

Rolf Schmidt Industriplast A/S

Jernet 4H, 6000 Kolding
CVR No.: 19 78 14 88

Annual Report 2025

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 8 April 2026

Jakob Blicher Ravnsbo

BDO Statsautoriseret Revisionspartnerselskab
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The BDO logo is positioned on a large red triangle that points towards the bottom right corner of the page. The logo itself consists of the letters 'BDO' in a bold, white, sans-serif font, with a horizontal line underneath the letters.

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Company Details

| | |
|---------------------------|---|
| Company | Rolf Schmidt Industriplast A/S Jernet 4H 6000 Kolding |
| | CVR No.: 19 78 14 88 |
| | Established: 20 December 1996 |
| | Municipality: Kolding |
| | Financial Year: 1 January - 31 December |
| Board of Directors | Marko Blazekovic, chairman Jakob Blicher Ravnsbo Michael Fritz Beigler |
| Executive Board | Flemming Brauer Andreassen |
| Auditor | BDO Statsautoriseret Revisionspartnerselskab Roms Hule 4, 1. sal 7100 Vejle |

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Rolf Schmidt Industriplast A/S for the financial year 1 January - 31 December 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 Company's assets, liabilities and 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.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Kolding, 8 April 2026

Executive Board

Flemming Brauer Andreassen

Board of Directors

Marko Blazekovic
Chairman

Jakob Blicher Ravnsbo

Michael Fritz Beigler

Independent Auditor's Report

To the Shareholder of Rolf Schmidt Industriplast A/S

Opinion

We have audited the Financial Statements of Rolf Schmidt Industriplast A/S for the financial year 1 January - 31 December 2025, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and 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 assets, liabilities and financial position of the Company 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Financial Statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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 judgment and maintain professional skepticism 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.

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 Commentary.

Independent Auditor's Report

Vejle, 8 April 2026

BDO Statsautoriseret Revisionspartnerselskab
CVR no. 45 71 93 75

Kristian Frost Vingum
State Authorised Public Accountant
MNE no. mne36183

Rolf Schmidt Industriplast A/S | Independent Auditor's Report

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Financial Highlights

| | 2025 DKK '000 | 2024 DKK '000 | 2023 DKK '000 | 2022 DKK '000 | 2021 DKK '000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Income statement | | | | | |
| Operating profit of main activities | 2,524 | 5,252 | 17,124 | 14,975 | 13,365 |
| Financial income and expenses, net | -1,072 | -932 | -635 | -588 | -600 |
| Profit for the year | 1,117 | 3,324 | 12,816 | 11,222 | 9,958 |
| Balance sheet | | | | | |
| Total assets | 82,988 | 83,488 | 92,415 | 77,530 | 71,932 |
| Equity | 42,732 | 43,877 | 48,062 | 40,910 | 33,131 |
| Invested capital | 58,210 | 59,216 | 65,902 | 55,606 | 54,459 |
| Cash flows | | | | | |
| Investment in property, plant and equipment | -5,871 | -5,181 | -16,923 | -3,954 | -6,171 |
| Key ratios | | | | | |
| Return on invested capital | 4.3 | 8.4 | 28.2 | 27.2 | 26.2 |
| Equity ratio | 51.5 | 52.6 | 52.0 | 52.8 | 46.1 |
| Return on equity | 2.6 | 7.2 | 28.8 | 30.3 | 34.5 |

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital: $\frac{\text{Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities}}{\text{Average invested capital}}$

Return on invested capital: $\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$

Equity ratio: $\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$

Return on equity: $\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management Commentary

Principal activities

The company trades in plastic semi-finished products and the production of plastic turning and milling parts.

Development in activities and financial and economic position

The year has been characterized by negative growth in our activities across all customer segments. This is due to a combination of high inflation, high interest rates and geopolitical unrest, which has made our customers generally conservative about making new investments.

Profit for the year compared to the expected development

The result for the year did not meet our expectations. This is primarily due to a decrease in revenue due to the factors mentioned above.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

Future expectations

We are optimistic about the coming year, where we expect a positive development in both revenue, earnings and liquidity. Earnings after tax are expected to be between 1-3 million DKK. But the outlook is highly dependent on the macroeconomic development in 2026.

Income Statement 1 January - 31 December

| | Note | 2025 DKK | 2024 DKK |
|---|------|-------------------|-------------------|
| Gross profit | | 38,636,851 | 42,441,798 |
| Staff costs | 1 | -29,218,056 | -30,920,531 |
| Depreciation, amortisation and impairment | | -6,895,003 | -6,242,534 |
| Other operating expenses | | 0 | -26,667 |
| Operating profit | | 2,523,792 | 5,252,066 |
| Other financial income | | 36,357 | 89 |
| Other financial expenses | | -1,108,314 | -932,162 |
| Profit before tax | | 1,451,835 | 4,319,993 |
| Tax on profit/loss for the year | 2 | -335,330 | -996,371 |
| Profit for the year | 3 | 1,116,505 | 3,323,622 |

Balance Sheet at 31 December

| Assets | Note | 2025 DKK | 2024 DKK |
|--|------|-------------------|-------------------|
| Intangible fixed assets acquired | | 3,427,540 | 3,923,705 |
| Intangible assets | 4 | 3,427,540 | 3,923,705 |
| Land and buildings | | 24,165,256 | 24,851,547 |
| Production plants and machinery | | 31,443,375 | 30,753,859 |
| Other plants, machinery, tools and equipment | | 617,610 | 855,330 |
| Tangible fixed assets in progress and prepayment | | 0 | 293,726 |
| Property, plant and equipment | 5 | 56,226,241 | 56,754,462 |
| Non-current assets | | 59,653,781 | 60,678,167 |
| Raw materials and consumables | | 10,902,362 | 10,917,373 |
| Work in progress | | 428,574 | 290,044 |
| Finished goods and goods for resale | | 1,174,403 | 1,355,916 |
| Inventories | | 12,505,339 | 12,563,333 |
| Trade receivables | | 8,316,822 | 7,990,487 |
| Receivables from group enterprises | | 168,509 | 80,802 |
| Other receivables | 6 | 129,626 | 543,637 |
| Receivables corporation tax | | 971,230 | 1,042,162 |
| Prepayments and accrued income | 7 | 70,490 | 107,855 |
| Receivables | | 9,656,677 | 9,764,943 |
| Cash and cash equivalents | | 1,171,891 | 481,592 |
| Current assets | | 23,333,907 | 22,809,868 |
| Assets | | 82,987,688 | 83,488,035 |

Balance Sheet at 31 December

Equity and liabilities

| | Note | 2025 DKK | 2024 DKK |
|---|------|-------------------|-------------------|
| Share capital | 8 | 3,000,000 | 3,000,000 |
| Fair value reserve for accounting hedging | | 215,750 | 242,555 |
| Retained profit | | 39,515,984 | 38,399,479 |
| Proposed dividend | | 0 | 2,235,000 |
| Equity | | 42,731,734 | 43,877,034 |
| Provision for deferred tax | 9 | 3,877,000 | 3,924,000 |
| Provisions | | 3,877,000 | 3,924,000 |
| Mortgage debt | | 7,028,378 | 7,558,712 |
| Bank debt | | 1,731,252 | 2,360,754 |
| Lease liabilities | | 15,916,797 | 15,103,433 |
| Non-current liabilities | 10 | 24,676,427 | 25,022,899 |
| Mortgage debt | | 561,000 | 589,000 |
| Bank debt | | 4,423,389 | 2,946,648 |
| Lease liabilities | | 4,449,269 | 4,327,439 |
| Prepayments | | 0 | 26,857 |
| Trade payables | | 1,377,910 | 1,326,369 |
| Payables to group enterprises | | 0 | 83,087 |
| Other liabilities | | 890,959 | 1,364,702 |
| Current liabilities | | 11,702,527 | 10,664,102 |
| Liabilities | | 36,378,954 | 35,687,001 |
| Equity and liabilities | | 82,987,688 | 83,488,035 |

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Equity

| DKK | Share capital | Fair value reserve for accounting hedging | Retained profit | Proposed dividend | Total |
|--|------------------|--|-------------------|----------------------|-------------------|
| Equity at 1 January 2025 | 3,000,000 | 242,555 | 38,399,479 | 2,235,000 | 43,877,034 |
| Proposed profit allocation, see note 3 | | | 1,116,505 | | 1,116,505 |
| Transactions with owners | | | | | |
| Dividend paid | | | | -2,235,000 | -2,235,000 |
| Change fair value reserves | | | | | |
| Value adjustments in the year | | -34,365 | | | -34,365 |
| Tax on changes in equity | | 7,560 | | | 7,560 |
| Equity at 31 December 2025 | 3,000,000 | 215,750 | 39,515,984 | 0 | 42,731,734 |

Cash Flow Statement 1 January - 31 December

| | 2025 DKK | 2024 DKK |
|--|-------------------|-------------------|
| Profit for the year | 1,116,505 | 3,323,622 |
| Depreciation and amortisation, reversed | 6,895,003 | 6,242,534 |
| Reversed realization gains | 0 | -444,665 |
| Tax on profit, reversed | 335,330 | 996,371 |
| Corporation tax paid | -311,398 | -3,812,054 |
| Change in inventories | 57,994 | 1,561,607 |
| Change in receivables (ex tax) | 37,334 | 7,410,364 |
| Change in current liabilities (ex bank, tax, instalments payable and overdraft facility) | 403,048 | -4,367,785 |
| Other cash flows from operating activities | -26,805 | -58,618 |
| Cash flows from operating activity | 8,507,011 | 10,851,376 |
| Purchase of intangible assets | 0 | -671,962 |
| Purchase of property, plant and equipment | -5,870,617 | -4,758,111 |
| Sale of property, plant and equipment | 0 | 444,665 |
| Cash flows from investing activity | -5,870,617 | -4,985,408 |
| Change in bank debt, mortgage debt and lease liabilities | 288,905 | 1,399,472 |
| Dividends paid in the financial year | -2,235,000 | -7,450,000 |
| Cash flows from financing activity | -1,946,095 | -6,050,528 |
| Change in cash and cash equivalents | 690,299 | -184,560 |
| Cash and cash equivalents at 1 January | 481,592 | 666,152 |
| Cash and cash equivalents at 31 December | 1,171,891 | 481,592 |
| Cash and cash equivalents at 31 December comprise: | | |
| Cash and cash equivalents | 1,171,891 | 481,592 |
| Cash and cash equivalents | 1,171,891 | 481,592 |

Notes

| | 2025 DKK | 2024 DKK |
|---------------------------------------|-------------------|-------------------|
| 1 Staff costs | | |
| Average number of full time employees | 54 | 60 |
| Wages and salaries | 26,300,493 | 27,850,042 |
| Pensions | 2,070,777 | 2,020,960 |
| Social security costs | 307,907 | 321,447 |
| Other staff costs | 538,879 | 728,082 |
| | 29,218,056 | 30,920,531 |

In accordance with section 98b, subsection 3, no. 2 of the Danish Financial Statements Act, remuneration of the Executive Board has not been presented, as the Board of Directors did not receive any emoluments.

| | | |
|--|----------------|----------------|
| 2 Tax on profit/loss for the year | | |
| Calculated tax on taxable income of the year | 382,330 | 690,371 |
| Adjustment of deferred tax | -47,000 | 306,000 |
| | 335,330 | 996,371 |

| | | |
|--|------------------|------------------|
| 3 Proposed distribution of profit | | |
| Proposed dividend for the year | 0 | 2,235,000 |
| Retained earnings | 1,116,505 | 1,088,622 |
| | 1,116,505 | 3,323,622 |

| | | |
|--|--|-------------------------------------|
| 4 Intangible assets | | |
| DKK | | Intangible fixed assets acquired |
| Cost at 1 January 2025 | | 6,750,291 |
| Cost at 31 December 2025 | | 6,750,291 |
| Amortisation at 1 January 2025 | | 2,826,586 |
| Amortisation for the year | | 496,165 |
| Amortisation at 31 December 2025 | | 3,322,751 |
| Carrying amount at 31 December 2025 | | 3,427,540 |

Notes

5 | Property, plant and equipment

| DKK | Land and buildings | Production plants and machinery |
|---|--------------------|---------------------------------|
| Cost at 1 January 2025 | 32,524,360 | 65,611,845 |
| Transferred | 0 | 293,726 |
| Additions | 0 | 5,870,618 |
| Disposals | 0 | -41,701 |
| Cost at 31 December 2025 | 32,524,360 | 71,734,488 |
| Depreciation and impairment losses at 1 January 2025 | 7,672,813 | 34,857,987 |
| Reversal of depreciation of assets disposed of | 0 | -41,701 |
| Depreciation for the year | 686,291 | 5,474,827 |
| Depreciation and impairment losses at 31 December 2025 | 8,359,104 | 40,291,113 |
| Carrying amount at 31 December 2025 | 24,165,256 | 31,443,375 |

Finance lease assets 1,393,135 21,628,579

| DKK | Other plants, machinery, tools and equipment | Tangible fixed assets in progress and prepayment |
|---|--|--|
| Cost at 1 January 2025 | 1,676,573 | 293,726 |
| Transferred | 0 | -293,726 |
| Disposals | -39,364 | 0 |
| Cost at 31 December 2025 | 1,637,209 | 0 |
| Depreciation and impairment losses at 1 January 2025 | 821,243 | 0 |
| Reversal of depreciation of assets disposed of | -39,364 | |
| Depreciation for the year | 237,720 | |
| Depreciation and impairment losses at 31 December 2025 | 1,019,599 | 0 |
| Carrying amount at 31 December 2025 | 617,610 | 0 |

Finance lease assets 332,063

6 | Other receivables

The company has entered into an interest rate swap to hedge the future cash flows on the long-term priority debt. The interest rate swap has been entered into with the company's usual banking relationship and has secured a fixed interest rate on the variable interest credit union loan. The interest rate swap has been entered into with a contractual value of DKK ('000) 6,000 and has a term of 20 years. On the balance sheet date, the fair value amounts to DKK ('000) -38 (other receivables) (2024: DKK ('000) -72.) The fair value adjustment has been carried over the equity as a safeguard for future cash flows.

Notes

| | 2025 DKK | 2024 DKK |
|---|---------------|----------------|
| 7 Prepayments and accrued income | | |
| Costs | 70,490 | 107,855 |
| | 70,490 | 107,855 |

| | 2025 DKK | 2024 DKK |
|---|------------------|------------------|
| 8 Share capital | | |
| Allocation of Share capital: A-Shares, 3,000 unit in the denomination of 1,000 DKK | 3,000,000 | 3,000,000 |
| | 3,000,000 | 3,000,000 |

9 | Provision for deferred tax

The provision for deferred tax is related to differences between the carrying amount and tax value of intangible fixed assets and tangible fixed assets, including recognized financial leasing contracts, inventories, provisions and borrowing costs.

| | | |
|--|------------------|------------------|
| Deferred tax, beginning of year | 3,924,000 | 3,618,000 |
| Deferred tax of the year, income statement | -47,000 | 306,000 |
| Provision for deferred tax 31 December 2025 | 3,877,000 | 3,924,000 |

10 | Long-term liabilities

| DKK | 31/12 2025 total liabilities | Repayment next year | Debt outstanding after 5 years | 31/12 2024 total liabilities |
|-------------------|---------------------------------|------------------------|-----------------------------------|---------------------------------|
| Mortgage debt | 7,589,378 | 561,000 | 376,754 | 8,147,712 |
| Bank loan | 2,294,003 | 562,751 | 0 | 2,856,754 |
| Lease liabilities | 20,366,066 | 4,449,269 | 3,736,578 | 19,430,872 |
| | 30,249,447 | 5,573,020 | 4,113,332 | 30,435,338 |

Notes

11 | Contractual obligations and contingencies, etc.

| | 2025 DKK |
|--|-------------|
| Lease commitment | |
| Lease liabilities (operating leases), the payment is due: | |
| The total lease commitment as of the balance sheet date amount to: | 58,532 |

12 | Charges and securities

As security for commitment with banks DKK ('000) 7,589 mortgage has been given on land and buildings with an accounting value of which per 31 December 2025 amounts to DKK ('000) 24,165.

The company has issued owner's mortgage of DKK ('000) 4,894 which leads to a mortgage on the same land and buildings as mentioned above. The owner's mortgage of DKK ('000) 4,894 is deposited for bank debt that per 31 December 2025 amounts to DKK ('000) 2,294.

13 | Related parties

The Company's related parties include:

Controlling interest

Centrotec Industries GmbH, Walter-Gropius-Strasse 15, 80807 München, Germany, is the principal shareholder.

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

14 | Consolidated Financial Statements

The company is part of the consolidated financial statement for the ultimate parent, Centrotec SE, Am Patbergschen Dorn 9, D-59929 Brilon, Germany.

Accounting Policies

The Annual Report of Rolf Schmidt Industriplast A/S for 2025 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

Income Statement

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Costs of raw materials and consumables

Raw materials and consumables comprises the costs of raw materials and consumables used to reach the revenue for the year. Additionally, decrease or increase of inventories of raw materials and consumables for the year is included, as well as normal impairment of inventories of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

Accounting Policies

Balance Sheet

Intangible fixed assets

Intangible fixed assets include acquired intangible rights. Acquired intangible rights are depreciated on a straight-line basis over the expected useful life, which amounts to 3 years. Software that is installed in technical installations and machines is depreciated over the same period as the technical installation and can amount to 3-10 years.

Intangible fixed assets are measured at cost less accumulated depreciation and write-downs.

Property, plant and equipment

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

| | Useful life |
|-------------------------------------|-------------|
| Buildings | 10-50 years |
| Productions plant and machinery | 3-10 years |
| Other plant, fixtures and equipment | 3-10 years |
| Leasehold improvements | 3-10 years |

Profit or loss on sale of property, plant and equipment is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

Impairment of fixed assets

The carrying amount of intangible fixed and property, plant and equipment are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Accounting Policies

Inventories

Inventories are measured at cost based on weighted average prices. In cases where the net realizable value is lower than the cost price, a write-down is written down to this lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

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

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Cash Flow Statement

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

Accounting Policies

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.