

Nordic Food Partners A/S

Ørslevklostervej 58A, 7840 Højslev
CVR No.: 26 17 13 69

Annual Report 2025

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 20 April 2026

Lars Hartvig Christensen

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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	Nordic Food Partners A/S Ørlevklostervej 58A 7840 Højslev CVR No.: 26 17 13 69 Established: 1 August 2001 Municipality: Skive Financial Year: 1 January - 31 December
Board of Directors	Johnny Øland, chairman Rene Borgholt Thomas Frey Lars Hartvig Christensen
Executive Board	Rene Borgholt
Auditor	BDO Statsautoriseret Revisionspartnerselskab Asylgade 1 U, 5. sal 7800 Skive
Bank	Spar Nord Skelagervej 15 9100 Aalborg

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Nordic Food Partners 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 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.

Højslev, 20 April 2026

Executive Board

Rene Borgholt

Board of Directors

Johnny Øland
Chairman

Rene Borgholt

Thomas Frey

Lars Hartvig Christensen

Independent Auditor's Report

To the Shareholder of Nordic Food Partners A/S

Opinion

We have audited the Financial Statements of Nordic Food Partners A/S for the financial year 1 January - 31 December 2025, which comprise income statement, Balance Sheet, statement of changes in equity, 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 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.
- Plan and perform the audit of the Financial Statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Statement on 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.

Independent Auditor's Report

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.

Skive, 20 April 2026

BDO Statsautoriseret Revisionspartnerselskab
CVR no. 45 71 93 75

Ole Østergaard
State Authorised Public Accountant
MNE no. mne23414

Nordic Food Partners A/S | Independent Auditor's Report

Financial Highlights

	2025 DKK '000	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000
Income statement					
Operating profit/loss of main activities	6.536	7.972	6.812	3.240	6.346
Financial income and expenses, net	-1.541	-1.632	-1.817	-1.120	-618
Profit/loss for the year	4.083	5.113	4.059	2.137	4.613
Balance sheet					
Total assets	68.950	73.431	73.261	83.081	63.807
Equity	24.033	25.307	23.214	19.533	19.436
Investment in property, plant and equipment	500	698	247	14.335	6.250
Key ratios					
Equity ratio	34,9	34,5	31,7	23,5	30,5

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

Equity ratio:
$$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$$

Management Commentary

Principal activities

The company's activities comprise import, processing, packing and distribution of food for retail, industrial and catering purposes.

Development in activities and financial and economic position

The development of operations and financial conditions during the fiscal year has been satisfactory, although it was affected by the situation surrounding the Suez Canal, which resulted in significant inventory build-up and high ocean freight rates charged by shipping lines.

The fiscal year has generally been characterized by a normalization of pricing, operating, and delivery conditions.

Our core business areas have strengthened commercially, and new contracts have been executed satisfactorily. We expect 2026 to be a satisfactory financial year.

Profit/loss for the year compared to the expected development

During the fiscal year, a pre-tax profit of DKK 5.2 million was realized, which should be viewed in light of the fact that a pre-tax profit of between DKK 5 and 6 million had been expected. The result is therefore in line with expectations.

Financial risk

The company's most significant operating risks are described below:

Foreign exchange risks:

As purchases of raw materials and goods are settled in other currencies than cash flows from sale, the company is exposed to the exchange rate development of a number of currencies, including in particular USD.

It is the company's policy to hedge the commercial foreign exchange risks by entering into foreign exchange forward contracts. The hedging covers expected purchases within the next 12 months, which essentially correspond to the duration of contracts with customers and suppliers.

Cash flow risk:

The company is dependent on continuously having sufficient external financing. Therefore, it is the company's policy to always have irrevocable credit lines that are sufficient in relation to the planned activities.

Future expectations

Profit for the coming financial year is expected to reach a level of DKK 5-6 million before tax.

Income Statement 1 January - 31 December

	Note	2025 DKK	2024 DKK
Gross profit		27.032.871	27.399.801
Staff costs	1	-17.984.259	-16.440.411
Depreciation, amortisation and impairment losses for tangible and intangible assets		-2.447.791	-2.169.732
Other operating expenses		-64.529	-817.212
Operating profit		6.536.292	7.972.446
Income from investments in subsidiaries		212.783	193.557
Other financial income		0	33.120
Other financial expenses	2	-1.540.780	-1.665.302
Profit before tax		5.208.295	6.533.821
Tax on profit/loss for the year	3	-1.125.419	-1.421.144
Profit for the year	4	4.082.876	5.112.677

Balance Sheet at 31 December

Assets	Note	2025 DKK	2024 DKK
Acquired concessions, patents, licences, trademarks and similar rights		229.330	0
Goodwill		2.691.255	3.139.798
Development projects in progress and prepayments for intangible assets		0	141.430
Intangible assets	5	2.920.585	3.281.228
Other plant, fixtures and equipment		7.996.061	8.482.412
Leasehold improvements		451.037	483.103
Property, plant and equipment in progress and prepayments for Property, plant and equipment		0	174.279
Property, plant and equipment	6	8.447.098	9.139.794
Investments in subsidiaries		4.936.889	4.724.106
Rent deposit and other receivables		530.000	630.000
Financial non-current assets	7	5.466.889	5.354.106
Non-current assets		16.834.572	17.775.128
Expenses for raw materials and consumables		24.090.280	27.456.290
Finished goods and goods for resale		5.928.101	5.069.748
Inventories		30.018.381	32.526.038
Trade receivables		21.302.022	21.778.418
Derivative financial instruments	8	28.869	487.057
Other receivables		10.135	6.128
Corporation tax receivable		131.882	0
Prepayments	9	275.829	846.996
Receivables		21.748.737	23.118.599
Cash and cash equivalents		348.318	11.078
Current assets		52.115.436	55.655.715
Assets		68.950.008	73.430.843

Balance Sheet at 31 December

Equity and liabilities

	Note	2025 DKK	2024 DKK
Share capital	10	751.500	751.500
Reserve for net revaluation under the equity method		1.661.954	1.449.171
Fair value reserve for hedge accounting		22.518	379.905
Retained earnings		16.596.912	17.726.819
Proposed dividend		5.000.000	5.000.000
Equity		24.032.884	25.307.395
Provision for deferred tax	11	697.400	734.900
Provisions		697.400	734.900
Bank debt		300.000	600.000
Lease liabilities		2.367.887	2.726.479
Liability for accrued holiday pay		450.927	434.838
Non-current liabilities	12	3.118.814	3.761.317
Bank debt		17.004.727	20.404.979
Lease liabilities		1.292.104	1.802.295
Trade payables		15.427.334	15.129.418
Debt to Group companies		2.372.074	2.422.805
Corporation tax payable		0	354.513
Other liabilities		5.004.671	3.513.221
Current liabilities		41.100.910	43.627.231
Liabilities		44.219.724	47.388.548
Equity and liabilities		68.950.008	73.430.843

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Equity

DKK	Share capital	Reserve for net revaluation under the equity method	Fair value reserve for hedge accounting	Retained earnings	Proposed dividend	Total
Equity at 1 January 2025	751.500	1.449.171	379.905	17.726.819	5.000.000	25.307.395
Proposed profit allocation, see note 4		212.783		-1.129.907	5.000.000	4.082.876
Transactions with owners						
Dividend paid					-5.000.000	-5.000.000
Change fair value reserves						
Value adjustments in the year			-458.188			-458.188
Tax on changes in equity			100.801			100.801
Equity at 31 December 2025	751.500	1.661.954	22.518	16.596.912	5.000.000	24.032.884

Notes

	2025 DKK	2024 DKK
1 Staff costs		
Average number of full time employees	35	33
Wages and salaries	14.887.230	13.731.836
Pensions	2.729.756	2.393.407
Social security costs	367.273	315.168
	17.984.259	16.440.411

The information regarding executive compensation has been omitted in accordance with the exemption provision in Section 98b(3)(ii) of the Danish Financial Statements Act.

2 Other financial expenses		
Interest expenses to group enterprises	138.569	168.875
Other interest expenses	1.402.211	1.496.427
	1.540.780	1.665.302

3 Tax on profit/loss for the year		
Calculated tax on taxable income of the year	1.162.919	1.515.944
Adjustment of deferred tax	-37.500	-94.800
	1.125.419	1.421.144

4 Proposed distribution of profit		
Proposed dividend for the year	5.000.000	5.000.000
Extraordinary dividend	0	1.000.000
Allocation to reserve for net revaluation under the equity method	212.783	193.557
Retained earnings	-1.129.907	-1.080.880
	4.082.876	5.112.677

Notes

5 | Intangible assets

DKK	Acquired concessions, patents, licences, trademarks and similar rights	Goodwill	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2025	625.384	4.485.427	141.430
Transfer	141.430	0	-141.430
Additions	181.578	0	0
Disposals	-625.384	0	0
Cost at 31 December 2025	323.008	4.485.427	0
Amortisation at 1 January 2025	625.384	1.345.629	0
Reversal of amortisation of assets disposed of	-625.384	0	0
Amortisation for the year	93.678	448.543	0
Amortisation at 31 December 2025	93.678	1.794.172	0
Carrying amount at 31 December 2025	229.330	2.691.255	0

Acquired intangible assets comprise software related to the implementation of a new ERP system, which was commissioned in May 2026.

6 | Property, plant and equipment

DKK	Other plant, fixtures and equipment	Leasehold improvements	Property, plant and equipment in progress and prepayments for property, plant and equipment
Cost at 1 January 2025	24.529.941	1.090.945	174.279
Transferred	174.279	0	-174.279
Additions	1.203.903	82.500	0
Disposals	-412.872	-24.501	0
Cost at 31 December 2025	25.495.251	1.148.944	0
Depreciation and impairment losses at 1 January 2025	16.047.529	607.842	0
Reversal of depreciation of assets disposed of	-339.343	-24.501	0
Depreciation for the year	1.791.004	114.566	0
Depreciation and impairment losses at 31 December 2025	17.499.190	697.907	0
Carrying amount at 31 December 2025	7.996.061	451.037	0
Finance lease assets	5.632.282		

Notes

7 | Financial non-current assets

DKK	Investments in subsidiaries	Rent deposit and other receivables
Cost at 1 January 2025	3.274.935	630.000
Disposals	0	-100.000
Cost at 31 December 2025	3.274.935	530.000
Revaluation at 1 January 2025	1.449.171	0
Profit/loss for the year	212.783	0
Revaluation at 31 December 2025	1.661.954	0
Carrying amount at 31 December 2025	4.936.889	530.000

Investments in subsidiaries

Name and domicil	Ownership
Ejendomsselskabet Ørslevklostervej 58A, Højslev ApS, Skive	100 %

8 | Derivative financial instruments

The company has entered into forward exchange contracts to hedge future purchases of goods, primarily in USD for a total of DKK 43,041,000 and in CAD for a total of DKK 1,993,000.

The effectiveness of the hedging transactions entered into is contingent upon, in part, an unchanged level of activity and, in part, the continued ability to settle future purchases of goods in USD.

The contracts entered into have maturities of up to 12 months.

The hedging instruments impact the Balance Sheet, Income Statement and Equity as follows:

	Forward exchange contracts
Fair value at 31 December 2025	
Assets	28.869
	28.869
Value adjustment in the year recognised in Equity	-357.387

Notes

	2025 DKK	2024 DKK
9 Prepayments		
Prepaid expenses	275.829	846.996
	275.829	846.996

10 | Share capital

Allocation of Share capital:		
Shares, 751.500 unit in the denomination of 1 DKK	751.500	751.500
	751.500	751.500

11 | Provision for deferred tax

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible assets and property, plant and equipment, including recognised finance lease contracts.

Deferred tax is related to		
Immaterielle anlægsaktiver	169.100	126.900
Materielle anlægsaktiver	97.100	410.300
Finansielle leasingkontrakter	431.200	197.700
	697.400	734.900

Deferred tax, beginning of year	734.900	829.700
Deferred tax of the year, income statement	-37.500	-94.800
Provision for deferred tax 31 December 2025	697.400	734.900

12 | Long-term liabilities

DKK	31/12 2025 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2024 total liabilities
Bank debt	600.000	300.000	0	900.000
Lease liabilities	3.659.991	1.292.104	0	4.528.774
Liability for accrued holiday pay	450.927	0	450.927	434.838
	4.710.918	1.592.104	450.927	5.863.612

Notes

13 | Contractual obligations and contingencies, etc.

2025
DKK

Contingent liabilities

The company has warranty and complaint cases occurring from time to time with customers and suppliers.

In cases where the outcome is likely to result in a financial liability for the company, a provision is made for the estimated liability in the balance sheet.

Guarantee and warranty liabilities

The company has committed itself to repurchase treasury shares of an amount of DKK ('000) 1,125 if a shareholder cannot meet his obligations in relation to his bank, provided that the company can complete the repurchase legally.

Guarantee and warranty liabilities towards subsidiaries:

As security for the group enterprise Ejendomsselskabet Ørslevklostervej 58A, Højslev ApS' debt to the bank, a guarantee has been established comprising the total debt.

The total guarantee and warranty liabilities towards subsidiaries as of the balance sheet date amount to:

3.821.113

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of COMBIFOODS ApS, which serves as management Company for the joint taxation.

2025
DKK

Lease commitment

The company has entered into operating lease contracts which will expire within 7 months.

The total lease commitment as of the balance sheet date amount to:

65.000

Other financial commitments

The company has entered into lease agreements for the rental of commercial property. The lease agreements have varying non-cancellation periods ranging from 3 months to 2 years as of the balance sheet date.

The total other financial commitments as of the balance sheet date amount to:

1.074.000

Other financial commitments:

As part of its normal business operations, the company has entered into certain mutually binding agreements regarding the supply of goods in order to fulfill agreements with customers. Supplier and customer agreements are based on estimated quantities. The agreements are thus mutually balanced and therefore have no bearing on the assessment of the company's financial position.

Notes

14 | Charges and securities

As security for debt to banks, a receivables charge of DKK ('000) 12,400 has been established which comprises trade receivables of a carrying amount of DKK ('000) 21,302 tkr.

15 | Related parties

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 6 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

16 | Consolidated Financial Statements

The company is included in the consolidated financial statements of the parent company, Combifoods ApS, Sylows Allé 19, 1. tv., 2000 Frederiksberg, CVR.no. 26 21 07 04.

Accounting Policies

The Annual Report of Nordic Food Partners 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 enterprises' principal activities, including profit from sale of intangible assets and property, plant and equipment, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc.

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible assets and property, plant and equipment are also included.

Income from investments in subsidiaries

The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Profits from sale are recognized, if the economic rights related to the sold subsidiaries are transferred. However, not before the profit is realised or regarded as realisable. Moreover, realised losses besides impairments are recognised when they are demonstrated.

Accounting Policies

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 securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

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 share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

Balance Sheet

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

Acquired intangible assets include software developed for the company, which is measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which are estimated to be 3-5 years. The amortization period is determined based on an assessment of the estimated useful life.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

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.

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
Other plant, fixtures and equipment	3-20 år	0 %
Leasehold improvements	5-15 år	0 %

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.

Accounting Policies

Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) 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 contract period.

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying Equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses, and with addition of remaining additional values and goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement upon acquisition of the Equity interest. Where the negative goodwill is related to takeover of contingent liabilities, the negative goodwill is not recognised before the contingent liabilities are settled or cancelled.

For significant assets and liabilities that are recognized in the financial statements but do not exist in the parent company, the following accounting policies have been applied:

Land and buildings are measured at cost with deduction of accumulated depreciations. Receivables and payables are measured at amortised cost.

Received dividend is deducted in the carrying amount of the equity investment.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Investments in subsidiaries with negative equity value are measured at DKK 0.

Any receivables with these companies are written off, to the extent that the receivable is uncollectible from a specifically assessed indication of impairment.

To the extent that the Parent Company has a legal or actual obligation to cover a negative balance which exceeds the receivable, the remainder is recognised under provisions for liabilities.

Accounting Policies

Impairment of fixed assets

The carrying amount of intangible fixed and property, plant and equipment together with fixed assets, which are not measured at fair value, are assessed annually 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 recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

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

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

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

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

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

Accounting Policies

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.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

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

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

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 transaction 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 loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Cash Flow Statement

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.