

KENDA Europe A/S

True Møllevvej 5, 1.
8381 Tilst
CVR No. 14339701

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Entity details

Entity

KENDA Europe A/S
True Møllevej 5, 1.
8381 Tilst

Business Registration No.: 14339701
Registered office: Aarhus
Financial year: 01.01.2025 - 31.12.2025

Board of Directors

Chi-Jen Yang, chairman
Jeffrey Pizzola
Ying Ming Yang

Executive Board

Richard Stephen Todd, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of KENDA Europe A/S for the financial year 01.01.2025 - 31.12.2025.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2025 and of the results of its operations for the financial year 01.01.2025 - 31.12.2025.

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

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

Aarhus, 01.05.2026

Executive Board

Richard Stephen Todd
CEO

Board of Directors

Chi-Jen Yang
chairman

Jeffrey Pizzola

Ying Ming Yang

Independent auditor's report

To the shareholder of KENDA Europe A/S

Opinion

We have audited the financial statements of KENDA Europe A/S for the financial year 01.01.2025 - 31.12.2025, 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 31.12.2025 and of the results of its operations for the financial year 01.01.2025 - 31.12.2025 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.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Aarhus, 01.05.2026

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mikael Møller

State Authorised Public Accountant
Identification No (MNE) mne47835

Management commentary

Primary activities

KENDA Europe A/S is the parent company of a number of production and sales & distribution entities. The group is one of Europe's leading suppliers of Specialty wheel and tire solutions for selected OEM and Aftermarket segments. Activities comprise production via own and associated companies in England, Croatia and China, and sales & distribution handled by own entities in Europe.

More details about the group's activities and business and market strategies can be found at specialty.kendaeurope.com. The company sets the strategic guidelines for the entire group's product and market development activities.

Development in activities and finances

During 2025 the rebranding of the business from STARCO to KENDA Europe Specialty continued with focused marketing initiatives to build the KENDA brand in Europe. Kenda's tire manufacturing capabilities, global brand, and their financial strength enable the European Specialty business to continue to pursue its growth strategy focusing on large to medium multinational OEM and regional Aftermarket customers in target segments. During 2025 the focus continued on the execution of long term strategic goals, whilst dealing with a challenging economic climate and a competitive market.

During the year, the significant investment into the steel wheel manufacturing facility in Croatia, completed in 2024, started production generating additional capacity and a more competitive position. This investment has created a new foundation for the group, enabling a more sustainable and future proof facility, that will support development in the local area and is also an enabler for our growth ambitions. During the year the next range of products were released to market.

2025 has been another challenging year for the group due to the macroeconomic development. Some recovery was seen in our OEM segment and our Aftermarket segment continued to see growth, contributing to an improved result compared to prior year. The approach was continued focus on winning an increased market share in both OEM and Aftermarket segments, and strong collaboration across the organisation to offset increasing costs and improve working capital.

Our financial result was lower than our expectations before the start of 2025. The net financial result ended at minus MDKK 30,2.

The difference between the expected and realized result can be explained by the results for all subsidiaries in 2025. Management assesses the loss for 2025 as unsatisfactory.

The ultimate parent company has issued a letter of support, confirming that the parent company will support for up to 12 months from the signing of the financial statement, KENDA Europe A/S with liquidity that may be necessary for KENDA Europe A/S to fulfil its obligations as they mature.

Capital loss

The management has acknowledged that the company has lost more than 50% of its share capital. It is the management's opinion that this will not negatively impact the company's operations and that the share capital will be restored through future profits or by capital injection from the parent company.

Outlook

The expectation for 2026 is a positive income compared to 2025. The result however is dependent on the results for all subsidiaries of the company. We expect a net result in the range of MDKK 0 -1.

There is still considerable uncertainty and there are external influences, such as the global supply chain situation, to cope with.

Events after the balance sheet date

No circumstances have occurred after the balance sheet date that distort the assessment of the annual report.

Income statement for 2025

	Notes	2025 DKK'000	2024 DKK'000
Gross profit/loss		(12,186)	(16,100)
Staff costs	2	(26,282)	(26,596)
Depreciation, amortisation and impairment losses	3	(1,478)	(1,602)
Operating profit/loss		(39,946)	(44,298)
Income from investments in group enterprises		19,097	3,391
Income from investments in associates		1,563	770
Other financial income	4	1,179	4,358
Other financial expenses	5	(12,034)	(16,502)
Profit/loss before tax		(30,141)	(52,281)
Tax on profit/loss for the year	6	(44)	(27)
Profit/loss for the year		(30,185)	(52,308)
Proposed distribution of profit and loss			
Retained earnings		(30,185)	(52,308)
Proposed distribution of profit and loss		(30,185)	(52,308)

Balance sheet at 31.12.2025

Assets

	Notes	2025 DKK'000	2024 DKK'000
Acquired intangible assets		166	306
Acquired patents		0	0
Intangible assets	7	166	306
Other fixtures and fittings, tools and equipment		4,472	5,263
Property, plant and equipment	8	4,472	5,263
Investments in group enterprises		292,908	280,851
Investments in associates		28,828	29,433
Other receivables		192	192
Financial assets	9	321,928	310,476
Fixed assets		326,566	316,045
Receivables from group enterprises		26,614	70,078
Other receivables		3,342	3,608
Prepayments		2,193	2,588
Receivables		32,149	76,274
Cash		6,229	5,490
Current assets		38,378	81,764

Assets	364,944	397,809
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KENDA Europe A/S | Balance sheet at 31.12.2025

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Equity and liabilities

	Notes	2025 DKK'000	2024 DKK'000
Contributed capital	10	10,320	10,320
Reserve for net revaluation according to the equity method		48,594	32,406
Retained earnings		(91,829)	(40,698)
Equity		(32,915)	2,028
Bank loans		113,527	110,780
Non-current liabilities other than provisions	11	113,527	110,780
Current portion of non-current liabilities other than provisions	11	0	18,471
Bank loans		199,270	188,694
Trade payables		887	3,173
Payables to group enterprises		52,316	54,018
Payables to associates		26,772	16,134
Other payables		5,087	4,511
Current liabilities other than provisions		284,332	285,001
Liabilities other than provisions		397,859	395,781
Equity and liabilities		364,944	397,809

Judgements regarding going concern	1
Other unrecognised commitments	12
Contingent liabilities	13
Assets charged and collateral	14

Statement of changes in equity for 2025

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10,320	32,406	(40,698)	2,028
Exchange rate adjustments	0	0	(4,758)	(4,758)
Dividends from group enterprises	0	(4,478)	4,478	0
Profit/loss for the year	0	20,666	(50,851)	(30,185)
Equity end of year	10,320	48,594	(91,829)	(32,915)

Notes

1 Judgements regarding going concern

The management has acknowledged that the company has lost more than 50% of its share capital. It is the management's opinion that this will not negatively impact the company's operations and that the equity will be restored through future profits and capital injections from the parent company.

2 Staff costs

	2025 DKK'000	2024 DKK'000
Wages and salaries	24,701	25,286
Pension costs	1,393	1,168
Other social security costs	188	142
	26,282	26,596
Average number of full-time employees	16	16

The remuneration of the management is not disclosed, cf. Section 98b, subsection 3, no. 2 of the Danish Financial Statements Act.

Wages and salaries as of 31 December 2025 totalled DKK 24,701K, of which DKK 14,199K were salary costs re-invoiced from group companies. As of 31 December 2024, wages and salaries totalled DKK 25,286K, of which a total of DKK 13,838K was re-invoiced from group companies.

3 Depreciation, amortisation and impairment losses

	2025 DKK'000	2024 DKK'000
Amortisation of intangible assets	247	357
Depreciation of property, plant and equipment	1,231	1,245
	1,478	1,602

4 Other financial income

	2025 DKK'000	2024 DKK'000
Financial income from group enterprises	356	3,929
Other interest income	12	43
Exchange rate adjustments	811	386
	1,179	4,358

5 Other financial expenses

	2025 DKK'000	2024 DKK'000
Financial expenses from group enterprises	1,598	1,027
Other interest expenses	9,649	15,354
Exchange rate adjustments	787	121
	12,034	16,502

6 Tax on profit/loss for the year

	2025 DKK'000	2024 DKK'000
Current tax	44	27
	44	27

7 Intangible assets

	Acquired intangible assets DKK'000	Acquired patents DKK'000
Cost beginning of year	12,320	172
Additions	107	0
Disposals	(673)	0
Cost end of year	11,754	172
Amortisation and impairment losses beginning of year	(12,014)	(172)

Amortisation for the year	(247)	0
Reversal regarding disposals	673	0
Amortisation and impairment losses end of year	(11,588)	(172)
Carrying amount end of year	166	0

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	22,717
Additions	440
Disposals	(1,334)
Cost end of year	21,823
Depreciation and impairment losses beginning of year	(17,454)
Depreciation for the year	(1,231)
Reversal regarding disposals	1,334
Depreciation and impairment losses end of year	(17,351)
Carrying amount end of year	4,472

9 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Other receivables DKK'000
Cost beginning of year	256,527	21,351	192
Exchange rate adjustments	(2,488)	(2,248)	0

Cost end of year	254,039	19,103	192
Revaluations beginning of year	24,324	8,082	0
Exchange rate adjustments	(74)	80	0
Share of profit/loss for the year	20,192	1,563	0
Adjustment of intra-group profits	(1,095)	0	0
Dividend	(4,478)	0	0
Revaluations end of year	38,869	9,725	0
Carrying amount end of year	292,908	28,828	192

Goodwill related to investments in group enterprises constitutes DKK 0k as of 31 December 2025.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
KENDA Deutschland GmbH	Germany	GmbH	100.00
KENDA Polska s.p.z.o.o	Poland	s.p.z.o.o	100.00
KENDA België NV	Belgium	NV	100.00
KENDA Schweiz AG	Switzerland	AG	100.00
KENDA France SAS	France	SAS	100.00
KENDA Baltic OÜ	Estonia	OÜ	100.00
KENDA GB Rugeley Ltd.	UK	Ltd.	100.00
KENDA Manufacturing GB Ltd.	UK	Ltd.	100.00
Jelshøj Imovina D.O.O.	Croatia	D.O.O.	100.00
KENDA Manufacturing HR D.O.O.	Croatia	D.O.O.	100.00

Investments in associates	Registered in	Corporate form	Equity interest %
STARCO Huanmei	China	Ltd.	33.20

10 Contributed capital

Par value **Nominal value**

	Number	DKK'000	DKK'000
Shares	10,319,917	1	10,319,917
	10,319,917		10,319,917

Kenda Europe A/S holds 5% of own shares.

11 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK'000	Due after more than 12 months 2025 DKK'000
Bank loans	18,471	113,527
	18,471	113,527

12 Other unrecognised commitments

	2025 DKK'000	2024 DKK'000
Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	735	1,202

13 Contingent liabilities

	2025 DKK'000	2024 DKK'000
Recourse and non-recourse guarantee commitments	10,073	6,304
Contingent liabilities to group enterprises	10,073	6,304

14 Assets charged and collateral

The company has issued a guarantee to ING bank for credit facilities for EUR 4,500 thousand regarding subsidiaries.

The company has issued a guarantee to RBS bank for credit facilities for GBP 2,500 thousand regarding subsidiaries.

The company has issued a guarantee to Regiobank for credit facilities for CHF 400 thousand regarding subsidiaries.

The company has provided a payment guarantee as security for a loan agreement of EUR 2,024 thousand. The guarantee relates to a loan agreement between the subsidiary, KENDA Manufacturing HR D.O.O (the applicant) and a Croatian bank (the beneficiary).

15 Transactions with related parties

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

16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kenda Rubber Ind. Co., Ltd., Taiwan

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Kenda Rubber Ind. Co., Ltd., Taiwan

Accounting policies

Basis for financial statements

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date.

Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

Revenue

Revenue from the sale of goods for resale and finished goods, comprising of sales of tyres and wheels, 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.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for distribution, sale, administration, premises, lease payments under operating leases, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff. Refunds received from public authorities are deducted from staff costs.

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

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

Income from investments in associates

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

Other financial income

Other financial income comprises 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 as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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.

Balance sheet**Intellectual property rights etc.**

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 5-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, however not exceeding 5 years.

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

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment 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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

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	3-10 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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

Investments in associates

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

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

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

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Other financial liabilities

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