

ANNUAL REPORT 2025

THE
**ARMY
PAINTER**
TM



The Annual General Meeting adopted
the annual report on 18.02.2026

The Army Painter Group Holding ApS
Christiansmindevej 12
8660 Skanderborg
CVR No. 43583204

.....
Palle Børlum Winther
Chairman of the General Meeting

CONTENTS

- 3** Entity details
- 4** Statement by Management on the annual report
- 5** Independent auditor's report
- 8** Management commentary
- 17** Consolidated income statement for 2025
- 18** Consolidated balance sheet at 31.12.2025
- 20** Consolidated statement of changes in equity for 2025
- 21** Consolidated cash flow statement for 2025
- 22** Notes to consolidated financial statements
- 28** Parent income statement for 2025
- 29** Parent balance sheet at 31.12.2025
- 31** Parent statement of changes in equity for 2025
- 32** Notes to parent financial statements
- 35** Accounting policies

ENTITY DETAILS

Entity

The Army Painter Group Holding ApS

Christiansmindevej ☐☐

☐☐☐☐ Skanderborg

Business Reg. No. : ☐☐☐☐☐☐☐☐☐

Registered office: Skanderborg

Financial year: ☐☐.☐☐.☐☐☐☐☐☐– ☐☐.☐☐.☐☐☐☐☐☐

Board of Directors

Søren Torp Laursen, Chairman

Lasse Hadberg Lynge, Deputy chairman

Lars Prisak

Jeppé Kallesøe Odefey

Jens Jørgen Hahn-Petersen

Bo Mørck

Executive Board

Henning Nielsen, CEO

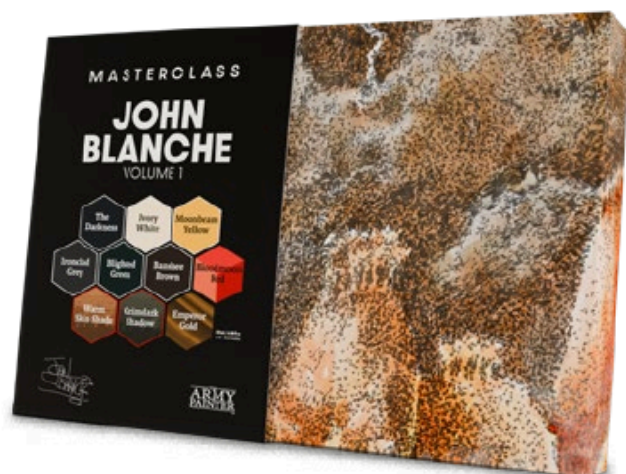
Palle Børlum Winther, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade ☐

☐☐☐☐ Aarhus C



STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the annual report of The Army Painter Group Holding ApS for the financial year 2024-2025.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 2024-2025.

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.

Skanderborg, 20.02.2025

Executive Board

Henning Nielsen
CEO

Palle Børlum Winther
CFO

Board of Directors

Søren Torp Laursen
Chairman

Lasse Hadberg Lynge
Deputy chairman

Lars Prisak

Jeppe Kallesøe Odefey

Jens Jørgen Hahn-Petersen

Bo Mørck



INDEPENDENT AUDITOR'S REPORT

To the shareholders of The Army Painter Group Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of The Army Painter Group Holding ApS for the financial year 2024-2025, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2025 and of the results of their operations and the consolidated cash flows for the financial year 2024-2025 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 consolidated financial statements and the parent financial statements" section of this auditor's 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, □□.□□.□□□□

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Reg. No. □□□□□□□□

Deloitte.

Mads Fauerskov
State Authorised Public Accountant
Identification No (MNE) mne□□□□□□

Marie Louise Vester Sørensen
State Authorised Public Accountant
Identification No (MNE) mne□□□□□□

MANAGEMENT COMMENTARY

Financial highlights

	2025 DKK'000	2024 DKK'000	2022/23 DKK'000
Key figures			
Gross profit/loss	□□□,□□□	□□,□□□	□□,□□□
EBITDA □	□□,□□□	□□,□□□	□□,□□□
EBITDA□– adjusted ‡	□□,□□□	□□,□□□	□□,□□□
Operating profit/loss	□□,□□□	□□,□□□	(□,□□□)
Net financials	(□□,□□□)	(□□,□□□)	(□□,□□□)
Profit/loss for the year	□,□□□	□,□□□	(□□,□□□)
Balance sheet total	□□□,□□□	□□□,□□□	□□□,□□□
Investments in property, plant and equipment	□,□□□	□,□□□	□□,□□□
Equity	□□□,□□□	□□□,□□□	□□□,□□□
Cash flows from operating activities	□,□□□	□□,□□□	(□□,□□□)
Cash flows from investing activities	(□□,□□□)	(□,□□□)	(□□□,□□□)
Cash flows from financing activities	(□□,□□□)	(□□,□□□)	□□□,□□□
Average number of employees, total	□□□	□□	□□
Average number of employees, DK (The Army Painter ApS)	□□	□□	□□
Ratios			
EBITDA (%)	□□.□□	□□.□□	□□.□□
EBITDA□– adjusted (%)	□□.□□	□□.□□	□□.□□
Equity ratio (%)	□□.□□	□□.□□	□□.□□

This is the third financial year, therefor there is only three year's figures included in the overview.

□ EBITDA consist of gross profit/loss, staff costs and income from investments in group enterprises.

‡ EBITDA□– adjusted consists of gross profit/loss, staff costs and income from investments in group enterprises excluding special items such as transaction costs related to acquisitions, extraordinary costs to changes in C-level team e.g. severance pay and recruitment fees, consultant fees for strategic projects and extraordinary costs to changes in domicile and moving expences, extraordinary inventory write-downs not in the ordinary course of business (e.g. from discontinued products and change in impairment method), etc.

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

EBITDA (%):

EBITDA □ □□□

Revenue

EBITDA□– adjusted (%):

EBITDA□– adjusted □ □□□

Revenue

Equity ratio (%):

Equity □ □□□

Balance sheet total

Primary activities

The group's primary activity is to own shares in The Army Painter ApS.

The Army Painter's primary activities are sale, marketing, development and production of painting kits for the miniature hobby and tabletop miniature niche, as well as other accessories for the wargaming hobby. Our mission is to provide high-quality products that help hobbyists and artists bring their visions to life, allowing them to "get more time for gaming".

We distribute our products globally through both traditional retail and digital channels, reaching end-users directly and via distributors. Our production is located in Skanderborg, Denmark and Valencia, Spain.

The private equity firm CataCap invested in The Army Painter ApS in 2021 and indirectly owns the majority of the shares in the company through their third fund, CataCap III K/S. The acquisition was completed on January 15th, 2021. CataCap is a member of 'Aktive Ejere'.

Development in activities and finances

In 2022, The Army Painter experienced continued growth in both revenue and earnings, once again achieving double-digit revenue growth compared to last year. The growth spanned multiple geographical markets and sales channels and was further catalyzed by the successful launches of new product ranges in 2022 as well as steady offtake within the existing product portfolios.

Profit/loss for the year in relation to expected developments

As outlined in last year's management review, our expectation for 2022 was to achieve higher profitability compared to 2021. With adjusted EBITDA reaching DKK 11.1 m, these expectations were met—particularly noteworthy given the geopolitical challenges, including rising U.S. tariffs and significant volatility in the USD exchange rate.

In January 2022, The Army Painter acquired La Pajarita, our long-standing development and production partner in Valencia, Spain. This acquisition represents a key milestone in our ambition to further advance the development and production of high-quality paints for the wargaming and tabletop hobbies. By gaining full control of the value chain, including our own paint factory, we have strengthened our market position and enhanced our ability to bring innovative, industry-leading products to customers. The acquisition has expanded our product development and technical capabilities, ensuring a robust pipeline of new and exciting offerings.

Collaborations with leading industry painters resulted in a series of groundbreaking product launches like our Masterclass paints in early 2022, all of which were positively received.

The 2022 launch of our "Speedaint in a marker" format has been particularly transformative for the hobby community, as the markers serve as a

fully portable painting kit—perfect for travel or quick, on-the-go painting sessions for both beginners, hobbyists and professional painters.

We also continued our significant investments in digital infrastructure, further maturing our IT integration landscape to support scalable business growth.

Commercially, we optimized our U.S. operations by restructuring our □PL setup to elevate the webshop experience and reinforce the foundation for future D□C growth. Additionally, we assumed full control of our Amazon U.S. business, strengthening brand governance and enabling more effective data-driven optimization of our operations.

We continued to invest in our people by welcoming new colleagues and enhancing the competencies across the organization, while ensuring seamless integration into our culture. These initiatives have supported high employee satisfaction and enabled us to adapt to new and more efficient ways of working.

Taking into account the product-related investments linked to the □□□□ launches, the organizational development initiatives, and our continued IT investments, Management considers the overall result for the year to be satisfactory.

Outlook

Driven by sustained market growth, the strength of our product portfolio, and a series of compelling product launches planned for □□□□, The Army Painter expects to continue its positive development in the coming year. These factors, combined with the significant investments made in recent years and our ongoing commitment to further investment, provide a solid foundation for continued growth in both revenue and profitability.

In addition to strengthening our brand community, we will continue to invest in market expansion, organizational development, and the resilience of our supply chain. A key milestone will be reached in spring □□□□, when The Army Painter Group in Denmark relocates to a new headquarters—modern facilities designed to support our long-term growth ambitions.

Management expects adjusted EBITDA for □□□□ to increase by □□-□□ % compared to □□□□.

Risks

The board of directors and management continuously monitor both internal and external business risks. The company is affected by price developments in raw materials, transportation and market conditions in general in addition to below risks:

Tariff risks

Increases in import tariffs present a material risk to our export activities and may adversely affect short-term performance until market conditions stabilize.

Despite this risk, demand for our paint and accessory products remains relatively inelastic. Minor price adjustments have limited impact on overall demand, as customers continue to value the quality, innovation, and uniqueness of our offerings. This loyalty contributes to stable sales even in periods of heightened tariff & price fluctuations.

Currency risks

The company is subject to currency risk arising from fluctuations in exchange rates between Danish kroner (DKK) and US Dollar (USD) / Euro (EUR), as a significant share of the company's revenue inflow is in USD and EUR. This risk is partially mitigated through a natural hedge whereas the inflow risk is offset by expenses and purchase of raw materials in the currency in question. As the currency risk between the Danish kroner (DKK) and the Euro (EUR) remains minimal due to Denmark's fixed exchange rate policy, the main risk is towards USD.

Regular monitoring of exchange rate trends and market conditions are conducted internally, and hedging strategies are adjusted as needed to respond to significant changes in the currency market.

Active hedging through financial instruments such as forward contracts, options or other financial instruments has been considered but is currently not being used. These instruments or similar may be used in the future to manage the currency-related risk. By implementing these instruments, we aim to minimize the impact of currency risk on our operations and maintain financial stability.

IT risks

The Army Painter is exposed to a range of IT-related risks that may impact operations, financial performance, and reputation. We recognize the critical importance of a robust IT risk-management framework to ensure business continuity and safeguard our key assets, particularly as we continue to expand our digital infrastructure and strategic online presence.

In 2024, we further strengthened our mitigation efforts across five key risk areas: (□) Cybersecurity threats, (□) Data Protection and Privacy, (□) System Downtime and Reliability, (□) Third-Party Risks, and (□) Emerging Technologies. Our proactive approach included updating internal IT policies and enhancing employee awareness through targeted training initiatives.

In 2025, we will reinforce our IT security posture even further through increased collaboration with external IT partners, supporting a more resilient and future-ready technology landscape.

Interest risks

The company faces interest rate risks on its bank loans within The Army Painter Group ApS, which are related to variable interest rates. An increase in interest rates can lead to higher costs, adversely impacting liquidity and profitability. However, the annual repayment of these loans helps to gradually mitigate these risks.

Suppliers' risks

The Army Painter maintains strong, long-standing relationships with its key suppliers and continuously updates forecasts throughout the year to ensure a stable and reliable supply of raw materials.

The majority of our suppliers are located within the European Union, with a smaller share based in Asia. To effectively manage the risks associated with an international supplier base, all new suppliers receive our supplier manual and Code of Conduct. These policies are designed to ensure consistent product quality and adherence to our production standards and ESG requirements.

Environmental performance

The Army Painter's shareholders, Board of Directors, management, and dedicated employees remain firmly committed to systematically measuring, monitoring, and strengthening our Environmental, Social, and Governance (ESG) performance. In 2024, we continued to pursue our strategic ESG objectives and implemented a range of initiatives aimed at ensuring ongoing progress across all focus areas. In 2025, we expect to complete our first consolidated ESG report for The Army Painter Group, reinforcing our commitment to transparency and continuous improvement.

Environmental performance

In 2024, the company continued its structured measurement of Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, covering the baseline year 2022 as well as 2023 and 2024. Targets and initiatives to reduce emissions across all scopes through 2025 have been formalized and integrated into our quarterly management reporting. This work is carried out in alignment with the ESG guidelines established for CataCap's portfolio companies.

During 2025 we will allocate additional resources and focus on further decrease our emissions.

The Army Painter will allocate additional resources and intensify our efforts to further reduce our emissions in 2025.

Social performance

For years, The Army Painter has been heavily involved in the community, through donating paints and accessories to children with special needs, both in Denmark but also abroad. Furthermore, we welcome a flexible working environment and hold various positions for employees with disabilities. Our overall organizational gender diversity is 44% women and 56% men at the end of 2024, whereas the executive management is constituted by 44% women.

Research and development activities

The Army Painter continuously seeks to develop both its products and the miniature hobby niche. This is done by keeping focus on both the technical aspects of our products and developing and maintaining close contact with the end-users and the community.

Group relations

Management structure

The company's principles for good corporate governance are based on rules of procedures and management structure consisting of a board of directors and management team. The board of directors meets according to a set schedule, at least □ times a year. In addition, a similar number of Chairmanship meetings are held.

Governance

To provide transparency, The Army Painter follows guidelines of "Aktive Ejere" for responsible ownership and good corporate governance. On this foundation, the board of directors and the management team have established internal procedures to ensure active, secure, and value creating management. Likewise, the board of directors continuously monitor the company's management structure and control systems to ensure that they are reliable and effective. At board level, the fixed procedures include monthly reporting on relevant commercial, operational and financial parameters, including risk assessment of investments and markets.

The group's management consists of:

Søren Torp Laursen

CHAIRMAN of the Board since September □□□□

Affiliation: Independent

Suggested by CataCap

Executive board

Cascas Holding ApS

Cascas Invest ApS

Chairman

The Army Painter ApS

The Army Painter Group ApS

The Army Painter Group Holding ApS

Koble ApS

Postevand ApS

Varier Furniture AS

BørneRiget Fonden

Board member

People□Play ApS

Ejendomsselskabet Frederiks Alle □□□ P/S

Riis Rental A/S

Riis Property A/S

Riis Holding A/S

Koble Holding ApS

Marselisborg Alle □□ P/S

Værkstedvej □□ P/S

Værkstedsvvej □□-□□ P/S

Mattel Inc.

Lasse Hadberg Lynge

DEPUTY CHAIRMAN since January □□□□

Affiliation: Non-independent

Suggested by CataCap

Executive board

LHLH ApS

Deputy chairman

The Army Painter ApS

The Army Painter Group ApS

The Army Painter Group Holding ApS

Board member

Aerfin Holdings Limited

Aerfin Limited

Atlantic HoldCo Limited

Atlantic OfferCo Limited

Jens Jørgen Hahn-Petersen

BOARD MEMBER since January □□□□

Affiliation: Non-independent

Suggested by CataCap

Executive board

PROSPERITAS ApS

CATACAP MANAGEMENT A/S

CATACAP GENERAL PARTNER I ApS

CATACAP OP ApS

CATACAP DM ApS

CataCap General Partner II ApS

CC II Management Invest □□□□ GP ApS

CataCap DM II ApS

CC Fly Invest ApS

Rekom ManCo ApS

TPA Green ManCo ApS

CC Globe Invest ApS

Globe ManCo ApS

CC Toaster Invest ApS

Luxplus MIIP ApS

CataCap General Partner III ApS

CC North Invest ApS

CC DAFA Invest ApS

DAFA MIIP ApS

CC TAP Invest ApS

CC NLM Invest ApS

CC EB Invest ApS

TAP MIIP ApS

CC Thranekær Invest ApS

CC Aviation General Partner I ApS

Enwerdi IP ApS

CCA HoldCo ApS

CCA BidCo ApS

e-Boks MIIP ApS

CC TopCo VI Invest ApS

CC HoldCo VI ApS

CC BidCo VI ApS

CC TopCo VII Invest ApS

CC HoldCo VII ApS

CC BidCo VII ApS

Deputy chairman

Group Online A/S

WEB-KONCEPT A/S

CC Globe Holding I ApS

CC Globe Holding II A/S

e-Boks Group A/S

e-Boks Group Holding ApS

e-Boks Holding ApS

Board member

The Army Painter ApS

The Army Painter Group ApS

The Army Painter Group Holding ApS

Nordmark Maskinfabrik A/S

Nordmark Coating A/S

CC Green Wall Invest ApS

Nordmark Group Holding ApS

Nordmark Group ApS

Jeppe Kallesøe Odefey

BOARD MEMBER since January □□□□

Affiliation: Independent

Suggested by CataCap

Executive board

Rekom Group Holding ApS

Rekom Group A/S

CC Fly Holding II A/S

Odekal management ApS

Intervare A/S

G.O. Trans A/S

G.O. Holding A/S

G.O. Transport & Spedition A/S

Nemlig.com A/S

Board member

The Army Painter ApS

The Army Painter Group ApS

The Army Painter Group Holding ApS

Lars Prisak

BOARD MEMBER since January □□□□

Affiliation: Independent

Suggested by Mørck Family Holding ApS

Executive board

Triarca A/S

Nordic Grid Solutions ApS

Lanpri ApS

LH Investering ApS

Prisak Invest ApS

Investeringsselskabet af □□ juni □□□□ ApS

Triarca GmbH

Chairman

B□ A/S

Stitec AB

Board member

The Army Painter ApS

The Army Painter Group ApS

The Army Painter Group Holding ApS

B□ Nordic A/S

HAMAG A/S

Triarca A/S

Bo Mørck

BOARD MEMBER & Co-Founder since January □□□□

Affiliation: Non-independent

Suggested by Mørck Family Holding ApS

Executive board

Sigfred Holding ApS

Møljner Holding ApS

Aria Holding ApS

Mørck Family Holding Holding ApS

Fruerlund Plantage ApS

Mørck Kids ApS

Mørck Capital ApS

Board member

The Army Painter ApS

The Army Painter Group ApS

The Army Painter Group Holding ApS

TAP Paint Factory S.L.

The Army Painter Inc.

Henning Nielsen

CEO since □□□□

Affiliation: Independent

Executive board

The Army Painter ApS

The Army Painter Group ApS

The Army Painter Group Holding ApS

MF □□□ ApS

Board member

BISGAARD SKO A/S

Nailster A/S

Bisgaard Sko Logistics A/S

TAP Paint Factory S.L

The Army Painter Inc.

Palle Winther

CFO since □□□□

Affiliation: Independent

Executive board

The Army Painter ApS

The Army Painter Group ApS

The Army Painter Group Holding ApS

PACE Consulting ApS

Board member

TAP Paint Factory S.L

The Army Painter Inc.

Annual report

The Company's annual report is available on the website:
<https://thearmypainter.com/>

Events after the balance sheet date

In January 2025, The Army Painter moved into new Danish headquarter in Skanderborg, Denmark. The expanded and modernized facilities will play a central role in supporting the company's continued growth by enhancing production capacity, strengthening supply-chain operations, and enabling further innovation. With this development, The Army Painter has established a solid foundation for pursuing our long-term strategic ambitions

Parent treasury shares

	Number	Nominal value DKK	Share of contributed capital %	Purchase/ (selling) price DKK
A shares	1000	0	0.00	100,000
B shares	1,000	100	0.00	100,000
Investments acquired	2,208	23	0.03	
A shares	1,000	100	0.00	
B shares	100,000	1000	0.00	
Holding of treasury shares	37,160	372	0.51	

The acquired shares are a part of the MiiP program.

CONSOLIDATED INCOME STATEMENT FOR 2025

	Notes	2025 DKK	2024 DKK
Gross profit/loss		120,387,720	90,943,835
Staff costs	2	(63,085,588)	(40,948,702)
Depreciation, amortisation and impairment losses	3	(36,107,438)	(29,843,530)
Operating profit/loss		21,194,694	20,151,603
Other financial income		6,616,988	4,882,701
Other financial expenses		(22,007,114)	(18,935,324)
Profit/loss before tax		5,804,568	6,098,980
Tax on profit/loss for the year	4	(3,362,192)	(3,938,018)
Profit/loss for the year	5	2,442,376	2,160,962

CONSOLIDATED BALANCE SHEET AT 31.12.2025

Assets

	Notes	2025 DKK	2024 DKK
Completed development projects		3,182,845	0
Acquired intangible assets		29,929,411	40,241,225
Acquired trademarks		197,416,080	209,028,791
Goodwill		161,959,600	171,519,125
Development projects in progress	7	260,954	245,100
Intangible assets	6	392,748,890	421,034,241
Other fixtures and fittings, tools and equipment		3,337,565	5,395,569
Leasehold improvements		4,277,107	217,913
Prepayments for property, plant and equipment		1,206,432	0
Property, plant and equipment	8	8,821,104	5,613,482
Deposits		36,088	851,519
Financial assets	9	36,088	851,519
Fixed assets		401,606,082	427,499,242
Raw materials and consumables		19,350,013	9,460,191
Work in progress		8,132,633	4,873,363
Manufactured goods and goods for resale		46,744,691	28,083,010
Inventories		74,227,337	42,416,564
Trade receivables		34,317,113	16,074,107
Other receivables		1,029,869	826,758
Prepayments	10	3,891,830	4,020,985
Receivables		39,238,812	20,921,850
Cash		13,460,996	32,663,328
Current assets		126,927,145	96,001,742
Assets		528,533,227	523,500,984

Equity and liabilities

	Notes	2025 DKK	2024 DKK
Contributed capital	11, 12	73,799	72,010
Translation reserve		(44,827)	(1,639)
Retained earnings		244,185,885	237,617,734
Equity		244,214,857	237,688,105
Deferred tax	13	49,837,458	56,041,328
Provisions		49,837,458	56,041,328
Bank loans		34,440,000	69,600,000
Lease liabilities		0	1,001,834
Payables to owners and management		115,626,575	110,120,549
Non-current liabilities other than provisions	14	150,066,575	180,722,383
Current portion of non-current liabilities other than provisions	14	36,881,834	28,859,932
Bank loans		11,463,700	2,900,284
Prepayments received from customers		0	225,027
Trade payables		22,480,888	10,290,548
Payables to owners and management		0	18,155
Tax payable		1,168,269	0
Joint taxation contribution payable		8,251,723	4,987,035
Other payables		4,167,923	1,768,187
Current liabilities other than provisions		84,414,337	49,049,168
Liabilities other than provisions		234,480,912	229,771,551
Equity and liabilities		528,533,227	523,500,984
Events after the balance sheet date	1		
Other unrecognised commitments	16		
Assets charged and collateral	17		
Non-arm's length related party transactions	18		
Subsidiaries	19		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2025

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	72,010	0	(1,639)	237,617,734	237,688,105
Increase of capital	1,789	4,126,437	0	0	4,128,226
Transferred from share premium	0	(4,126,437)	0	4,126,437	0
Purchase of treasury shares	0	0	0	(45,586)	(45,586)
Exchange rate adjustments	0	0	(43,188)	0	(43,188)
Other entries on equity	0	0	0	44,924	44,924
Profit/loss for the year	0	0	0	2,442,376	2,442,376
Equity end of year	73,799	0	(44,827)	244,185,885	244,214,857

CONSOLIDATED CASH FLOW STATEMENT FOR 2025

	Notes	2025 DKK	2024 DKK
Operating profit/loss		21,194,694	20,151,603
Amortisation, depreciation and impairment losses		36,107,438	29,843,531
Working capital changes	15	(34,920,486)	12,427,065
Cash flow from ordinary operating activities		22,381,646	62,422,199
Financial income received		683,555	758,365
Financial expenses paid		(10,610,842)	(14,419,056)
Taxes refunded/(paid)		(5,133,105)	(3,123,903)
Cash flows from operating activities		7,321,254	45,637,605
Acquisition etc. of intangible assets		(4,654,852)	(245,100)
Acquisition etc. of property, plant and equipment		(6,374,857)	(2,199,077)
Deposits		0	(15,397)
Cash flows from investing activities		(11,029,709)	(2,459,574)
Free cash flows generated from operations and investments before financing		(3,708,455)	43,178,031
Loans raised		0	10,763,837
Repayments of loans etc.		(28,139,933)	(40,200,674)
Acquisition of treasury shares		(45,586)	(475,042)
Cash capital increase		4,128,226	3,250,161
Change in creditfacillities		8,563,416	0
Cash flows from financing activities		(15,493,877)	(26,661,718)
Increase/decrease in cash and cash equivalents		(19,202,332)	16,516,313
Cash and cash equivalents beginning of year		32,663,328	16,147,015
Cash and cash equivalents end of year		13,460,996	32,663,328
Cash and cash equivalents at year-end are composed of:			
Cash		13,460,996	32,663,328
Cash and cash equivalents end of year		13,460,996	32,663,328

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Events after the balance sheet date

In January 2026, The Army Painter moved into new Danish headquarter in Skanderborg, Denmark. The expanded and modernized facilities will play a central role in supporting the company's continued growth by enhancing production capacity, strengthening supply-chain operations, and enabling further innovation. With this development, The Army Painter has established a solid foundation for pursuing our long-term strategic ambitions

2 Staff costs

	2025 DKK	2024 DKK
Wages and salaries	54,313,995	35,910,731
Pension costs	4,983,994	4,149,547
Other social security costs	3,787,599	888,424
	63,085,588	40,948,702

Average number of full-time employees	125	73
---------------------------------------	-----	----

	Remuneration of management 2025 DKK	Remuneration of management 2024 DKK
Executive Board	4,624,047	3,206,035
Board of Directors	700,000	650,000
	5,324,047	3,856,035

3 Depreciation, amortisation and impairment losses

	2025 DKK	2024 DKK
Amortisation of intangible assets	27,193,173	26,202,389
Impairment losses on intangible assets	5,281,661	0
Depreciation on property, plant and equipment	3,632,604	3,641,141
	36,107,438	29,843,530

4 Tax on profit/loss for the year

	2025 DKK	2024 DKK
Current tax	11,757,451	8,013,116
Change in deferred tax	(6,203,871)	(4,064,355)
Adjustment concerning previous years	0	(10,743)
Refund in joint taxation arrangement	(2,191,388)	0
	3,362,192	3,938,018

5 Proposed distribution of profit/loss

	2025 DKK	2024 DKK
Retained earnings	2,442,376	2,160,962
	2,442,376	2,160,962

6 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Acquired trademarks DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	0	50,301,531	232,254,213	190,638,175	245,100
Addition through business combinations etc	1,430,019	0	0	0	0
Transfers	1,223,987	0	0	0	(245,100)
Additions	1,984,992	0	0	0	260,954
Cost end of year	4,638,998	50,301,531	232,254,213	190,638,175	260,954
Amortisation and impairment losses beginning of year	0	(10,060,306)	(23,225,422)	(19,119,050)	0
Transfers	(465,369)	0	0	0	0
Impairment losses for the year	0	(5,281,661)	0	0	0
Amortisation for the year	(990,784)	(5,030,153)	(11,612,711)	(9,559,525)	0
Amortisation and impairment losses end of year	(1,456,153)	(20,372,120)	(34,838,133)	(28,678,575)	0
Carrying amount end of year	3,182,845	29,929,411	197,416,080	161,959,600	260,954

7 Development projects

The Army Painter is currently engaged in several development projects aimed at strengthening its digital infrastructure and supporting future growth. A new CRM (customer relationship) system is under development with the purpose of enhancing sales management processes and improving the tracking and analysis of customer relationships and prospects. The CRM system is scheduled for completion in 2026.

In 2025, a new data warehouse solution (OneLake) was launched—designed to consolidate data sources and improve transparency across the organization. Further development and integration of the data platform will continue throughout 2026 to ensure full utilization and increased data accessibility.

Management has not identified any indications of impairment related to the carrying amount of TDKK 2,396. The development projects are expected to generate future cash flows that exceed their carrying amount.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Prepayments for property, plant and equipment DKK
Cost beginning of year	9,804,269	409,212	0
Addition through business combinations etc	1,258,743	2,753,335	1,206,432
Transfers	(978,887)	0	0
Additions	283,713	1,851,521	0
Disposals	(194,437)	(71,000)	0
Cost end of year	10,173,401	4,943,068	1,206,432
Depreciation and impairment losses beginning of year	(4,408,700)	(191,299)	0
Transfers	465,369	0	0
Depreciation for the year	(3,086,942)	(545,662)	0
Reversal regarding disposals	194,437	71,000	0
Depreciation and impairment losses end of year	(6,835,836)	(665,961)	0
Carrying amount end of year	3,337,565	4,277,107	1,206,432
Recognised assets not owned by Entity	937,190	0	0

9 Financial assets

	Deposits DKK
Cost beginning of year	851,519
Disposals	(815,431)
Cost end of year	36,088
Carrying amount end of year	36,088

10 Prepayments

Prepayments consist of prepaid costs and goods.

11 Contributed capital

	Number	Par value DKK	Nominal value DKK
A1 shares	5,970,150	0.01	59,702
A2 shares	888,773	0.01	8,887
B1 shares	395,706	0.01	3,957
B2 shares	125,262	0,01	1,253
	7,379,891		73,799

12 Treasury shares

	Number	Nominal value DKK	Share of contributed capital %	Purchase/ (selling) price DKK
A2 shares	552	6	0.01	27,945
B1 shares	1,656	17	0.02	17,641
Investments acquired	2,208	23	0.03	
A2 shares	9,290	93	0.13	
B1 shares	27,870	279	0.38	
Holding of treasury shares	37,160	372	0.51	

The acquired shares are a part of the MiiP program.

13 Deferred tax

	2025 DKK	2024 DKK
Intangible assets	50,486,008	54,893,404
Property, plant and equipment	(229,000)	618,924
Inventories	(199,550)	1,027,000
Liabilities other than provisions	(220,000)	(498,000)
Deferred tax	49,837,458	56,041,328

	2025 DKK	2024 DKK
Changes during the year		
Beginning of year	56,041,328	60,105,683
Recognised in the income statement	(6,203,870)	(4,064,355)
End of year	49,837,458	56,041,328

14 Non-current liabilities other than provisions

	Due within 12 months 2025 DKK	Due within 12 months 2024 DKK	Due after more than 12 months 2025 DKK	Outstanding after 5 years 2025 DKK
Bank loans	35,880,000	27,600,000	34,440,000	0
Lease liabilities	1,001,834	1,259,932	0	0
Payables to owners and management	0	0	115,626,575	115,626,575
	36,881,834	28,859,932	150,066,575	115,626,575

15 Changes in working capital

	2025 DKK	2024 DKK
Increase/decrease in inventories	(29,029,585)	16,440,418
Increase/decrease in receivables	(20,237,795)	741,380
Increase/decrease in trade payables etc.	14,346,894	(4,754,733)
	(34,920,486)	12,427,065

16 Other unrecognised commitments

Unrecognised rental and lease commitments	2025 DKK	2024 DKK
Total liabilities under lease rental or agreements until maturity	74,618,268	11,119,372

In 2025, the Company entered into a new long term lease agreement for the establishment of a new headquarters in Denmark. The lease will only commence upon completion and handover of the leased premises. Until the commencement date, the Company has no payment obligations related to the lease. In addition, the Company has entered a long term lease contract for its production facility in Valencia.

17 Assets charged and collateral

As security for all the Company's and Intercompany bank debt to Nykredit, the Company has granted a floating charge of DKK 4,000k on intellectual property rights, other fixtures and fittings, tools and equipment, trade receivables and inventories.

The carrying amount of assets charged at 31.12.2025 is DKK 109.567k (31.12.2024: DKK 65.799k).

The Entity has entered into an agreement with a supplier on the minimum purchase of raw materials. The company's obligation per 31.12.2025 amounts to a total of: DKK 741k (31.12.2024: DKK 8,380k).

The Entity has provided a bank guarantee of DKK 6.9m.

18 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

19 Subsidiaries

	Registered in	Corporate form	Ownership %
The Army Painter Group ApS	Skanderborg	ApS	100.00
The Army Painter ApS	Skanderborg	ApS	100.00
The Army Painter Inc	Delaware	Inc	100.00
TAP Paint Factory S.L.	Valencia	S.L.	100.00

PARENT INCOME STATEMENT FOR 2025

	Notes	2025 DKK	2024 DKK
Gross profit/loss		(57,549)	(201,726)
Income from investments in group enterprises		1,846,771	4,143,189
Other financial income	2	5,673,965	5,284,426
Other financial expenses		(5,506,027)	(5,243,836)
Profit/loss before tax		1,957,160	3,982,053
Tax on profit/loss for the year	3	(23,155)	13,621
Profit/loss for the year	4	1,934,005	3,995,674

PARENT BALANCE SHEET AT 31.12.2025

Assets

	Notes	2025 DKK	2024 DKK
Investments in group enterprises		138,866,465	137,062,882
Receivables from group enterprises		222,230,496	209,461,582
Financial assets	5	361,096,961	346,524,464
Fixed assets		361,096,961	346,524,464
Receivables from group enterprises		15,378	87,314
Joint taxation contribution receivable		0	13,621
Receivables		15,378	100,935
Cash		88,278	3,059,218
Current assets		103,656	3,160,153
Assets		361,200,617	349,684,617

Equity and liabilities

	Notes	2025 DKK	2024 DKK
Contributed capital	6	73,799	72,010
Translation reserve		(44,827)	(1,639)
Retained earnings		245,467,302	239,452,446
Equity		245,496,274	239,522,817
Payables to owners and management		115,626,575	110,120,550
Non-current liabilities other than provisions	7	115,626,575	110,120,550
Trade payables		50,601	41,250
Joint taxation contribution payable		24,286	0
Other payables		2,881	0
Current liabilities other than provisions		77,768	41,250
Liabilities other than provisions		115,704,343	110,161,800
Equity and liabilities		361,200,617	349,684,617
Events after the balance sheet date	1		
Employees	8		
Contingent liabilities	9		
Assets charged and collateral	10		
Related parties with controlling interest	11		
Non-arm's length related party transactions	12		

PARENT STATEMENT OF CHANGES IN EQUITY FOR 2025

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	72,010	0	(1,639)	239,452,446	239,522,817
Increase of capital	1,789	4,126,437	0	0	4,128,226
Transferred from share premium	0	(4,126,437)	0	4,126,437	0
Purchase of treasury shares	0	0	0	(45,586)	(45,586)
Exchange rate adjustments	0	0	(43,188)	0	(43,188)
Profit/loss for the year	0	0	0	1,934,005	1,934,005
Equity end of year	73,799	0	(44,827)	245,467,302	245,496,274

NOTES TO PARENT FINANCIAL STATEMENTS

1 Events after the balance sheet date

In January 2026, The Army Painter moved into new Danish headquarter in Skanderborg, Denmark. The expanded and modernized facilities will play a central role in supporting the company's continued growth by enhancing production capacity, strengthening supply-chain operations, and enabling further innovation. With this development, The Army Painter has established a solid foundation for pursuing our long-term strategic ambitions

2 Other financial income

	2025 DKK	2024 DKK
Financial income from group enterprises	5,666,657	5,245,162
Other interest income	7,308	39,264
	5,673,965	5,284,426

3 Tax on profit/loss for the year

	2025 DKK	2024 DKK
Current tax	24,286	0
Adjustment concerning previous years	(1,131)	0
Refund in joint taxation arrangement	0	(13,621)
	23,155	(13,621)

4 Proposed distribution of profit and loss

	2025 DKK	2024 DKK
Retained earnings	1,934,005	3,995,674
	1,934,005	3,995,674

5 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Cost beginning of year	152,750,968	209,461,582
Additions	0	12,768,914
Cost end of year	152,750,968	222,230,496
Revaluations beginning of year	(15,688,086)	0
Exchange rate adjustments	(43,188)	0
Share of profit/loss for the year	1,846,771	0
Revaluations end of year	(13,884,503)	0
Carrying amount end of year	138,866,465	222,230,496

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Treasury shares

	Number	Nominal value DKK	Share of contributed capital %	Purchase/ (selling) price DKK
A2 shares	552	6	0.01	27,945
B1 shares	1,656	17	0.02	17,641
Investments acquired	2,208	23	0.03	
A2 shares	9,290	93	0.13	
B1 shares	27,870	279	0.38	
Holding of treasury shares	37,160	372	0.51	

The acquired shares are a part of the MiiP program.

7 Non-current liabilities other than provisions

	Due after more than 12 months 2025 DKK	Outstanding after 5 years 2025 DKK
Payables to owners and management	115,626,575	115,626,575
	115,626,575	115,626,575

8 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

	2025	2024
Average number of full-time employees	0	0

9 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which CC TAP Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

10 Assets charged and collateral

The company has provided security for the subsidiary's debt to Nykredit.

The security is provided in shares in The Army Painter ApS, The Army Painter Group Holding ApS and Group loans.

11 Related parties with controlling interest

CC TAP Invest ApS owns 54.20 % shares in the Entity, thus exercising control.

12 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

ACCOUNTING POLICIES

Basis for financial statements

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than % of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the

consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

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, costs of sales and other external expenses.

Revenue

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

Other operating income

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

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other operating expenses

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

Income from investments in group enterprises

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

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

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

The Parent is jointly taxed with all of its Danish group enterprises and other Danish consolidated companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions.

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For the amount of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation period used is □□ years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects in progress with acquired intangible assets and acquired trademarks.

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. The amortisation periods used are 1-10 years.

Acquired intangible assets and acquired trademarks are measured at cost less accumulated amortisation. Acquired intangible assets are amortised over a period of 10 years.

Acquired trademarks are amortised over a period of 10 years.

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

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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	1-10 years
Leasehold improvements	10 years

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

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group

profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK□□. 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 will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

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

Receivables

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

Inventories

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

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

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

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

Joint taxation contributions payable or receivable

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

Prepayments

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

Cash

Cash comprises bank deposits.

Treasury shares

Acquisition and selling prices and dividends of treasury shares are classified directly as equity in retained earnings. Gains and losses from sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to their nominal value.

Deferred tax

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

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

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

Lease liabilities

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

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax payable or receivable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.

