,490	704,924	520,804
Gross profit	445,377	409,548	464,405	370,803	336,864
EBITDA	61,835	63,262	137,494	74,495	113,212
Profit/loss of primary operations	14,053	17,240	93,559	27,535	85,726
Profit/loss of financial income and expenses	-11,732	-5,240	-8,853	-4,315	508
Net profit/loss for the year	-1,855	5,674	67,122	17,402	66,195
Balance sheet					
Balance sheet total	477,337	499,744	531,450	466,746	498,644
Equity	106,552	94,047	142,299	79,299	124,755
Cash flows					
Cash flows from:					
- operating activities	38,232	31,311	49,497	58,127	85,874
- investing activities	-51,968	-58,899	-22,980	-18,536	-33,966
- financing activities	-29,612	-9,150	-3,458	-34,874	-5,055
Change in cash and cash equivalents for the year	-43,348	-36,739	23,059	4,717	46,853
Number of employees	2,023	1,868	1,443	1,101	808
Ratios					
Gross margin	50.8%	48.5%	53.2%	52.6%	64.7%
Profit margin	1.6%	2.0%	10.7%	3.9%	16.5%
Return on assets	2.9%	3.4%	17.6%	5.9%	17.2%
Solvency ratio	22.3%	18.8%	26.8%	17.0%	25.0%
Return on equity	-1.8%	4.8%	60.6%	17.1%	53.8%

Management's review

our web shop where we realized a year-over-year growth of 44%. In the last 5 month of this fiscal year we have grown our web shop more than 100% on web.

All of this has resulted in a FY revenue growth of DKK 32m and a Like-for-Like growth of 2.4%.

We have again this year continued our expansion strategy and we have added 15 new stores in our existing markets to our portfolio. We have also continued our tail cleaning of non profitable stores. In total we have closed 7 stores. This brings our net store development to +8 stores in 23/24.

On the cost side we are still facing the consequences of the marco enviroiment with inflation on rent, salary and freight. This combined with the aggressive approach in our stores has increased our Opex with 7%.

Profit/loss for the year in relation to expected developments

Because of the challenging market situation and the active decision to invest in gaining market share, the result of the year was a decline compared to last year. The management is overall not satisfied with the financial development.

Outlook for 2024/25

In 2024/25 the Company expects that the global retail market will remain challenged due to the on-going macro-economic uncertainty. The Company is undergoing an organizational transformation with a more business orientated focus on the store operations to secure higher profitability in our current store portfolio, and additional resources are being added to the e-commerce department where we expect to continue our growth.

We only expect to open very few new stores in 24/25 and only in locations we have wanted for years shows up. We will continue to close non-profitable stores

We expect a slight 5% increase in revenue in constant currency and a 10%-20% higher EBITDA.

Particular risks

General risks

It is assessed that the Company is not exposed to any special business or financial risks apart from risks common to the industry.

Currency risks

The Company is exposed to general currency risks as regards its operations, however the risk mainly relates to CNY. The majority part of the Company's purchasing of goods and material is done in CNY while the Company invoices in DKK, SEK, NOK, EUR, PLN and CAD.

According to the policy approved by the Board of Directors, the risks related to purchases done in CNY are hedged using forward exchange contracts running for up to 12 months.

Management's review

Statutory report on corporate social responsibility

The overall business model of Change Holding A/S is described on page 1 in section "Primary Activities"

Highlights 2023- 2024



Environment

- We continuously prioritize identifying energy efficient solutions in our factories and warehouse/distribution centres.
- All our products are transported by ships. None of our products are transported by plane.
- In 2023-2024 we launched a new pyjama made of 100% organic cotton.
- In 2023-2024 we developed new socks made of 75% bamboos and briefs made of 96% viscose from bamboo.



Social

- In 2023-2024 we have had four interns.
- We donated at least 130 lounge sets to Danish hospitals for them to offer to rape victims.
- Donations to women with scarce resources.



Governance

- We have hired an ESG Coordinator responsible for ESG reporting and for implementing sustainability initiatives.
- We have reviewed our Code of Conduct to ensure that it addresses all employees.
- We have implemented our Company Values.
- We have implemented a new organisation structure.

Management's review

Environment

This section highlights some key areas of our environmental efforts. We are committed to continuous improvement and will strive to provide more detailed information on these and other sustainability initiatives in future reports. Step by step we are working on becoming a more consciously responsible company.

- As part of our enhanced focus on sustainability practices, we acknowledge the environmental risks related to being a producer operating in the textiles industry. We will be evaluating our operations and identifying solutions to reduce energy consumption, waste generation and pollution in production level, as well as along the value chain.
- As our ambition to becoming a responsible actor in the textiles industry, we are exploring ways to improve our products. In 2023-2024 we launched a new series of night wear made of 100% organic cotton, and socks made of 75% bamboo. We will keep exploring ways to develop and improve our products.



Management's review

Social

This section highlights some key areas of our social responsibility efforts. We are committed to continuous improvement and will strive to provide more detailed information on these and other social responsibility initiatives in future reports.

Employee Well-being and Safety

- We continue to prioritize employee well-being with a hybrid work policy for those positions who can benefit from working outside of the office. We recognize that working from home can have certain benefits when balancing personal and professional life, but also when working on certain topics that require extra concentration.
- Our factories maintain an Occupational Health and Safety (OHS) policy, with a safety committee established in 2022 for continuous improvement. In 2023, we have been able to measure the following effect of this committee:

1	Accident Reduction	Since the establishment of the committee, the number of annual work-related accidents has decreased from 2 to 1, and this incident was entirely due to the employee's own factors, not the company's responsibility, and no safety accidents occurred.
2	Compliance Adherence	The company has passed internal and government safety inspections, meeting the basic requirements of safety standardization.
3	Employee Engagement	Organizational charts of the safety committee are posted in every shift group, and all employees are aware. Through regular training by safety officers, employees have mastered safety-related skills.
4	Risk Assessment	Risk assessments have been conducted according to a dual system of hidden danger investigation and risk evaluation.
5	Near-Miss Reporting	The increase in near-miss reports indicates that employees are more aware of safety issues and are taking preventive measures before accidents happen.
6	Safety Culture	The positive transformation of the company's safety culture may be the result of the committee's efforts. This may be reflected in employee surveys or feedback, showing increased trust and confidence in the organization's commitment to safety.
7	Cost Savings	After the establishment of the safety committee, there was only one work-related accident, and the expenses can be processed through insurance, with no additional costs to the company compared to the past.
8	Regulatory Fines and Penalties	The company has not received any penalties from regulatory authorities.
9	Injury and Illness Rate	There have been no diseases or accidents caused by occupational health and work environment issues.

Management's review

10	Employee Satisfaction	Employees are generally satisfied with the company's work environment, including facilities like the children's room for childcare and the comprehensive safety performance of management personnel.
11	Process Improvement	The committee continuously improves processes according to a systematic safety standardization system to eliminate safety hazards and mitigate risks.
12	Certifications and Awards	The company is about to receive the title of Guizhou Province Healthy Enterprise and plans to apply for the safety standardization level III certification at the appropriate time.

Community Engagement

- We offer opportunities for education and training and valuable work experience, including internships at our headquarters. In 2023-2024 we have had four interns.
- In 2023 and 2024, we have donated at least 130 lounge sets to Danish hospitals for them to offer to rape victims who are being examined and cared for. Victims would originally be sent home in a single-use outfit, and we believe that being able to offer them a comfortable set of clothing may let them feel more empowered in a vulnerable and traumatic state of mind.
- We have also donated lounge sets to organizations such as Reden and Arbejde Adlers Aflastning who are working with vulnerable women, such as those experiencing abuse or street prostitution. We are offering them comfortable clothing which they may not be able to afford themselves.

Governance

This section highlights some key areas of our governance efforts. We are committed to continuous improvement and will strive to provide more detailed information on these and other initiatives in future reports related to ethical practices.

- In 2024 we have hired an ESG (environment, social and governance) Specialist, who will be responsible for coordinating and reporting on all the ESG areas, by supporting the business strategy, being operational, communicate throughout the organization, steering cross-functional work streams and act as reporting counterpart to stakeholders across the business.
- We have a Code of Conduct that all suppliers and all employees must comply with, addressing child labor, forced labor, fair wages, and safe working conditions. We intend to launch an awareness training for all employees in 2024 to ensure that all new employees and those who have been employed by CHANGE for several years understand the content of our Code of Conduct. We conduct regular quality control visits to ensure that our suppliers adhere to the Code of Conduct. Moreover, we maintain a stable supplier portfolio with long-term partnerships, minimizing the risk of ethical violations. We require our suppliers to sign our Code of Conduct prior to agreeing on a partnership.

Management's review

- In 2023-2024 we proudly implemented our Company Values. It is important for us to show to our customers and colleagues what our business is built on. We want to maintain and attract both customers and talents to help us grow CHANGE, to create an enriching work environment, but most importantly to ensure that our company is based on good values. Our Company Values reflect the culture that we are building our operations on, shaping how we work together and how we are serving our customers.

Working together as **one team** across departments and countries is a crucial factor for us to achieve our goals. We are supporting each other, and we do the best we can for both our colleagues and customers.

Ambition has always been a part of CHANGE. We are all eager to contribute to the success of CHANGE, and by bringing energy and determination, we make a real difference for the business and each other.

We have our customers in focus in everything we do. Being **customer-oriented** is important as our customers are at the center of all decisions.



- In 2023 we implemented a new organisation structure, which includes ESG. This is a necessary addition to the organisation to follow new market regulations. Given the new Corporate Sustainability Reporting Directive (CSRD), the new ESG Coordinator will play a crucial role in our sustainability journey. The ESG Coordinator will be working under the supervision of human resources, in close collaboration with communication and across the organisation.

Management's review

Our Ambitions

Environment

- We aim at optimizing our waste management in our headquarters and in our stores. This action will roll-out in 2024, and best practices will be implemented in other countries where CHANGE operate.
- Following new regulations from the European Union, and as informed by Miljøstyrelsen, we are required to report by 31.08.2024 our estimated quantity of packaging that we make available on the Danish market in 2024. We will partner with VANA as a collective organisation to manage our reporting with Dansk Producentansvar.
- As a company committed to environmental responsibility, we are actively exploring ways to incorporate more sustainable fabrics into our product line. Our goal is to develop products that minimize their environmental impact throughout their lifecycle, from production to disposal.

Social

- We aim to continue our support to women in need, both rape victims and women with scarce resources, and we plan to roll out our program in other countries in which we operate. Empowering women is one of our key focus areas and this initiative goes hand in hand with our values.
- In 2021, we supported seven kids in China by paying for their tuition fees to go to kindergarten. This is an initiative that we will continue to support in 2024. We are currently in the planning phase where we are discussing the strategy forward.

Governance

- As part of our enhanced focus on ethical business conduct, we will launch onboarding and awareness training related to our Code of Conduct for all our employees. The onboarding training for new employees will be launched as a preboarding training as part of our onboarding program for new employees to complete prior to our onboarding program. Awareness training will be launched for our current staff to complete within a certain time frame.
- With CSRD, we as a company, will become more transparent in our business conduct. We are looking forward to report on our initiatives and on how we operate as a company. As part of our annual report, we will start to include reporting on our sustainability initiatives and also presenting our ambitions for the future.

The overall business model of Change of Scandinavia Holding A/S is described on page 1 in section "Primary Activities"

Environmental performance

We are aware of the environmental risks related to this type of business with energy consumption in our factories, transportation of goods from Asia to Europe and running physical stores.

The Company strives to improve and optimize its energy consumption. It has been down-prioritized due to Covid crisis where all focus has been on getting through the crisis.

Management's review

Social and employee conditions: For us it's important to take responsibility as an employer both in our Stores, Factory, Warehouse and Offices. We are providing health insurance to employees.

The consequences of not having a whistleblower scheme have been a lack of the mechanisms in place to correct problems in a timely way. It can harm the employees and company in several ways not having these policies: It can lead to more public disclosures which can lead to being seen as less trustworthy, harm a company's reputation, decrease transparency and employee motivation, and increase the risk of financial damage. By installing the whistleblower scheme, we are now preventing these risks.

The purpose of installing the harassment policy and the whistleblower scheme is also being able to provide important opportunities for employees to report potential misconduct or concerns. We have improved the opportunities for employees, business partners, etc. to reach out and speak up about illegal or serious matters in a safe and secure way, without the person(s) concerned needing to fear that reporting will have negative consequences. These policies have a preventive effect, so we avoid any reluctance to report significant matters.

By having a harassment policy and a whistleblower scheme we have become more attractive as an employer. For our current employees ensuring retention and not increasing the staff turnover, by having a structured system helping enhance our organizational culture, employee satisfaction and commitment. For candidates to choose us as their next employer by having an open, ethical work culture which allow all employees to speak up.

Since launch of our whistleblower scheme in 2023 we have had 4 reports. 3 of those fall outside the scope of the whistleblower scheme and the reports were rejected. The whistleblower schemes were notified of this. 1 report was within the scope and was investigated including interviews with the whistleblower scheme and the person mentioned in the report. A change was made in the organization to prevent this for happening again, which is in line with our zero-tolerance policy, as all employees should experience a healthy working environment.

Human rights: *We have an official policy towards our vendors that they need to comply with our code of conduct.*

No incidents of this in 23/24

The supply chain of our company has the highest risk within this area, with a variety of vendors and factories.

We comply with all local and national applicable laws and regulations, including, but not limited to, those related to employment/labor, child labor, involuntary labor, coercion harassment, nondiscrimination, associations, health & safety as well as compensation and wages.

Our supplier portfolio is very stable, and we strategically use mainly long-term cooperation suppliers in our set-up of supply chain, for raw materials, sewing factories and ready-made products. All to avoid any irregularity or risk in comply with the Code of Conduct as well as to secure the fundamental set-up of quality assurance.

As a result of the long-term policy of comply with the Code of Conduct, we have medium to high end portfolio of suppliers and vendors, which also allow us to secure the conditions at the factories and locations. As a

Management's review

constant security, our own quality controllers and staff visits regularly. This is an on-going work and a standard process of working procedure, anchored to the top of the management.

In 2023 we have consolidated even more and in accordance with our own factory is expanding and producing a larger share of our products, we are limiting risks even further.

All vendors and suppliers used in 2023 have signed our code of conduct.

We will continue to have strict focus on human rights in our continuous work.

Anti-corruption and bribery: As a company we have an official policy around this. We have a zero-tolerance for corruption and bribe and do not accept this. This zero-tolerance is anchored in the board of directors.

No incidents of this in 23/24

The supply chain of our company has the highest risk within this area, with a variety of vendors and factories.

When going into new production agreements we are performing due diligence of the potential new vendor to secure these are trustworthy.

In the fiscal year 23/24, we have not entered new agreements or vendors, but have reduced the number of factories and vendors, due to an active consolidation of business. All of our current vendors apply to our policy.

We will continue to have strict focus on anti-corruption and bribery in our continuous work.

Data Ethics

In Change, we collect, generate and process data of both personal and non-personal nature across our entire business. We apply customer data from our Change Customer Club in marketing to secure personalized targeting. We do GDPR audits in the countries to recognize the GDPR obligations. We secure that we use the data with purpose and that the data is only available for employees that are working with the data.

Decisions and use of data and new technology is taken by the board of directors. We are following the data ethic guidelines and are on an ongoing basis evaluating and taking the guidelines into consideration when using data and bringing in new technology.

Statutory report on the underrepresented gender

The Company has less than 50 employees and is therefore not obliged to disclose its policies on gender composition. However, the company has decided to expose its gender composition in the Board of Directors. The total number of board members of the Board of Directors is five and the percentage of the underrepresented gender is 40%

Management's review

Top Management	2023/2024
Total number of members	5
Underrepresented gender in %	40%
Target figure in %	N/A*
Year for reaching the target figure	N/A*
Other management levels	
Total number of members	18
Underrepresented gender in %	44%
Target figure in %	N/A**
Year for reaching the target figure	N/A**

*The company has achieved an equal gender distribution in the top management body, and therefore has no obligation to set targets for the top management body.

**With reference to section 139 c, subsection 7 of the Danish Companies Act, the company employs less than 50 employees and therefore has no obligation to report further disclosures.

Events after the balance sheet date

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

Income statement 1 July 2023 - 30 June 2024

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Revenue	2	876,618	844,300	1,494	1,495
Work on own account recognised in assets		7,276	6,589	0	0
Other operating income	3,4	14,713	2,595	12,000	0
Expenses for raw materials and consumables		-169,333	-166,491	0	0
Other external expenses		-283,897	-277,445	-347	-172
Gross profit		445,377	409,548	13,147	1,323
Staff expenses	5	-383,542	-346,286	-1,497	-1,495
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	6	-45,742	-43,650	0	0
Other operating expenses	7	-2,040	-2,372	0	0
Profit/loss before financial income and expenses		14,053	17,240	11,650	-172
Income from investments in subsidiaries	8	0	0	-11,964	2,172
Financial income	9	3,233	6,736	2,267	2,805
Financial expenses	10	-14,965	-11,976	-1,362	-854
Profit/loss before tax		2,321	12,000	591	3,951
Tax on profit/loss for the year	11	-4,176	-6,326	-2,762	-391
Net profit/loss for the year	12	-1,855	5,674	-2,171	3,560

Balance sheet 30 June 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Completed development projects		4,066	3,811	0	0
Acquired licenses		27,619	18,283	0	0
Acquired trademarks		3,160	4,137	0	0
Customer base		44,800	51,182	0	0
Goodwill		5,372	6,625	0	0
Development projects in progress		10,268	19,391	0	0
Intangible assets	13	95,285	103,429	0	0
Land and buildings		0	0	0	0
Other fixtures and fittings, tools and equipment		32,377	22,548	0	0
Leasehold improvements		35,097	37,271	0	0
Property, plant and equipment	14	67,474	59,819	0	0
Investments in subsidiaries	15	0	0	200,626	198,642
Other receivables	16	13,919	13,790	0	0
Fixed asset investments		13,919	13,790	200,626	198,642
Fixed assets		176,678	177,038	200,626	198,642
Inventories	17	155,899	169,941	0	0
Trade receivables		5,422	2,198	0	0
Receivables from group enterprises		48,195	10,688	80,574	45,642
Other receivables	18	19,023	13,176	0	0
Deferred tax asset	19	19,226	23,313	0	0
Corporation tax		0	9,257	0	0
Corporation tax receivable from group enterprises		0	0	0	1,739
Prepayments	20	23,721	21,612	0	0
Receivables		115,587	80,244	80,574	47,381

Balance sheet 30 June 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand		29,173	72,521	20	33
Current assets		300,659	322,706	80,594	47,414
Assets		477,337	499,744	281,220	246,056

Balance sheet 30 June 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Share capital	21	5,000	5,000	5,000	5,000
Reserve for net revaluation under the equity method		0	1	58,653	54,447
Other statutory reserves		3,413	-4,288	0	-4,288
Reserve for hedging transactions		454	-6,213	0	0
Retained earnings		88,598	87,004	33,814	26,343
Equity attributable to shareholders of the Parent Company		97,465	81,504	97,467	81,502
Minority interests		9,087	12,543	0	0
Equity		106,552	94,047	97,467	81,502
Provision for deferred tax	19	11,994	15,054	0	0
Provisions relating to investments in group enterprises		0	0	3,216	5,141
Provisions		11,994	15,054	3,216	5,141
Credit institutions		0	0	0	3
Lease obligations		99	1,451	0	0
Deposits		624	624	0	0
Other payables		411	408	0	0
Long-term debt	22	1,134	2,483	0	3
Credit institutions	22	163,778	156,207	0	0
Lease obligations	22	1,518	1,924	0	0
Trade payables		62,323	89,927	143	80
Payables to group enterprises		7,662	5,581	176,256	159,102
Corporation tax		41,136	43,476	0	0
Payables to group enterprises relating to corporation tax		0	0	1,023	0
Other payables	22,18	72,641	82,809	3,115	228
Deferred income	23	8,599	8,236	0	0
Short-term debt		357,657	388,160	180,537	159,410
Debt		358,791	390,643	180,537	159,413
Liabilities and equity		477,337	499,744	281,220	246,056

Balance sheet 30 June 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Unusual conditions	1				
Contingent assets, liabilities and other financial obligations	26				
Related parties	27				
Fee to auditors appointed at the general meeting	28				
Subsequent events	29				
Accounting Policies	30				

Statement of changes in equity

Group

	Share capital	Other statutory reserves	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	5,000	-4,288	-6,213	87,005	81,504	12,543	94,047
Exchange adjustments	0	7,701	0	0	7,701	0	7,701
Fair value adjustment of hedging instruments, end of year	0	0	8,548	0	8,548	0	8,548
Tax on adjustment of hedging instruments for the year	0	0	-1,881	0	-1,881	0	-1,881
Other equity movements	0	0	0	3,766	3,766	-3,775	-9
Net profit/loss for the year	0	0	0	-2,173	-2,173	319	-1,854
Equity at 30 June	5,000	3,413	454	88,598	97,465	9,087	106,552

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Other reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	5,000	54,447	-4,288	26,343	81,502
Exchange adjustments	0	0	0	7,701	7,701
Fair value adjustment of hedging instruments, end of year	0	0	0	8,548	8,548
Tax on adjustment of hedging instruments for the year	0	0	0	-1,881	-1,881
Other equity movements	0	0	0	3,768	3,768
Transfers, reserves	0	0	4,288	-4,288	0
Net profit/loss for the year	0	4,206	0	-6,377	-2,171
Equity at 30 June	5,000	58,653	0	33,814	97,467

Cash flow statement 1 July 2023 - 30 June 2024

	Note	Group	
		2023/24	2022/23
		TDKK	TDKK
Result of the year		-1,855	5,674
Adjustments	24	73,035	55,208
Change in working capital	25	-23,103	-4,310
Cash flow from operations before financial items		48,077	56,572
Financial income		3,233	6,737
Financial expenses		-14,965	-20,879
Cash flows from ordinary activities		36,345	42,430
Corporation tax paid		1,887	-11,119
Cash flows from operating activities		38,232	31,311
Purchase of intangible assets		-14,728	-17,666
Purchase of property, plant and equipment		-35,847	-41,446
Fixed asset investments made etc		2	213
Sale of property, plant and equipment		1,121	0
Business acquisition		-2,516	0
Cash flows from investing activities		-51,968	-58,899
Reduction of lease obligations		-1,758	-3,300
Repayment of payables to group enterprises		-35,425	0
Repayment of other long-term debt		0	-25,468
Raising of loans from credit institutions		7,571	42,977
Raising of payables to group enterprises		0	8,289
Dividend paid		0	-31,648
Cash flows from financing activities		-29,612	-9,150
Change in cash and cash equivalents		-43,348	-36,738
Cash and cash equivalents at 1 July		72,521	109,259
Cash and cash equivalents at 30 June		29,173	72,521
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		29,173	72,521
Cash and cash equivalents at 30 June		29,173	72,521

Notes to the Financial Statements

1. Unusual conditions

The financial position at 30 June 2024 of the Company and the results of the activities of the Company for the financial year for 2023/24 have not been affected by any unusual events.

2. Revenue

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
Revenue, Denmark	235,709	231,377	1,496	1,495
Revenue, other European countries	586,556	555,690	0	0
Revenue, rest of the world	54,353	57,233	-2	0
	876,618	844,300	1,494	1,495
Business segments				
Retail and web	868,945	836,392	0	0
Franchise	7,673	7,908	0	0
Management fee	0	0	1,494	1,495
	876,618	844,300	1,494	1,495

3. Other operating income

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
Compensation Covid-19	0	237	0	0
Profit on sale of fixed assets	2,708	8	0	0
Sale of webname	12,000	0	0	0
Other income	5	2,350	12,000	0
	14,713	2,595	12,000	0

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
4. Special items				
Sale of web name	12,000,000	0	0	0
	12,000,000	0	0	0

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
5. Staff Expenses				
Wages and salaries	316,651	291,435	1,359	1,356
Pensions	19,334	18,080	137	137
Other social security expenses	36,203	32,002	1	2
Other staff expenses	11,354	4,769	0	0
	383,542	346,286	1,497	1,495
Including remuneration to the Executive Board and Board of Directors	1,726	1,755	1,725	1,754
Average number of employees	2,023	1,868	1	1

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
6. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	21,500	19,533	0	0
Depreciation of property, plant and equipment	24,242	24,117	0	0
	45,742	43,650	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
7. Other operating expenses				
Loss on sale of fixed assets	0	610	0	0
Other expenses	2,040	1,762	0	0
	2,040	2,372	0	0

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
8. Income from investments in subsidiaries		
Share of profits	-11,964	2,172
	-11,964	2,172

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
9. Financial income				
Interest received from group enterprises	466	1,068	2,266	1,782
Other financial income	144	121	1	0
Exchange adjustments	2,623	5,547	0	1,023
	3,233	6,736	2,267	2,805

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
10. Financial expenses				
Interest paid to group enterprises	0	0	1,108	549
Other financial expenses	6,310	5,562	0	305
Exchange adjustments, expenses	8,655	6,414	254	0
	14,965	11,976	1,362	854

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
11. Income tax expense				
Current tax for the year	1,268	8,269	2,762	391
Deferred tax for the year	2,908	-1,959	0	0
Adjustment of deferred tax concerning previous years	0	16	0	0
	<u>4,176</u>	<u>6,326</u>	<u>2,762</u>	<u>391</u>

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
12. Profit allocation				
Reserve for net revaluation under the equity method	0	0	4,206	-23,567
Minority interests' share of net profit/loss of subsidiaries	318	2,113	0	0
Retained earnings	-2,173	3,561	-6,377	27,127
	<u>-1,855</u>	<u>5,674</u>	<u>-2,171</u>	<u>3,560</u>

Notes to the Financial Statements

13. Intangible fixed assets Group

	Completed develop- ment projects	Acquired licenses	Acquired trademarks	Customer base	Goodwill	Develop- ment projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	3,810	73,480	18,594	75,685	14,936	19,391
Exchange adjustment	0	19	-943	0	6	0
Additions for the year	4,066	10,184	478	0	0	0
Disposals for the year	-3,810	-1,438	-106	0	0	0
Transfers for the year	0	9,123	0	0	0	-9,123
Cost at 30 June	<u>4,066</u>	<u>91,368</u>	<u>18,023</u>	<u>75,685</u>	<u>14,942</u>	<u>10,268</u>
Impairment losses and amortisation at 1 July	0	55,198	14,456	24,503	8,310	0
Exchange adjustment	0	-96	-67	0	0	0
Amortisation for the year	3,810	8,647	1,402	6,382	1,260	0
Reversal of impairment and amortisation of sold assets	-3,810	0	-928	0	0	0
Impairment losses and amortisation at 30 June	<u>0</u>	<u>63,749</u>	<u>14,863</u>	<u>30,885</u>	<u>9,570</u>	<u>0</u>
Carrying amount at 30 June	<u>4,066</u>	<u>27,619</u>	<u>3,160</u>	<u>44,800</u>	<u>5,372</u>	<u>10,268</u>

Finalized development projects relate to the development of the Group's existing products and new collections for sale in the next financial year. The development of new collections are finalized or are expected to be finalized in time to go to market with the products according to the marketing plan. The new products are expected to be sold in the present market and through the Group's existing stores and web sales.

Development in progress is progressing according to plan, and sufficient resources are allocated by Management to the development activities. Development projects in progress relate to the group's new IT system and platforms. The Company expects that the new and improved systems and platforms will substantiate the processes and business.

Notes to the Financial Statements

14. Property, plant and equipment Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK	TDKK
Cost at 1 July	153	75,909	154,860
Exchange adjustment	0	639	766
Additions for the year	0	22,012	13,835
Disposals for the year	0	-84	-421
Cost at 30 June	<u>153</u>	<u>98,476</u>	<u>169,040</u>
Impairment losses and depreciation at 1 July	153	53,162	117,588
Exchange adjustment	0	1,892	3,158
Depreciation for the year	0	11,045	13,197
Impairment losses and depreciation at 30 June	<u>153</u>	<u>66,099</u>	<u>133,943</u>
Carrying amount at 30 June	<u>0</u>	<u>32,377</u>	<u>35,097</u>
Including assets under finance leases amounting to	<u>0</u>	<u>690</u>	<u>0</u>

Notes to the Financial Statements

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
15. Investments in subsidiaries		
Cost at 1 July	136,098	136,098
Additions for the year	2,516	0
Cost at 30 June	<u>138,614</u>	<u>136,098</u>
Value adjustments at 1 July	54,447	78,014
Exchange adjustment	7,701	-6,151
Net profit/loss for the year	-4,434	13,967
Dividend to the Parent Company	-1,966	-5,351
Other equity movements, net	6,667	-4,264
Amortisation of goodwill	-7,530	-7,530
Other adjustments	3,768	-14,237
Value adjustments at 30 June	<u>58,653</u>	<u>54,448</u>
Equity investments with negative net asset value amortised over receivables	<u>143</u>	<u>2,955</u>
Equity investments with negative net asset value transferred to provisions	<u>3,216</u>	<u>5,141</u>
Carrying amount at 30 June	<u>200,626</u>	<u>198,642</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Change of Scandinavia A/S	Farum	500,000 DKK	100%
Change of Scandinavia Retail A/S	Farum	500,000 DKK	100%
Change of Scandinavia Sweden AB	Härryda	500,000 SEK	100%
OY Change of Scandinavia Finland AB	Helsinki	65,000 EURO	75%
Change of Scandinavia Norway AS	Tranby	500,000 NOK	75%
Change of Scandinavia Germany GmbH	Berlin	100,000 EUR	100%
Change of Scandinavia Canada Retail Inc.	Montreal	240,200 CAD	100%
Shanghai Change Fashion Co. Ltd.	China	1,500,000 CNA	100%
Changing Textiles Incorporation Ltd.	Hong Kong	85 CNA	99%
The Intimate Company A/S	Farum	500,000 DKK	100%
Change of Scandinavia SSC SP. z.o.o. Lodz SP	Lodz	100,000 PLZ	100%
Change of Scandinavia Poland SP. z o.o.	Lodz	300,000 PLZ	75%

Notes to the Financial Statements

Name	Place of registered office	Share capital	Ownership
TiC Lingerie and Sleepware Inc.	Montreal	100 CAD	100%
COS Enterprises ApS	Farum	50,000 DKK	100%
Change of Scandinavia (Asia) Co Ltd.	China	5,283,940 CNA	100%
Change of Scandinavia Retail Poland Sp.z.o.o	Lodz	300,000 PLZ	75%
Change Lingerie GmbH	Vienna	35,000 Euro	75%
Twilfit AB	Stockholm	168,158 SEK	100%
Change of Scandinavia Spain S.L.	Barcelona	25,000 EUR	100%
Change of Scandinavia Guizhou Ltd.	China	353,400 CNA	75%
Guizhou Change Fashion Co, LTD	China	2,000,000 CNA	100%

16. Other fixed asset investments Group

	Other receivables
	TDKK
Cost at 1 July	13,790
Exchange adjustment	124
Additions for the year	747
Disposals for the year	-742
Cost at 30 June	13,919
Carrying amount at 30 June	13,919

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	10,642	23,583	0	0
Finished goods and goods for resale	145,257	146,358	0	0
	155,899	169,941	0	0

17. Inventories

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

18. Derivative financial instruments

Assets	582	0	0	0
Liabilities	0	7,965	0	0

Forward exchange contracts have been concluded to hedge future sale of goods in USD, NOK, SEK, CNH and EUR. At the balance sheet date fair value of the forward exchange contract amounts to DKK 582 thousand (asset). The forward exchange contracts terminates within 1-11 months

	Value adjustment, equity	Fair value at 30. June
	TDKK	TDKK
Forward exchange rates contracts	8,548	582

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK

19. Deferred tax asset

Deferred tax asset at 1 July	8,259	2,284	0	0
Amounts recognised in the income statement for the year	-2,908	1,959	0	0
Amounts recognised in equity for the year	1,881	4,016	0	0
Deferred tax asset at 30 June	7,232	8,259	0	0

Recognised in the balance sheet as follows:

Assets	19,226	23,313	0	0
Provisions	-11,994	-15,054	0	0
	7,232	8,259	0	0

The recognised tax asset comprises mainly of tax on reversed internal profits. Management expects that the deferred tax asset is to be utilised in the future. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company and Group having expected future growth in both revenue and profit in the long run.

Notes to the Financial Statements

20. Prepayments

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

21. Share capital

The share capital consists of 50,000 shares of a nominal value of TDKK 100. No shares carry any special rights.

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TDKK	TDKK	TDKK	TDKK

22. Long-term debt

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

The debt falls due for payment as specified below:

Credit institutions

After 5 years	0	0	0	0
Between 1 and 5 years	0	0	0	3
Long-term part	0	0	0	3
Other short-term debt to credit institutions	163,778	156,207	0	0
	163,778	156,207	0	3

Lease obligations

After 5 years	0	0	0	0
Between 1 and 5 years	99	1,451	0	0
Long-term part	99	1,451	0	0
Within 1 year	1,518	1,924	0	0
	1,617	3,375	0	0

Deposits

After 5 years	0	0	0	0
Between 1 and 5 years	624	624	0	0
Long-term part	624	624	0	0
Within 1 year	0	0	0	0
	624	624	0	0

Notes to the Financial Statements

	Group		Parent company	
	<u>2023/24</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK	TDKK	TDKK
22. Long-term debt				
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	411	408	0	0
Long-term part	411	408	0	0
Other short-term payables	72,641	82,809	3,115	228
	<u>73,052</u>	<u>83,217</u>	<u>3,115</u>	<u>228</u>

23. Deferred income

Deferred income consists of prepaid giftcards and profit on sales and leaseback agreements.

	Group	
	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
24. Cash flow statement - Adjustments		
Financial income	-3,233	-6,736
Financial expenses	14,965	11,976
Depreciation, amortisation and impairment losses, including losses and gains on sales	45,742	43,642
Tax on profit/loss for the year	4,176	6,326
Exchange adjustments	11,385	0
	<u>73,035</u>	<u>55,208</u>

Notes to the Financial Statements

	Group	
	2023/24	2022/23
	TDKK	TDKK
25. Cash flow statement - Change in working capital		
Change in inventories	14,042	-13,386
Change in receivables	-11,309	35,853
Change in other provisions	-1	1
Change in trade payables, etc	-37,406	-8,525
Other changes in working capital	11,571	-18,253
	-23,103	-4,310

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
26. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with bankers:				
Bank debts of the Company and the affiliate, Change of Scandinavia Retail A/S and Change of Scandinavia A/S are secured by way of a Company charge in intangible and tangible assets and inventories of DKK 60,000 thousand nominal value. The booked value of assets at 30 June amounts to	161,623	173,149	0	0
Rental and lease obligations				
Lease obligations, period of non-terminability	291,819	305,097	0	0
Here of liabilities under rental agreements or leases with group enterprises untill expiry	332	332	0	0

Notes to the Financial Statements

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TDKK	TDKK	TDKK	TDKK

26. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Asian Import ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Change of Scandinavia Holding A/S has issued letters of support to some subsidiaries.

Change of Scandinavia Holding A/S has issued a bail to Sydbank and Nykredit for loans issued to the parent company Asian Import A/S and the subsidiaries Change of Scandinavia A/S and Change of Scandinavia Retail A/S.

Change of Scandinavia Finland AB has a bank limit for kDKK 745 (kEUR 100) guaranteed by mortgage on company assets.

27. Related parties and disclosure of consolidated financial statements

Basis

Controlling interest

Asian Import ApS

Parent Company, 100 % ownership

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Asian Import ApS	Farum

Notes to the Financial Statements

	Group	
	2023/24	2022/23
	TDKK	TDKK
28. Fee to auditors appointed at the general meeting		
PwC		
Audit fee	667	641
Tax advisory services	233	214
Non-audit services	233	214
	1,133	1,069
Other		
Audit fee	404	413
Tax advisory services	27	16
Non-audit services	334	18
	765	447

29. Subsequent events

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

Notes to the Financial Statements

30. Accounting policies

The Annual Report of CHANGE OF SCANDINAVIA HOLDING A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023/24 are presented in TDKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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

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

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

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

Basis of consolidation

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

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

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

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Notes to the Financial Statements

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Leases

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

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

Notes to the Financial Statements

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

Translation policies

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

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

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

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

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

Derivative financial instruments

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

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

Hedge accounting

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

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

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

Notes to the Financial Statements

Segment information on revenue

Information on business segments and geographical segments is based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Notes to the Financial Statements

Tax on profit/loss for the year

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

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

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

Balance sheet

Intangible fixed assets

Goodwill

Goodwill, trademarks and customer base is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas. Management believes that the Group will have benefits from the required assets during this period.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 1 year.

Other intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5-8 years.

Property, plant and equipment

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

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

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

Notes to the Financial Statements

Other buildings	50 years
Other fixtures and fittings, tools and equipment	3 - 8 years
Leasehold improvements	5 - 8 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

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

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

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits and loans to franchisetakers.

Inventories

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

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

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

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

Notes to the Financial Statements

Prepayments

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

Equity

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

Dividend

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

Deferred tax assets and liabilities

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

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

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

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

Current tax receivables and liabilities

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

Financial liabilities

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

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

Notes to the Financial Statements

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$