

## **Nordic Beauty Company ApS**

Jydekrogen 14A, 2625 Vallensbæk

**CVR no. 31 87 23 16**

**Annual report for the period  
1 January to 31 December 2025**

Adopted at the annual general meeting on 8 May 2026

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Peter Barsberg  
Chairman



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## Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Nordic Beauty Company ApS for the financial year 1 January - 31 December 2025.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2025 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2025.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Vallensbæk, 8 May 2026

### Executive board

Morten Lundtoft Svendsen

### Board of Directors

Ward Marc Willem Poppelaars  
chairman

Peter Barsberg

Wouter Berend Jan Meijerink



## Independent auditor's report

### *To the shareholders of Nordic Beauty Company ApS*

#### Opinion

We have audited the financial statements of Nordic Beauty Company ApS for the financial year 1 January - 31 December 2025, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2025 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company 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.

## Independent auditor's report

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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

## Independent auditor's report

### Statement on management's review

Management is responsible for management's review.

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

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 8 May 2026

**Baker Tilly Denmark**  
Godkendt Revisionspartnerselskab  
CVR no. 35 25 76 91

Morten Schwensen  
State-authorized public accountant  
mne32172



## Company details

The company  
Nordic Beauty Company ApS  
Jydekrogen 14A  
2625 Vallensbæk  
CVR no.: 31872316  
Reporting period: 1 January - 31 December 2025  
Incorporated: 28 November 2008  
Domicile: Vallensbæk

Board of Directors  
Ward Marc Willem Poppelaars, chairman  
Peter Barsberg  
Wouter Berend Jan Meijerink

Executive board  
Morten Lundtoft Svendsen

Auditors  
Baker Tilly Denmark  
Godkendt Revisionspartnerselskab  
CVR no.: 35257691  
Poul Bundgaards Vej 1, 1.  
2500 Valby

## Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2025	2024	2023	2022	2021
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
Gross profit	33.963	34.453	29.361	16.966	15.000
Profit/loss before amortisation/depreciation and impairment losses	22.015	23.814	19.739	8.103	7.885
Net financials	90	-1.042	-563	-107	72
Profit/loss for the year	16.042	17.655	14.837	6.139	6.892
Balance sheet total	74.657	75.807	43.416	25.336	21.490
Investment in property, plant and equipment	2.228	749	0	0	0
Equity	37.798	34.996	17.341	7.004	9.485
Number of employees	16	14	15	14	12
<b>Financial ratios</b>					
Return on assets	27,4%	39,8%	57,4%	34,6%	39,9%
Solvency ratio	50,6%	46,2%	39,9%	27,6%	44,1%
Return on equity	44,1%	67,5%	121,9%	74,5%	145,3%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

## Management's review

### Business review

NBC operates as a Nordic distribution and brand development company within the beauty and personal care industry. The Company distributes products across the categories Makeup, Face & Bodycare, Fragrances, and Haircare, Styling & Colour through a broad network of physical retailers and leading e-commerce platforms in Denmark, Finland, Norway, Sweden, and Iceland.

The business model is based on flexible distribution partnerships, strong retail relationships, active brand portfolio management, and continuous commercial and operational optimization. In addition to managing established brands, the Company focuses on new brand launches, market expansion, and product portfolio development.

### Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

### Financial review

The company's income statement for the year ended 31 December 2025 shows a profit of DKK 16.041.775, and the balance sheet at 31 December 2025 shows equity of DKK 37.797.928.

In 2025, the Company delivered results in line with expectations. We had a growth in net sales of 15,5% compared to the previous year and exceeding the budget by 4,3%.

This resulted in a Gross margin of 28,2% and EBITDA of DKK 22,1 million.

The Company strengthened its balance sheet during the year. Inventory levels were reduced significantly, improving working capital efficiency, and net debt decreased to DKK 15,8 million, reflecting strong operating cash flow.

Management considers the result for the year to be satisfactory.

### Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

## Management's review

### Expected Development

NBC enters 2026 with a solid financial position and a clear strategic direction. The Company will continue to focus on operational efficiency, structured management processes, market expansion, and new brand partnerships.

The outlook for 2026 is based on continued commercial momentum, disciplined cost management, and successful execution of growth initiatives. However, the Company remains exposed to general market risks, including changes in consumer demand, currency fluctuations, and regulatory developments.

Management expects continued growth in revenue and earnings, supported by a strengthened organizational structure and an optimized cost base. The company therefore expects a profit for the year in the range of DKK 15-17 million.

## Income statement 1 January - 31 December

	Note	2025 DKK	2024 DKK
<b>Gross profit</b>		<b>33.962.999</b>	<b>34.452.768</b>
Staff costs	1	-11.948.103	-10.638.491
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>22.014.896</b>	<b>23.814.277</b>
Depreciation, amortisation and impairment of property, plant and equipment		-1.428.772	-113.283
<b>Profit/loss before net financials</b>		<b>20.586.124</b>	<b>23.700.994</b>
Financial income	2	534.487	642.098
Financial costs	3	-444.537	-1.684.491
<b>Profit/loss before tax</b>		<b>20.676.074</b>	<b>22.658.601</b>
Tax on profit/loss for the year	4	-4.634.299	-5.003.874
<b>Profit/loss for the year</b>		<b><u>16.041.775</u></b>	<b><u>17.654.727</u></b>
<b>Recommended appropriation of profit/loss</b>			
Proposed dividend for the year		12.000.000	13.240.000
Retained earnings		4.041.775	4.414.727
		<b><u>16.041.775</u></b>	<b><u>17.654.727</u></b>

## Balance sheet 31 December

	Note	2025 DKK	2024 DKK
<b>Assets</b>			
Other fixtures and fittings, tools and equipment	5	<u>1.434.395</u>	<u>635.499</u>
<b>Tangible assets</b>		<b><u>1.434.395</u></b>	<b><u>635.499</u></b>
Deposits	7	<u>160.470</u>	<u>160.470</u>
<b>Fixed asset investments</b>		<b><u>160.470</u></b>	<b><u>160.470</u></b>
<b>Total non-current assets</b>		<b><u>1.594.865</u></b>	<b><u>795.969</u></b>
Finished goods and goods for resale		<u>23.572.853</u>	<u>33.103.172</u>
<b>Stocks</b>		<b><u>23.572.853</u></b>	<b><u>33.103.172</u></b>
Trade receivables		31.384.336	37.178.828
Other receivables		340.384	0
Deferred tax asset	9	146.477	0
Prepayments	8	<u>1.686.379</u>	<u>1.243.651</u>
<b>Receivables</b>		<b><u>33.557.576</u></b>	<b><u>38.422.479</u></b>
<b>Cash at bank and in hand</b>		<b><u>15.931.239</u></b>	<b><u>3.485.346</u></b>
<b>Total current assets</b>		<b><u>73.061.668</u></b>	<b><u>75.010.997</u></b>
<b>Total assets</b>		<b><u>74.656.533</u></b>	<b><u>75.806.966</u></b>

## Balance sheet 31 December

	Note	2025 DKK	2024 DKK
<b>Equity and liabilities</b>			
Share capital		125.000	125.000
Retained earnings		25.672.928	21.631.153
Proposed dividend for the year		<u>12.000.000</u>	<u>13.240.000</u>
<b>Equity</b>		<b><u>37.797.928</u></b>	<b><u>34.996.153</u></b>
Provision for deferred tax	9	<u>0</u>	<u>13.838</u>
<b>Total provisions</b>		<b><u>0</u></b>	<b><u>13.838</u></b>
Trade payables		10.079.660	18.716.590
Payables to group entities		10.592.000	0
Payables to shareholders and management		2.648.000	90.000
Debt to credit institutions		60.007	9.670.805
Corporation tax		3.478.614	3.974.806
Other payables		<u>10.000.324</u>	<u>8.344.774</u>
<b>Total current liabilities</b>		<b><u>36.858.605</u></b>	<b><u>40.796.975</u></b>
<b>Total liabilities</b>		<b><u>36.858.605</u></b>	<b><u>40.796.975</u></b>
<b>Total equity and liabilities</b>		<b><u>74.656.533</u></b>	<b><u>75.806.966</u></b>
Rent and lease liabilities	10		
Contingent liabilities	11		
Mortgages and collateral	12		
Related parties and ownership structure	13		

## Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	125.000	21.631.153	13.240.000	34.996.153
Ordinary dividend paid	0	0	-13.240.000	-13.240.000
Net profit/loss for the year	0	4.041.775	12.000.000	16.041.775
<b>Equity at 31 December</b>	<b>125.000</b>	<b>25.672.928</b>	<b>12.000.000</b>	<b>37.797.928</b>

## Cash flow statement 1 January - 31 December

	Note	2025 DKK	2024 DKK
Net profit/loss for the year		16.041.775	17.654.727
Adjustments	14	5.973.121	6.159.550
Change in working capital	15	<u>7.560.319</u>	<u>-31.472.285</u>
<b>Cash flows from operating activities before financial income and expenses</b>		<b>29.575.215</b>	<b>-7.658.008</b>
Financial income		534.487	642.098
Financial expenses		<u>-444.537</u>	<u>-1.684.491</u>
<b>Cash flows from ordinary activities</b>		<b>29.665.165</b>	<b>-8.700.401</b>
Corporate tax paid		<u>-5.290.806</u>	<u>-4.557.369</u>
<b>Cash flows from operating activities</b>		<b>24.374.359</b>	<b>-13.257.770</b>
Purchase of property, plant and equipment		-2.227.668	-748.782
Sale of fixed asset investments etc		0	61.250
Other adjustments		<u>0</u>	<u>-12.566</u>
<b>Cash flows from investing activities</b>		<b>-2.227.668</b>	<b>-700.098</b>
Repayment of loans from credit institutions		-9.610.798	9.530.172
Repayment of shareholders and management		2.558.000	-117.723
Repayment of payables to group entities		10.592.000	0
Repayment of debt to participating interests		0	18.663
Dividend paid		<u>-13.240.000</u>	<u>0</u>
<b>Cash flows from financing activities</b>		<b>-9.700.798</b>	<b>9.431.112</b>
<b>Change in cash and cash equivalents</b>		<b>12.445.893</b>	<b>-4.526.756</b>
Cash and cash equivalents		<u>3.485.346</u>	<u>8.012.102</u>
<b>Cash and cash equivalents</b>		<b>15.931.239</b>	<b>3.485.346</b>
Analysis of cash and cash equivalents:			
Cash at bank and in hand		<u>15.931.239</u>	<u>3.485.346</u>
<b>Cash and cash equivalents</b>		<b>15.931.239</b>	<b>3.485.346</b>

## Notes

	<u>2025</u>	<u>2024</u>
	DKK	DKK
<b>1 Staff costs</b>		
Wages and salaries	10.281.721	9.395.114
Pensions	1.214.305	959.126
Other social security costs	80.798	71.467
Other staff costs	<u>371.279</u>	<u>212.784</u>
	<b><u>11.948.103</u></b>	<b><u>10.638.491</u></b>
Number of fulltime employees on average	<u>16</u>	<u>14</u>
<b>2 Financial income</b>		
Other financial income	5.172	7.811
Exchange adjustments	<u>529.315</u>	<u>634.287</u>
	<b><u>534.487</u></b>	<b><u>642.098</u></b>
<b>3 Financial costs</b>		
Other financial costs	444.537	449.133
Exchange adjustments costs	<u>0</u>	<u>1.235.358</u>
	<b><u>444.537</u></b>	<b><u>1.684.491</u></b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	4.794.614	4.986.806
Deferred tax for the year	<u>-160.315</u>	<u>17.068</u>
	<b><u>4.634.299</u></b>	<b><u>5.003.874</u></b>

## Notes

## 5 Tangible assets

	Other fixtures and fittings, tools and equipment
	<u>DKK</u>
Cost at 1 January	748.782
Additions for the year	<u>2.227.668</u>
Cost at 31 December	<u>2.976.450</u>
Impairment losses and depreciation at 1 January	113.283
Depreciation for the year	<u>1.428.772</u>
Impairment losses and depreciation at 31 December	<u>1.542.055</u>
<b>Carrying amount at 31 December</b>	<b><u><u>1.434.395</u></u></b>

<u>2025</u>	<u>2024</u>
DKK	DKK

## 6 Participating interests

Cost at 1 January	<u>0</u>	<u>61.250</u>
Cost at 31 December	<u>0</u>	<u>61.250</u>
Revaluations at 1 January	0	0
Disposals for the year	<u>0</u>	<u>-61.250</u>
Revaluations at 31 December	<u>0</u>	<u>-61.250</u>
<b>Carrying amount at 31 December</b>	<b><u><u>0</u></u></b>	<b><u><u>0</u></u></b>

## Notes

## 7 Fixed asset investments

	<u>Deposits</u> DKK
Cost at 1 January	<u>160.470</u>
Cost at 31 December	<u>160.470</u>
<b>Carrying amount at 31 December</b>	<b><u><u>160.470</u></u></b>

## 8 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

	<u>2025</u> DKK	<u>2024</u> DKK
<b>9 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	13.838	13.838
Deferred tax recognised in income statement	<u>-160.315</u>	<u>0</u>
<b>Provision for deferred tax at 31 December</b>	<b><u><u>-146.477</u></u></b>	<b><u><u>13.838</u></u></b>

## 10 Rent and lease liabilities

Operating lease liabilities.  
Total future lease payments:

Within 1 year	<u>342.268</u>	<u>342.268</u>
	<b><u><u>342.268</u></u></b>	<b><u><u>342.268</u></u></b>

## 11 Contingent liabilities

The company has, as part of its normal course of business, entered into customary executory contracts.

## Notes

### 12 Mortgages and collateral

As security for bank debt, a business charge of DKK 6,000 thousand has been deposited, secured against trade receivables, inventory, goodwill and rights, which as of 31 December 2025 have a carrying amount of DKK 54,957 thousand.

### 13 Related parties and ownership structure

#### Controlling interest

Dayes Group B.V., Exa 32, 6902 KV Zevenaar, Netherlands, ultimate parent company

#### Other related parties

Dayes B.V. Petcare, Exa 32, 6902 KH Zevenaar, Netherlands, related company

Dayes Care B.V., Rijksweg-west 2, 6842 BD Arnhem, Netherlands, related company.

Nexus Newco BV, Exa 32, 6902 KH Zevenaar, Netherlands, related company

Dayes Europe B.V., Geert Scholtenslaan 12, 1687 CL Wognum, Netherlands, related company

#### Transactions

The company has had the following transactions with related parties.

	<u>2025</u>
	kr.
Purchase from group entities	415.369
Sale to group entities	-6.800.898
Management fee	1.209.618
Shared Services	790.855
Receivables from group entities	146.357
Payable to group entities	-376.064

## Notes

## 13 Related parties and ownership structure (continued)

## Consolidated financial statements

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

Dayes Group B.V., Exa 32, 6902 KV Zevenaar, Netherlands

The group annual report of Dayes Group B.V may be obtained at the address mentioned above.

	<u>2025</u>	<u>2024</u>
	DKK	DKK

## 14 Cash flow statement - adjustments

Financial income	-534.487	-642.098
Financial costs	444.537	1.684.491
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.428.772	113.283
Tax on profit/loss for the year	<u>4.634.299</u>	<u>5.003.874</u>
	<u><b>5.973.121</b></u>	<u><b>6.159.550</b></u>

## 15 Cash flow statement - change in working capital

Change in inventories	9.530.319	-11.047.738
Change in receivables	5.011.380	-25.304.859
Change in trade payables, etc.	<u>-6.981.380</u>	<u>4.880.312</u>
	<u><b>7.560.319</b></u>	<u><b>-31.472.285</b></u>

## Accounting policies

The annual report of Nordic Beauty Company ApS for 2025 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium reporting class C entities.

The accounting policies applied are consistent with those of last year.

### Changes in accounting policies

The company has switched from reporting class B to reporting class C medium-sized. Consequently, the annual report is presented in accordance with the provisions applicable to reporting class C medium-sized instead of, as previously, reporting class B. The transition to a higher reporting class has resulted in changes in the level of disclosures and presentation under the Danish Financial Statements Act, including within:

- Management's review
- Cash flow statement
- Notes

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### Income statement

#### Gross profit

Gross profit is a summary of net revenue less costs of raw materials and consumables and other external expenses.

## Accounting policies

### Revenue

Income from the sale of goods for resale is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

### Materials and consumables

Materials and consumables include the raw materials and consumables used in generating the year's revenue.

### Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Staff costs

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

### Depreciation and impairment of property, plant and equipment.

Depreciation and impairment of property, plant and equipment include the year's depreciation and impairment of tangible fixed assets

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to foreign currency transactions and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

### Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Accounting policies

### Balance sheet

#### Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-8 years
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Assets costing less than DKK 34.400 are expensed in the year of acquisition.

The expected period of use and residual values are reassessed annually.

Tangible assets are written down to the recoverable amount, if the amount is lower than the accounting value.

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale.

Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

#### Leases

Leasing contracts in which the company does not have all significant benefits and risks associated with ownership are classified as operating leases. Payments related to operating leases and other rental agreements are recognized in the income statement over the duration of the contract. The company's total obligations regarding operating leases and rental agreements are disclosed under rent and lease liabilities.

#### Other investments

Other financial fixed assets, consisting of deposits, are measured at amortised cost

## Accounting policies

### Impairment of fixed assets

The carrying amount of items of property, plant and equipment and deposits are tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

### Inventory

Inventory are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

### Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise deposits at banks.

## Accounting policies

### Equity

#### Dividends

Dividend proposed by management to be distributed for the year is recognised under liabilities.

#### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

#### Liabilities

Liabilities, which include amounts owed to other credit institutions, trade payables and other payables, are measured at amortised cost, which usually corresponds to nominal value.

#### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

#### Cash flow statement

The cash flow statement shows the company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and at the end of the year.

## Accounting policies

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

### Cash flows from operating activities

Cash flows from operating activities are stated as the company's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

### Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

### Financial Highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Earnings before interest and taxes (EBIT)} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$