

# H+H Nordics A/S

Skanderborgvej 234A, st., 8260 Viby J  
CVR-nr. 13 42 70 89

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the  
Company's Annual General Meeting on 10 June 2025

*Lisbeth Bork*

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Lisbeth Bork



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## Company Details

<b>Company</b>	H+H Nordics A/S Skanderborgvej 234A, st. 8260 Viby J
	CVR No.: 13 42 70 89 Established: 1 September 1989 Municipality: Aarhus Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Jörg Brinkmann, chairman Bjarne Pedersen Andreas Böttger
<b>Executive Board</b>	Dorthe Storm
<b>Auditor</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab CVR no.: 33 77 12 31 Strandvejen 44, 2900 Hellerup

# Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of H+H Nordics 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's Review 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.

Copenhagen, 10 June 2025

Executive Board

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Dorthe Storm

Board of Directors

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Jörg Brinkmann  
Chairman

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Bjarne Pedersen

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Andreas Böttger

# Independent Auditor's Report

To the Shareholder of H+H Nordics A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the 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.

We have audited the Financial Statements of H+H Nordics A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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 (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## 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.

# Independent Auditor's Report

## **Auditor's responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

# Independent Auditor's Report

Hellerup, 10 June 2025

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

Poul P. Petersen  
State Authorised Public Accountant  
MNE no. mne34503

Emil Petræus Brogaard  
State Authorised Public Accountant  
MNE no. mne51543

## Financial Highlights

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
<b>Income statement</b>					
Gross profit/loss	22,302	44,214	53,616	51,639	45,378
Operating profit	3,864	20,867	32,144	31,934	25,300
Financial income and expenses, net	-330	-259	-379	-228	-232
Profit for the year	2,708	16,057	24,762	24,719	19,542
<b>Balance sheet</b>					
Total assets	42,019	58,969	66,260	62,386	52,355
Equity	9,646	22,938	30,881	30,119	24,400
Investment in property, plant and equipment	-6,346	-5,778	-1,736	-335	0
<b>Key ratios</b>					
Equity ratio (%)	23.0	38.9	46.6	48.3	46.6
Return on equity (%)	16.6	59.7	81.2	90.7	88.4

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

Equity ratio:

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

Return on equity:

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

# Management Commentary

## **Principal activities**

The company's activity comprises sale of autoclaved aerated concrete (AAC) and calcium silicate (CSU) buildings materials, all purchased from H+H Group companies.

## **Development in activities and financial and economic position**

Q1 2024 had a slow start due high interest rates which had a negative impact from volume housebuilders and big projects being set on hold.

First-time buyers waited in the first half of the year for interest rates to go down.

In second half of 2024 the number of building permits increased slowly and with the interest rate decrease we saw an increase in volumes from housebuilders.

2024 was a tough year in the construction industry, with H+H pursuing all opportunities and using the year to optimize and improve our service to customers.

## **Profit/loss for the year compared to the expected development**

The 2023 Annual Report expressed earnings in 2024 to be at the same level as in 2023. The market did not pick up as expected in the second half of 2024, and therefore the negative growth in revenue ended at 22% compared to 2023. Based on further downturn in the market, Management considers the result satisfactory, namely still being profitable with the current market conditions.

## **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.

# Management Commentary

## **Financial risk**

Products sold comprises AAC and CSU building blocks used for wall building and pre-cast wall-panel solutions, primarily in the residential new-building segment. The product range also includes more advanced products, such as high-insulating blocks, larger elements and a range of traded goods used for wall building.

Products are primarily sold in connection to private low-risk housing via volume house builders, and to a lesser extent in connection to commercial and industry, public sector housing, renovation and self-build. Consequently, the company is to a large extent exposed towards developments within the new build market. As a result of its activities, the company is exposed to various financial risks i.e. foreign exchange risks, bad debt exposure and capital structure and cash flow risks.

It is H+H's policy not to speculate in financial risks and opportunities. H+H's financial risk management policy and procedures is thus aimed exclusively at managing the financial risks that are a direct consequence of H+H's Groups activities.

### *Foreign exchange risks*

The company does not engage in non-commercial speculative foreign exchange trades, as this is prohibited as per the H+H financial risk management policy and procedures. All sales are in DKK and purchases of raw materials are EUR, and thus the exposure towards foreign exchange risk is considered low.

### *Bad debt exposure*

Historically, the company has only experienced limited losses on customer receivables. Sales activities are conducted through builders' merchants reducing the associated risk.

### *Capital structure and cash flow risk*

The H+H Group's capital structure contains a Global Cash Pool arrangement supported by individual loans. The company participates in the Global Cash Pool arrangement and the parent company sets limits for all overdraft facilities included herein.

The capital structure is regularly evaluated on the basis of expected cash flows with a view to ensuring an appropriate balance between adequate future financial flexibility and a reasonable return to shareholders.

## **Company knowledge**

An important part of the company's sales strategy is to provide value-added sales. For us to be able to do so, a highly skilled workforce with extensive engineering- and long-term experience with our product offering are employed.

### *Value-added sales*

We support our customers from the early planning stage and throughout the wall-building process. We aim to be the ideal partner and a one-stop shop for every wall-building project.

### *Customer value*

By understanding our customers, their needs and the industry trends, we help overcome challenges, eliminate waste and manage complexities throughout the wall-building process.

### *Modern and carbon-friendly products*

Our products offer improved indoor climate and energy savings as well as fire resistance and better acoustic insulation between rooms. In addition, the products are long-lasting and can be integrated into a circular economy.

### *Safe and attractive work environment*

Employment and working conditions must be safe, fair and non-discriminatory to attract top talents and support the development and career ambitions of our employees.

# Management Commentary

## Future expectations

2025 earnings is expected to be at the same level as 2024 due to price pressure in the market. However, in 2025 the activity in the one family segment and project market is expected to increase.

H+H Nordics has also made several good agreements with our dealer customers, and we expect that this will result in good cooperation and increased sales.

The competitive situation is expected to be tough in the current market conditions and our key focus is to continue providing a high service to our customer as a partner in wall building.

## Environment

The company is a sales company which activity solely consists of sale of products provided by H+H Group companies. Reference made to the 2024 Annual Report prepared by H+H International A/S comprising the H+H Group with the sustainable efforts and ambitions described from page 48. It can be found at Financial Reports ([hplush.com](http://hplush.com))

## Research and development

The company's Research and Development function is managed by the parent company, and the continued product development and offering is secured via a close collaboration between the company, the parent company as well as other group companies. Further to this, national and European standardization work secures method and product properties, which ensures that the product offering by the company fulfills market and regulatory requirements for buildings materials.

## Income Statement 1 January - 31 December

	Note	2024 DKK '000	2023 DKK '000
<b>Gross profit</b>		<b>22,302</b>	<b>44,214</b>
Staff costs	1	-17,018	-22,086
Depreciation, amortisation for tangible and intangible assets		-1,420	-1,261
<b>Operating profit</b>		<b>3,864</b>	<b>20,867</b>
Other financial income	2	60	118
Other financial expenses		-390	-377
<b>Profit before tax</b>		<b>3,534</b>	<b>20,608</b>
Tax on profit for the year	3	-826	-4,551
<b>Profit for the year</b>	4	<b>2,708</b>	<b>16,057</b>

## Balance Sheet at 31 December

### Assets

	Note	2024 DKK '000	2023 DKK '000
Acquired intangible assets		3,786	2,520
<b>Intangible assets</b>	5	<b>3,786</b>	<b>2,520</b>
Land and buildings		11,234	579
Other plant, fixtures and equipment		505	1,166
Property, plant and equipment in progress		0	4,962
<b>Property, plant and equipment</b>	6	<b>11,739</b>	<b>6,707</b>
<b>Non-current assets</b>		<b>15,525</b>	<b>9,227</b>
<hr/>			
Finished goods and goods for resale		9,690	13,737
<b>Inventories</b>		<b>9,690</b>	<b>13,737</b>
Trade receivables		15,923	19,227
Receivables from group enterprises	7	0	15,163
Deferred tax assets	8	51	877
Other receivables		151	337
Prepayments	9	673	395
<b>Receivables</b>		<b>16,798</b>	<b>35,999</b>
Cash and cash equivalents		6	6
<b>Current assets</b>		<b>26,494</b>	<b>49,742</b>
<hr/>			
<b>Assets</b>		<b>42,019</b>	<b>58,969</b>
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## Balance Sheet at 31 December

### Equity and liabilities

	Note	2024 DKK '000	2023 DKK '000
Share capital	10	400	400
Retained earnings		9,246	6,538
Proposed dividend		0	16,000
<b>Equity</b>		<b>9,646</b>	<b>22,938</b>
<hr/>			
Lease liabilities		1,117	511
<b>Non-current liabilities</b>	11	<b>1,117</b>	<b>511</b>
Lease liabilities		788	912
Trade payables		3,883	9,270
Debt to Group companies		24,496	20,655
Other liabilities		2,089	4,683
<b>Current liabilities</b>		<b>31,256</b>	<b>35,520</b>
<b>Liabilities</b>		<b>32,373</b>	<b>36,031</b>
<hr/>			
<b>Equity and liabilities</b>		<b>42,019</b>	<b>58,969</b>
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## Statement of changes in equity

DKK '000	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2024	400	6,538	16,000	22,938
Proposed profit allocation, see note 4		2,708		2,708
<b>Transactions with owners</b>				
Dividend paid			-16,000	-16,000
<b>Equity at 31 December 2024</b>	<b>400</b>	<b>9,246</b>	<b>0</b>	<b>9,646</b>

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## Notes

	2024 DKK '000	2023 DKK '000
<b>1   Staff costs</b>		
Average number of full time employees	25	30
Wages and salaries	15,260	19,980
Pensions	1,529	1,847
Social security costs	229	259
	<b>17,018</b>	<b>22,086</b>
<hr/>		
With reference to the Danish Financial Statements Act paragraph 98 litra b, no. 3, 2, the Company has chosen not to disclose salary information for the Executive Board.		
<b>2   Other financial income</b>		
Interest income from group enterprises	47	99
Other interest income	13	19
	<b>60</b>	<b>118</b>
<hr/>		
<b>3   Tax on profit/loss for the year</b>		
Calculated tax on taxable income of the year	0	4,739
Adjustment of deferred tax	826	-188
	<b>826</b>	<b>4,551</b>
<hr/>		
<b>4   Proposed distribution of profit</b>		
Proposed dividend for the year	0	16,000
Retained earnings	2,708	57
	<b>2,708</b>	<b>16,057</b>
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## Notes

### 5 | Intangible assets

DKK '000	Acquired intangible assets
Cost at 1 January 2024	4,378
Additions	1,518
Disposals	-948
<b>Cost at 31 December 2024</b>	<b>4,948</b>
Amortisation at 1 January 2024	1,858
Reversal of amortisation of assets disposed of	-948
Amortisation for the year	252
<b>Amortisation at 31 December 2024</b>	<b>1,162</b>
<b>Carrying amount at 31 December 2024</b>	<b>3,786</b>

### 6 | Property, plant and equipment

DKK '000	Land and buildings	Other plant, fixtures and equipment	Property, plant and equipment in progress
Cost at 1 January 2024	1,788	4,074	4,962
Transferred	4,962	0	-4,962
Additions	6,104	242	0
Disposals	0	-1,119	0
<b>Cost at 31 December 2024</b>	<b>12,854</b>	<b>3,197</b>	<b>0</b>
Depreciation and impairment losses at 1 January 2024	1,209	2,908	0
Reversal of depreciation of assets disposed of	0	-973	
Depreciation for the year	411	757	
<b>Depreciation and impairment losses at 31 December 2024</b>	<b>1,620</b>	<b>2,692</b>	<b>0</b>
<b>Carrying amount at 31 December 2024</b>	<b>11,234</b>	<b>505</b>	<b>0</b>
Finance lease assets	1,372	505	

### 7 | Receivables from group enterprises

Receivables from group companies TDKK 0 (2023: TDKK 15.163) comprise group debt of TDKK 0 (2023: TDKK 4.738), offset by a bank deposit of TDKK 0 (2023: TDKK 19.902) for an account that is included in a global cash pool arrangement with H+H International A/S.

## Notes

### 8 | Deferred tax assets

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 assets, beginning of year	877	689
Deferred tax of the year, income statement	-826	188
<b>Deferred tax assets 31 December 2024</b>	<b>51</b>	<b>877</b>

H+H Nordics A/S has per 31 December 2024 recognized tax asset of a total of DKK 51 thousand.

### 9 | Prepayments

Prepayments recognised under current assets include expenses occurred for the following financial year.

	2024 DKK '000	2023 DKK '000
<b>10   Share capital</b>		
Allocation of Share capital:		
Share capital, 400 unit in the denomination of 1,000 DKK	400	400
	<b>400</b>	<b>400</b>

### 11 | Long-term liabilities

DKK '000	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Lease liabilities	1,905	788	0	1,423
	<b>1,905</b>	<b>788</b>	<b>0</b>	<b>1,423</b>

### 12 | Contingencies etc.

#### Contingent liabilities

The company is part of the H+H International A/S Group's global cash pool arrangement and is jointly and severally liable, via the self-debt guarantee, for the entire draft. The current feature was DKK 823 million at 31 December 2024 (2023: DKK 568 million).

#### 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 H+H International A/S, which serves as management Company for the joint taxation.

# Notes

## **13 | 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 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 included in the consolidated financial statements of H+H International A/S, Lautrupsgade 7, 5, CVR no.: 49619812

# Accounting Policies

The Annual Report of H+H Nordics 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.

## Income Statement

### Net revenue

Revenue is recognised in accordance with IFRS 15. Revenue from contracts for goods are recognised in the income statement when the customer obtains control. Revenue relating to transport services is recognised upon delivery of the goods to an agreed location. Revenue is recognised if the income can be measured reliably and is expected to be received. Revenue is measured net of VAT and duties collected on behalf of third parties. All types of discount and rebate granted are recognised in revenue.

The revenue streams contain of contracts for sale of goods and related transport services. Change of control for contracts for goods are satisfied upon shipment whereby the performance obligation is met instantly. Revenue relating to transport services is recognised upon delivery of the goods to an agreed location whereby the performance obligation is met.

The transaction price is the amount to which the Company expects to be entitled in exchange for the transfer of goods and transport services. The transaction price for delivery of goods and transport services are an integrated part of the contracts and the standalone selling prices are directly observable. Accounting estimates are made for variable considerations which consist of customer rebates and bonuses. These are allocated to the transaction price based on “The most likely amount”-method.

Payment terms mainly comprise of 30 days end of month, hence no significant financing component. Defect products and return pallets can be redelivered and provisions has been recognised accordingly

### Cost of sales

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

### Other external expenses

Other external expenses include expenses relating to the Company’s ordinary activities, including expenses for rent, marketing and office supplies. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for employees of the company

### 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. 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.

# Accounting Policies

## Tax

The company is subject to the Danish rules on compulsory co-taxation of the Danish companies of the H+H Group. Subsidiaries are included in the joint taxation from the date of their inclusion in the consolidation in the consolidated financial statements until the date of their consolidation. The Parent Company H+H International A/S is managing the taxation and therefore accounts for all payments of corporation tax with the tax authorities.

The current Danish corporate tax is distributed based on contributions among the jointly taxed companies in proportion to their taxable income. In this connection, companies with a tax deficit receive joint taxation contributions from companies that have been able to use this deficit to reduce their own tax profit.

The tax for the year, which consists of the current corporate tax for the year, the joint taxation contribution for the year and the change in deferred tax - including as a result of changes in tax rates - is recognised in the income statement with the share related to the profit for the year - and in equity with that portion that relates to postings for equity.

## Balance Sheet

### Intangible fixed assets

Intellectual property rights etc. comprise software which is recognised at cost price less accumulated depreciation and impairment losses.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licenses are amortised over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

The estimated lifetime of the software is 3-8 years.

Gains or losses on the disposal of intangible fixed assets are calculated as the difference between the selling price reduced by costs incurred by the sale and the carrying amount at the time of sale. Profits or losses are recognised in the income statement under Depreciation.

Intangible fixed assets are written down to their recoverable amount if this is lower than the carrying amount.

### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful life of the assets:

Other fixed and fittings, tools and equipment: 2-5 years.

Building: 20-40 years.

Land is not depreciated.

Depreciation period and residual value are revalued annually.

# Accounting Policies

## Lease contracts

Leases are recognised in accordance with IFRS 16. At the time of conclusion of a lease agreement, a lease debt and a lease asset of equivalent value are recognized, except for lease agreements whose contract period is less than 12 months or for lease assets of low value. The implicit contractual loan interest rate or an incremental loan interest rate is used as a discount rate for the calculation of leasing debt and the corresponding leasing asset.

Lease assets are recognized as Property, plant, and equipment and are measured at cost corresponding to the calculated lease debt on the lease agreement at the time of the agreement plus direct costs. Subsequently, leasing assets are recognized at cost less and less depreciation.

Linear Depreciation is performed over the contract period or expected useful life, depending on which one of the two periods is shortest.

Lease payments relating to lease agreements whose term is less than 12 months or where the lease is of low value are recognized as a linear cost in the income statement over the contract period.

Leases are recognised in accordance with IFRS 16. Lease liabilities are recognised at the present value of the remaining lease payments at the balance sheet date, discounted by using an incremental loan interest rate for similar assets. Subsequent measurement of the lease obligation results in a corresponding adjustment of the related asset.

Extension or termination options included in the lease agreements are taken into account and recognised if it is certain. All certain future cash flows are used for the recognition of the lease obligations at the time of the lease commencement.

## Impairment of fixed assets

The carrying amount of intangible and fixed assets 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 according to the FIFO method. If the net realisable value is lower than the cost price, it is written down to the lower value.

Cost of goods and consumables includes purchase price plus delivery costs.

The net realisable value of inventories is calculated as a sales sum less costs incurred to effect sales and is determined taking into account marketability, obsolescence and development in the expected sales price

# Accounting Policies

## Receivables

Receivables are measured at amortised cost.

Impairment loss is used to counter losses where an objective indication of a receivable impairment is considered to have occurred. If there is an objective indication that an individual receivable is impaired, impairment loss is done at an individual level.

Impairment losses are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows. The effective interest rate for each receivable or portfolio is used as discount rate.

## Accruals, assets

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

## 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.