

Deloitte.



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Entity details

Entity

Højgård Hestehospital Group A/S
Rugårdsvej 696
5462Morud

Business Registration No.: 33783116

Registered office: Morud

Financial year: 01.01.2025- 31.12.2025

Board of Directors

Guinevere Holmes Hørning
Martin Hjorth Jensen
Lars Rask Bak
Michael Baastrup Munk
Frederik Johannes Lundgaard Nielsen

Executive Board

Michael Baastrup Munk

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
P. O. Box 10
5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Højgård Hestehospital Group 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.

Morud, 18.03.2026

Executive Board

Michael Baastrup Munk

Board of Directors

Guinevere Holmes Hørning

Martin Hjorth Jensen

Lars Rask Bak

Michael Baastrup Munk

Frederik Johannes Lundgaard Nielsen

Independent auditor's report

To the shareholders of Højgård Hestehospital Group A/S

Opinion

We have audited the financial statements of Højgård Hestehospital Group 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.

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.

Odense, 18.03.2026

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Gert Rasmussen

State Authorised Public Accountant
Identification No (MNE) mne35430

Abdul Wahab Ashraf

State Authorised Public Accountant
Identification No (MNE) mne46664

Management commentary

Financial highlights

	2025 DKK'000	2024 DKK'000	2023 DKK'000	2022 DKK'000	2021 DKK'000
Key figures					
Gross profit/loss	41,627	47,860	48,150	48,134	24,388
Operating profit/loss	(8,848)	(2,558)	(2,406)	2,376	5,510
Net financials	89	533	469	72	(97)
Profit/loss for the year	(6,848)	(1,590)	(1,457)	2,385	26,203
Total assets	54,554	67,977	78,856	85,407	75,691
Investments in property, plant and equipment	3,167	2,062	3,312	11,632	2,031
Equity	45,024	58,873	65,863	68,320	65,935
Average number of employees	83	88	87	83	46
Ratios					
Return on equity (%)	(13.18)	(2.55)	(2.17)	3.55	66.99
Equity ratio (%)	82.53	86.61	83.52	79.99	87.11

The financial highlights above lacks comparison, as the company merged in 2022, hence the comparison years before 2022 only contains unmerged numbers.

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

Return on equity (%) :

Profit/loss for the year * 100

Average equity

Equity ratio (%) :

Equity * 100

Primary activities

Højgaard Hestehospital Group A/S is part of Altano Group, and its primary activities consist of operating equine clinics. The company is Denmark's largest equine practice within Altano and operates with the purpose of conducting veterinary and hospital activities as well as related services.

Højgaard Hestehospital Group A/S is located in central Denmark on the island of Funen. In addition, the company operates equine clinics in Aarhus and Zealand. The company provides comprehensive veterinary services covering orthopaedics, internal medicine, dentistry, ophthalmology, urogynaecology and routine treatments.

Development in activities and finances

At the beginning of 2025, Højgaard Group A/S divested part of its activities in the clinic in Højgård to another clinic within the Altano Group. The background for the transaction was the intention to consolidate staff operating daily in Northern Denmark into one organisational unit in order to achieve increased operational synergies, strengthen the professional environment and ensure more efficient utilisation of resources. In the long term, the consolidation is expected to contribute to improved capacity utilisation and more optimal service to local clients.

The divestment impacted revenue in the 2025 financial year, as the level of activity was reduced compared to previous years as a result of the disposal. The cost base has been adjusted accordingly; however, there has been a timing difference between the reduction in revenue and the adjustment of capacity costs, which has negatively affected the result for the year. Any gain or loss on disposal has been recognised in accordance with applicable accounting policies and is disclosed separately in the notes to the financial statements.

The year 2025 was also characterised by the implementation of a new IT system. The transition led to temporary operational challenges, including reduced productivity, increased time spent on registration and staff training, as well as the need for external assistance. Management assesses that the negative productivity effects are primarily temporary and that the new system will, in the longer term, support more efficient operations, improved data quality and strengthened internal controls.

During the financial year, the company incurred several unbudgeted consultancy expenses, including costs related to the transaction and the IT system implementation. These extraordinary costs have placed additional pressure on the result for the year and are considered mainly non-recurring in nature.

Overall, the 2025 financial year has been characterised by significant structural and system-related changes, which have had a short-term negative impact on revenue and earnings. However, management believes that the initiatives implemented establish a more robust and scalable foundation for future operations and profitability.

Profit/loss for the year in relation to expected developments

The income statement for the financial year 1 January 2025 – 31 December 2025 shows a loss of DKK 6,848,333. Equity amounted to DKK 45,024,443 as at 31 December 2025.

The result for the year does not meet the expectations communicated in last year's Outlook, where a positive result of approximately DKK 1.0 million and an improvement in EBITDA were anticipated as a result of efficiency initiatives and increased collaboration within the group.

Realised EBITDA for 2025 was significantly reduced compared to 2024 and below expectations. The deviation is primarily attributable to:

Divestment of activities, including the sale of operations in Aalborg, which reduced the revenue base and the

operational earnings contribution.

A timing difference between the reduction in revenue and the adjustment of capacity costs.

Implementation of the new IT system, which temporarily reduced productivity during the implementation phase and resulted in increased operating expenses and investments.

Unbudgeted consultancy costs related to both the transaction and the IT system implementation.

Højgaard Hestehospital Group A/S experienced an overall decline in activity, primarily attributable to the sale of the Aalborg activities. In addition, macroeconomic factors, including inflation and rising interest rates, have negatively impacted the market. The overall horse population in Denmark has been under pressure, and reproduction activity has declined, which has directly affected revenue within reproduction-related services.

The reduced level of activity combined with a relatively high proportion of fixed costs has had a direct negative effect on the EBITDA margin. Management assesses that a significant portion of the EBITDA decline can be attributed to temporary factors and structural changes during the year.

Despite challenging market conditions, positive developments are seen within other veterinary specialist areas, where demand for advanced clinical examinations, surgery and specialist expertise is increasing. Clients are increasingly requesting specialised and evidence-based treatments, which in the long term supports higher value per patient and strengthened earnings potential.

Although the result for the year and the EBITDA level are lower than expected, the overall development is assessed in light of the structural changes implemented and external market conditions. Additional cost adjustments have been initiated, including capacity adjustments and efficiency measures, with the aim of restoring the earnings level.

Furthermore, collaboration with other clinics within the Altano Group has been strengthened, focusing on professional specialisation, knowledge sharing and optimised capacity utilisation. Investments in advanced equipment and continued development of specialised services are expected to support improved EBITDA performance going forward.

Management expects a more stable market development in 2026 and a gradual improvement in revenue, EBITDA and net results as a consequence of the initiatives implemented. With a strong focus on quality, innovation and efficient operations, the company is considered to have a strengthened foundation for future value creation.

Uncertainty relating to recognition and measurement

Goodwill has been tested for impairment using a DCF model with a WACC of 9.3% and growth assumptions based on management's budget and long-term expectations. While the valuation of goodwill involves inherent uncertainties related to future cash flows and discount rates, the impairment test demonstrates sufficient headroom.

Sensitivity analyses confirm that the valuation is robust to reasonable changes in key assumptions. Management has assessed that the uncertainties do not give rise to significant risk of material misstatement in the recognition and measurement of goodwill.

Please refer to note 6 in the financial statements for information on the calculation and sensitivity analyses.

Outlook

Højgaard Hestehospital Group A/S expects positive development in 2026, with growth driven by both new and returning patients. In addition, collaboration with other clinics within the Altano Group will be further strengthened to ensure the best possible treatment options for our clients.

Several strategic initiatives have already been launched and are expected to contribute positively to earnings.

The company expects an increase in net revenue in 2026 and, together with adjustments to the cost base, anticipates that the net result will improve from a loss before depreciation and tax of DKK 1.7 million in 2025 to a positive result of DKK 3.0 million in 2026. The company expects the same number of employees next year as in this financial year.

Events after the balance sheet date

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

Income statement for 2025

	Notes	2025 DKK	2024 DKK
Gross profit/loss		41,626,529	47,860,109
Staff costs	2	(42,592,311)	(42,399,145)
Depreciation, amortisation and impairment losses		(7,116,686)	(8,019,028)
Other operating expenses		(765,844)	0
Operating profit/loss		(8,848,312)	(2,558,064)
Other financial income	3	170,463	579,597
Other financial expenses		(81,171)	(46,377)
Profit/loss before tax		(8,759,020)	(2,024,844)
Tax on profit/loss for the year	4	1,910,687	434,882
Profit/loss for the year	5	(6,848,333)	(1,589,962)

Balance sheet at 31.12.2025

Assets

	Notes	2025 DKK	2024 DKK
Goodwill		27,635,084	36,608,005
Intangible assets	6	27,635,084	36,608,005
Other fixtures and fittings, tools and equipment		6,198,717	5,902,383
Leasehold improvements		1,852,812	1,762,848
Property, plant and equipment in progress		49,679	0
Property, plant and equipment	7	8,101,208	7,665,231
Deposits		663,376	663,376
Financial assets	8	663,376	663,376
Fixed assets		36,399,668	44,936,612
Raw materials and consumables		3,484,019	4,475,266
Inventories		3,484,019	4,475,266
Trade receivables		7,667,711	8,284,089
Receivables from group enterprises		53,681	1,002,292
Other receivables		461,757	684,869

Tax receivable		1,427,293	867,961
Prepayments	9	381,174	313,953
Receivables		9,991,616	11,153,164
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Cash		4,679,140	7,412,383
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Current assets		18,154,775	23,040,813
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Assets		54,554,443	67,977,425
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Equity and liabilities

	Notes	2025 DKK	2024 DKK
Contributed capital		805,000	805,000
Retained earnings		44,219,443	51,067,776
Proposed dividend		0	7,000,000
Equity		45,024,443	58,872,776
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Deferred tax	10	1,528,246	2,011,640
Provisions		1,528,246	2,011,640
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Trade payables		5,040,347	3,836,507
Payables to group enterprises		305,869	128,623
Other payables		2,655,538	3,127,879
Current liabilities other than provisions		8,001,754	7,093,009
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Liabilities other than provisions		8,001,754	7,093,009
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Equity and liabilities		54,554,443	67,977,425
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Events after the balance sheet date	1
Other unrecognised commitments	11
Contingent liabilities	12
Non-arm's length related party transactions	13

Statement of changes in equity for 2025

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	805,000	51,067,776	7,000,000	58,872,776
Ordinary dividend paid	0	0	(7,000,000)	(7,000,000)
Profit/loss for the year	0	(6,848,333)	0	(6,848,333)
Equity end of year	805,000	44,219,443	0	45,024,443

Notes

1 Events after the balance sheet date

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

2 Staff costs

	2025 DKK	2024 DKK
Wages and salaries	36,518,991	36,864,143
Pension costs	3,810,363	3,652,044
Other social security costs	2,262,957	1,882,958
	42,592,311	42,399,145

Average number of full-time employees	83	88
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	Remuneration of Management 2024 DKK
Total amount for management categories	1,100,953

Management remuneration has been omitted with reference to section 98 b (3) (ii) of the Danish Financial Statements Act for 2025.

3 Other financial income

	2025 DKK	2024 DKK
Financial income from group enterprises	13,750	2,292
Other interest income	156,713	577,305
	170,463	579,597

4 Tax on profit/loss for the year

	2025 DKK	2024 DKK
Change in deferred tax	(483,394)	433,079
Refund in joint taxation arrangement	(1,427,293)	(867,961)
	(1,910,687)	(434,882)

5 Proposed distribution of profit and loss

	2025 DKK	2024 DKK
Ordinary dividend for the financial year	0	7,000,000
Retained earnings	(6,848,333)	(8,589,962)
	(6,848,333)	(1,589,962)

6 Intangible assets

	Goodwill DKK
Cost beginning of year	54,422,150
Disposals on divestments etc	(6,238,677)
Cost end of year	48,183,473
Amortisation and impairment losses beginning of year	(17,814,145)
Disposals on divestments etc	2,027,570
Amortisation for the year	(4,761,814)
Amortisation and impairment losses end of year	(20,548,389)
Carrying amount end of year	27,635,084

In 2025, the Company completed the sale of its clinic facility in Aalborg to an affiliated sister company. This divestment was part of the Group's strategic portfolio optimization and reflects management's decision to

streamline operations within the group structure.

Goodwill impairment testing

Goodwill has been tested for impairment using a discounted cash flow model (DCF). The impairment test indicates sufficient headroom between the carrying amount and the recoverable amount.

While the valuation of goodwill involves inherent uncertainties related to future cash flows and discount rates, the impairment test demonstrates sufficient headroom.

Key Assumptions and sensitivity Analysis

The valuation is based on management's budget for 2026 and assumptions regarding future growth through 2030. The discount rate (WACC) has been set at 9.3%. For the period 2027-2030, growth is assumed at 4.8-6.1% per annum. Terminal growth is set at 3.5%.

Management has performed sensitivity analyses to assess the robustness of the valuation. The analyses demonstrate that the valuation remains robust even under adverse changes in key assumptions.

- The sensitivity demonstrates that a decrease in the growth assumptions of 2 % would not entail an impairment of goodwill.

- Assuming the growth rate is 0 % for all CGU's in the budget- and terminal-period an impairment of 4.384 t.DKK would be needed for the entity.

Management assesses that the assumptions are reasonable, and the impairment test shows sufficient headroom to accommodate reasonable variations in the underlying assumptions.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	22,632,407	2,564,104	0
Additions	2,742,243	374,951	49,679
Disposals	(2,867,840)	0	0
Cost end of year	22,506,810	2,939,055	49,679
Depreciation and impairment losses beginning of year	(16,730,024)	(801,256)	0
Depreciation for the year	(2,069,884)	(284,987)	0
Reversal regarding disposals	2,491,815	0	0
Depreciation and impairment losses end of year	(16,308,093)	(1,086,243)	0
Carrying amount end of year	6,198,717	1,852,812	49,679

8 Financial assets

	Deposits DKK
Cost beginning of year	663,376

Cost end of year		663,376
Carrying amount end of year		663,376

9 Prepayments

Prepayments consist of expenses for IT and insurance.

10 Deferred tax

	2025	2024
	DKK	DKK
Intangible assets	2,237,858	2,047,881
Property, plant and equipment	279,284	231,719
Receivables	(236,500)	(267,960)
Tax losses carried forward	(752,396)	0
Deferred tax	1,528,246	2,011,640

	2025	2024
	DKK	DKK
Changes during the year		
Beginning of year	2,011,640	1,578,561
Recognised in the income statement	(483,394)	433,079
End of year	1,528,246	2,011,640

11 Other unrecognised commitments

	2025	2024
	DKK	DKK
Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	15,552,131	16,837,744

Besides the above rental or lease commitments, the company has, as of the balance sheet date, entered into an agreement for the use of a medication management system that will enter into force in 2026. The total unrecognised commitment for this amount to 1.410.276 DKK.

12 Contingent liabilities

The company has received a claim for payment regarding an examination of a horse. The case is handled by a lawyer, according to the company's normal procedure. As the case is still ongoing, the potential financial impact is not known but it's the managements does not expect the case to have any financial impact.

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

13 Non-arm's length related party transactions

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

14 Group relations

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

The consolidated financial statements of Altano International GmbH may be ordered at this address:

Altano International GmbH
Weddern 16c
48249 Dülmen
Germany

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

Altano Denmark A/S
Rugårdsvej 696,
5462 Morud
Denmark

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 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.

Business combinations

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of consumables, own work capitalised, other operating income, cost of consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made 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 property, plant and equipment, and salary subsidies.

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Other operating expenses

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

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is calculated as the difference between cost of investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 10 years.

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

Property, plant and equipment

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, subsuppliers 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
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.

Inventories

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

Receivables

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

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

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

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

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

Other financial liabilities

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

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Altano Denmark A/S, Business Reg. No. 42263095.