

Nordic Food Partners A/S

Ørslevklostervej 58A, 7840 Højslev
CVR-nr. 26 17 13 69

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 31 March 2025

Lars Hartvig Christensen

Contents

Company Details

Company Details	3
-----------------	---

Statement and Report

Management's Statement	4
Independent Auditor's Report	5-7

Management Commentary

Financial Highlights	8
Management Commentary	9

Financial Statements 1 January - 31 December

Income Statement	10
Balance Sheet	11-12
Equity	13
Notes	14-19
Accounting Policies	20-24

Company Details

Company	Nordic Food Partners A/S Ørslevklostervej 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 revisionsaktieselskab 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 2024.

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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

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, 31 March 2025

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 2024, 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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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, 31 March 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole Østergaard
State Authorised Public Accountant
MNE no. mne23414

Financial Highlights

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Operating profit of main activities	7.972	6.812	3.240	6.346	4.774
Financial income and expenses, net	-1.632	-1.817	-1.120	-618	-548
Profit for the year	5.113	4.059	2.137	4.613	3.417
Balance sheet					
Total assets	73.431	73.261	83.081	63.807	57.983
Equity	25.307	23.214	19.533	19.436	16.316
Investment in property, plant and equipment	698	247	14.335	6.250	433
Key ratios					
Equity ratio	34,5	31,7	23,5	30,5	28,1

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

Equity ratio:

$$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

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 financial year has generally been characterized by the normalization of price, operational, and delivery conditions.

The development of activities and economic conditions has thus proceeded as planned.

Freight rates from Asia are still an issue due to the situation around the Suez Canal, which has resulted in significant inventory binding and high freight rates from shipping companies.

Our core business areas have been commercially strengthened, and new contracts have been executed satisfactorily, and 2025 is expected to be a satisfactory financial year.

Profit/loss for the year compared to the expected development

The result for the year represents an achieved profit of DKK 6.5 million before tax, which is slightly better than the expected profit for the financial year 2024 of DKK 4.5 - 5.5 million.

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.

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

The result for the upcoming financial year is expected to be realized at a level of DKK 5 - 6 million before tax.

Income Statement 1 January - 31 December

	Note	2024 DKK	2023 DKK
Gross profit		27.514.672	23.650.630
Staff costs	1	-16.440.411	-14.504.050
Depreciation, amortisation and impairment losses for tangible and intangible assets		-2.284.603	-2.334.164
Other operating expenses	2	-817.212	0
Operating profit		7.972.446	6.812.416
Income from investments in subsidiaries		193.557	182.674
Other financial income		33.120	0
Other financial expenses	3	-1.665.302	-1.817.329
Profit before tax		6.533.821	5.177.761
Tax on profit for the year	4	-1.421.144	-1.118.330
Profit for the year	5	5.112.677	4.059.431

Balance Sheet at 31 December

Assets

	Note	2024 DKK	2023 DKK
Goodwill		3.139.798	3.588.341
Prepayments for intangible assets		141.430	0
Intangible assets	6	3.281.228	3.588.341
Other plants, machinery, tools and equipment		8.482.412	10.420.693
Leasehold improvements		483.103	609.130
Tangible fixed assets in progress and prepayments for tangible fixed assets		174.279	0
Property, plant and equipment	7	9.139.794	11.029.823
Equity investments in group enterprises		4.724.106	4.530.549
Rent deposits and other receivables		630.000	630.000
Financial non-current assets	8	5.354.106	5.160.549
Non-current assets		17.775.128	19.778.713
<hr/>			
Raw materials and consumables		27.456.290	24.460.175
Finished goods and goods for resale		5.069.748	3.435.133
Inventories		32.526.038	27.895.308
Trade receivables		21.778.418	24.673.769
Derivative financial instruments	9	487.057	0
Other receivables		6.128	100.146
Prepayments and accrued income	10	846.996	706.114
Receivables		23.118.599	25.480.029
Cash and cash equivalents		11.078	106.639
Current assets		55.655.715	53.481.976
<hr/>			
Assets		73.430.843	73.260.689
<hr/>			

Balance Sheet at 31 December

Equity and liabilities

	Note	2024 DKK	2023 DKK
Share capital	11	751.500	751.500
Reserve for net revaluation under the equity method		1.449.171	1.255.614
Hedging reserve		379.905	-551.022
Retained earnings		17.726.819	18.807.699
Proposed dividend		5.000.000	2.950.000
Equity		25.307.395	23.213.791
<hr/>			
Provision for deferred tax	12	734.900	829.700
Provisions		734.900	829.700
<hr/>			
Bank debt		600.000	900.000
Lease liabilities		2.726.479	4.528.776
Other liabilities		434.838	430.374
Non-current liabilities	13	3.761.317	5.859.150
<hr/>			
Bank debt		20.404.979	16.187.404
Lease liabilities		1.802.295	1.278.869
Trade payables		15.129.418	17.256.537
Payables to group enterprises		2.422.805	2.476.821
Corporation tax		354.513	436.703
Derivative financial instruments	9	0	706.439
Other liabilities		3.513.221	5.015.275
Current liabilities		43.627.231	43.358.048
Liabilities		47.388.548	49.217.198
<hr/>			
Equity and liabilities		73.430.843	73.260.689
<hr/>			
Contingencies etc.	14		
Charges and securities	15		
Related parties	16		
Consolidated Financial Statements	17		

Equity

DKK	Share capital	Reserve for net revaluation under the equity method	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 1 January 2024	751.500	1.255.614	-551.022	18.807.699	2.950.000	23.213.791
Proposed profit allocation, see note 5		193.557		-1.080.880	6.000.000	5.112.677
Transactions with owners						
Ordinary dividend paid					-2.950.000	-2.950.000
Extraordinary dividend paid					-1.000.000	-1.000.000
Change fair value reserves						
Value adjustments in the year			1.193.496			1.193.496
Tax on changes in equity			-262.569			-262.569
Equity at 31 December 2024	751.500	1.449.171	379.905	17.726.819	5.000.000	25.307.395

Notes

2024
DKK

2023
DKK

1 | Staff costs

Average number of full time employees	33	30
Wages and salaries	13.731.836	12.690.443
Pensions	2.506.366	1.610.382
Social security costs	202.209	203.225
	16.440.411	14.504.050

Information regarding management remuneration has been omitted in accordance with the exemption provision in section 98b of the Danish Financial Statements Act, subsection 3 No. 2.

2 | Special items

Loss on tangible fixed assets due to the disposal of a business area is included in the income statement with - DKK ('000) 802.

3 | Other financial expenses

Group enterprises	168.875	146.899
Other interest expenses	1.496.427	1.670.430
	1.665.302	1.817.329

4 | Tax on profit/loss for the year

Calculated tax on taxable income of the year	1.515.944	1.079.630
Change in deferred tax	-94.800	38.700
	1.421.144	1.118.330

5 | Proposed distribution of profit

Proposed dividend for the year	5.000.000	2.950.000
Extraordinary dividend	1.000.000	0
Allocation to reserve for net revaluation under the equity method	193.557	182.674
Retained profit	-1.080.880	926.757
	5.112.677	4.059.431

Notes

6 | Intangible assets

DKK	Goodwill	Prepayments for intangible assets
Cost at 1 January 2024	4.485.427	0
Additions	0	141.430
Cost at 31 December 2024	4.485.427	141.430
Amortisation at 1 January 2024	897.086	0
Amortisation for the year	448.543	0
Amortisation at 31 December 2016	1.345.629	0
Carrying amount at 31 December 2024	3.139.798	141.430

7 | Property, plant and equipment

DKK	Other plants, machinery, tools and equipment	Leasehold improvements	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2024	26.147.469	1.090.945	0
Additions	524.093	0	174.279
Disposals	-2.141.621	0	0
Cost at 31 December 2024	24.529.941	1.090.945	174.279
Depreciation and impairment losses at 1 January 2024	15.726.776	481.815	0
Reversal of depreciation of assets disposed of	-1.274.409	0	
Depreciation for the year	1.595.162	126.027	
Depreciation and impairment losses at 31 December 2024	16.047.529	607.842	0
Carrying amount at 31 December 2024	8.482.412	483.103	174.279
Finance lease assets	5.440.117		

Notes

8 | Financial non-current assets

DKK	Equity investments in group enterprises	Rent deposits and other receivables
Cost at 1 January 2024	3.274.935	630.000
Transferred	0	0
Disposals	0	0
Cost at 31 December 2024	3.274.935	630.000
Revaluation at 1 January 2024	1.255.614	0
Profit/loss for the year	193.557	0
Reversal of value adjustment on disposed assets	0	0
Revaluation at 31 December 2024	1.449.171	0
Carrying amount at 31 December 2024	4.724.106	630.000

Investments in subsidiaries

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

9 | Derivative financial instruments

The company has entered into forward exchange contracts to hedge future purchases in primarily USD of a total amount of DKK ('000) 53,636.

It is a condition for the effectiveness of the hedging transactions that the level of activity is unchanged and that future purchases of goods can be settled in USD.

The contracts have a duration of up to 12 month.

	2024 DKK	2023 DKK
10 Prepayments and accrued income		
Insurances	0	103.868
Costs	846.996	602.246
	846.996	706.114

11 | Share capital

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

Notes

12 | Provision for deferred tax

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

	2024 DKK	2023 DKK
Deferred tax is related to		
Intangible fixed assets	126.900	84.600
Tangible fixed assets	410.300	495.600
Finance lease contracts	197.700	249.500
	734.900	829.700
<hr/>		
Deferred tax, beginning of year	829.700	791.000
Deferred tax of the year, income statement	-94.800	38.700
Provision for deferred tax 31 December 2024	734.900	829.700

13 | Long-term liabilities

DKK	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Bank debt	900.000	300.000	0	1.200.000
Lease liabilities	4.528.774	1.802.295	0	5.807.645
Other liabilities	434.838	0	434.838	430.374
	5.863.612	2.102.295	434.838	7.438.019

Notes

14 | Contingencies etc.

Contingent liabilities

Warranty obligations etc.

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. In the event of changes in the assessment, adjustments will be made in the financial statement.

The outcome of pending cases for which no amount has been allocated in the balance sheet, are not expected to affect the financial position of the company.

Contractual obligations

The company has entered into tenancy agreements which involve an annual rental expense of approximately DKK ('000) 750. The rental agreements may be terminated giving a notice of 3 months.

The company has entered into tenancy agreements which involve an annual rental expense of approximately DKK ('000) 450. The rental agreement cannot be terminated for 4 years from the year end closing date.

The company has entered into operating lease contracts which involve an annual lease payment of DKK ('000) 205.

The lease contracts will expire within 2 - 19 month, with a total lease obligation on the amount of DKK ('000) 192.

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.

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

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.

15 | 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) 21,778.

Notes

16 | Related parties

The Company's related parties include:

Controlling interest

Combifoods ApS, Sylows Allé 19, 1. tv., 2000 Frederiksberg, is the principal shareholder.

Other related parties

René Borgholt, member of the Executive Board and Board of Directors

Johnny Øland, Chairman of the Board of Directors

Thomas Frey, member of the Board of Directors

Lars Hartvig Christensen, member of the Board of Directors

Ejendomsselskabet Ørslevklostervej 58 A, Højslev ApS, Group Enterprise

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.

17 | 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 2024 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.

Consolidated Financial Statements

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Combifoods ApS, Sylows Allé 19, 1. tv., 2000 Frederiksberg, CVR. no. 26 21 07 04.

Income Statement

Net revenue

Net revenue from 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, duties and less discounts related to the sale.

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

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs 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, operational lease expenses, etc.

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement during the continuance of the contract. 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 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.

Income from investments in subsidiaries

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

Accounting Policies

In connection with transfers, potential profits are recognised when the economic rights related to the sold subsidiaries are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

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.

Balance Sheet

Intangible fixed assets

Intangible fixed assets 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 earnings profile and industry-specific conditions.

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.

Tangible fixed assets

Other plants, fixtures, equipment and leasehold improvements are measured at cost less accumulated depreciation and write-down. 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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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	Residual value
Other plant, fixtures and equipment	3-20 years	0 %
Leasehold improvements	5-15 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time 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 term of the contract.

Financial non-current assets

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

Equity 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 or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Net revaluation of equity interests 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.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the Company has a legal or actual liability to cover the subsidiaries deficit.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, 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 net realisable value is lower than the carrying amount, the assets are written down to the lower value.

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.

Inventories

Inventories are measured at cost using weighted average prices. If the net realisable value is lower than cost, write-down is provided to the 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.

Accounting Policies

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

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

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses 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.

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 on account tax 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 carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off 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 would 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.

Accounting Policies

Liabilities

Amortised cost of current liabilities usually corresponds to nominal value.

Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

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

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement.