
Bibs Production ApS

Høgevej 19, DK-3400 Hillerød

Annual Report for 2024

CVR No. 36 39 09 48

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 11/6 2025

Henrik Juul Hansen
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of Bibs Production ApS for the financial year 1 January - 31 December 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Hillerød, 11 June 2025

Executive Board

Henrik Juel Larsen
CEO

Independent Auditor's report

To the shareholder of Bibs Production ApS

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 Bibs Production ApS 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.

Hellerup, 11 June 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kyhnaav
State Authorised Public Accountant
mne40028

Sune Christensen Bjerre
State Authorised Public Accountant
mne47832

Company information

The Company Bibs Production ApS
 Høgevej 19
 DK-3400 Hillerød

 CVR No: 36 39 09 48
 Financial period: 1 January - 31 December
 Municipality of reg. office: Hillerød

Executive Board Henrik Juel Larsen

Auditors PricewaterhouseCoopers
 Statsautoriseret Revisionspartnerselskab
 Strandvejen 44
 DK-2900 Hellerup

Financial Highlights

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

	2024	2023	2022	2021	2020
	DKK	DKK	DKK	DKK	DKK
Key figures					
Profit/loss					
Gross profit	34,678,807	32,428,157	6,267,819	14,206,485	3,929,463
Profit/loss of primary operations	12,370,230	10,357,332	-10,550,688	5,560,768	1,577,624
Profit/loss of financial income and expenses	-8,604,919	-2,377,649	-125,640	-29,662	59,885
Net profit/loss for the year	2,906,281	6,226,490	-8,324,002	4,315,950	1,173,529
Balance sheet					
Balance sheet total	353,453,440	130,696,656	52,829,764	40,164,830	6,321,016
Investment in property, plant and equipment	0	-5,061,602	-16,746,863	-21,123,998	-2,318,449
Equity	3,685,613	779,332	-10,447,158	4,376,844	1,460,894
Number of employees	51	44	36	18	5
Ratios					
Solvency ratio	1.0%	0.6%	-19.8%	10.9%	23.1%
Gross margin	15.8%	15.6%	6.6%	21.7%	36.2%

Management's review

Primary Activities

The company's primary activity is to manufacture pacifiers, baby bottles and related products. Bibs Production ApS (BIBS Production) is wholly owned by AH License ApS (the "Parent") who holds 100% ownership of all subsidiaries within the BIBS Group and retains full rights to the Group's production and intellectual property.

2024: A Year of Strategic Progress and Resilience

The gross profit for BIBS Production ApS in 2024 amounts to DKK 34.7 million, and EBITDA for the year stands at DKK 13.0 million, representing an increase from previous year. This growth is primarily driven by increased sales across all BIBS Group entities. The development and result is in accordance with the projections and expectations for BIBS Production ApS despite 2024 being a year shaped by a complex and fast-moving global landscape. Macroeconomic volatility, inflationary pressures, and shifting consumer behavior presented challenges across industries. Meanwhile, geopolitical tensions and disruptions to critical maritime routes further stressed global supply chains. For the Company, these conditions underscored the importance of agility, strategic execution, and long-term thinking.

Against this backdrop, the Company made decisive, future-oriented investments to strengthen our commercial foundation and reinforce our scalable growth model. We took important steps to strengthen our operational platform: expanding production capacity at our site in Hillerød, Denmark; transitioning to a 3PL warehouse model; and launching new operational systems to support operational scalability. While these initiatives required upfront investments and impacted short-term earnings relative to 2023, they are expected to unlock greater efficiency and resilience going forward.

Product innovation remained a strategic focus. We continued to expand our product assortment and launched the new BIBS plastic baby bottle—a lightweight, durable, and stylish complement to our award-winning glass variant. Early feedback has been overwhelmingly positive, and we see strong potential in this significantly larger product segment.

Consolidation and Strategic Investment for Long-Term Value

2024 was also a year of purposeful consolidation. We focused on building a stronger, leaner, and more future-proof organization—investing strategically in operations, digital infrastructure, and sustainability.

At our Hillerød facility, we upgraded production machinery and equipment to boost local capacity and increase flexibility. Simultaneously, we advanced initiatives to enhance supply chain independence and to optimize our environmental footprint. Our new Warehouse Management System, set for full rollout in H1 2025, will further support scalable logistics, cost control, and transparency across the value chain. These investments have required significant resources in 2024—but they are essential enablers of future growth, designed to increase both operational leverage and strategic agility with effect from early 2025.

Looking ahead, the Company remains focused on scaling with purpose and are confident in our strategic direction. With disciplined cost control, continued investments in innovation, and targeted resource allocation, the Company is well-positioned to drive sustainable and profitable growth in the years to come.

Product innovation will remain at the heart of our growth strategy. We will continue to develop and expand our core categories while maintaining our commitment to high quality, design-led solutions that meet the evolving needs of modern families.

Management's review

None of our progress in 2024 would have been possible without the dedication, energy, and professionalism of our team. Across all functions, our people have shown the ability to navigate complexity while continuing to execute at a high level. This is the true strength behind the BIBS brand.

To our employees, customers, and partners, thank you for your continued commitment and support.

Future Expectations

Despite uncertainties in macro environment and consumer goods management expects double-digit sales growth driven by direct to consumer channel and new product launches. EBITDA is expected to grow +20% in 2025 compared to 2024.

Financial Risks

The Company uses no external financial sources and uses no financial instruments to counter fluctuations in exchange rates. Management expects production costs to be more stable in the coming years. The Company has solid control over the supply chain via its own production site and long-term relationships with key suppliers.

Changes in US trade policy, including the introduction of increased import tariffs on goods manufactured in Europe, represent a potential risk to BIBS Production. As BIBS produces a significant share of its assortment in Denmark and other European countries, such tariffs could result in higher landed costs on exports to the US, thereby putting short-term pressure on margins.

While core BIBS products are often seen as high-quality and design-driven, and thus less price-sensitive, material cost increases may require pricing adjustments.

Research and Development Activities

At BIBS Production, the implementation of a Warehouse Management System was initiated to improve product tracking, enhance inventory management, and further strengthen the organization's operational capabilities. The Group has also launched several development projects for new products, which are expected to contribute positively to both liquidity and revenue in the coming years. These projects focus on expanding the existing product categories currently marketed by the company. Continued investment in new product development is essential to maintaining the company's competitiveness and supporting future growth.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Subsequent Events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Gross profit		34,678,807	32,428,157
Staff expenses	1	-21,625,286	-21,451,879
Earnings Before Interest Taxes Depreciation and Amortization		13,053,521	10,976,278
Depreciation and impairment losses of property, plant and equipment	2	-683,291	-618,946
Profit/loss before financial income and expenses		12,370,230	10,357,332
Financial income	3	110,184	117,805
Financial expenses	4	-8,715,103	-2,495,454
Profit/loss before tax		3,765,311	7,979,683
Tax on profit/loss for the year	5	-859,030	-1,753,193
Net profit/loss for the year	6	2,906,281	6,226,490

Balance sheet 31 December

Assets

	Note	2024	2023
		DKK	DKK
Acquired other similar rights		227,101	291,989
Intangible assets	7	227,101	291,989
Other fixtures and fittings, tools and equipment		588,077	1,186,485
Leasehold improvements		61,667	81,667
Property, plant and equipment	8	649,744	1,268,152
Deposits	9	879,198	856,698
Fixed asset investments		879,198	856,698
Fixed assets		1,756,043	2,416,839
Raw materials and consumables		9,451,386	5,604,048
Work in progress		15,009,062	13,386,942
Finished goods and goods for resale		49,079,024	34,415,457
Inventories		73,539,472	53,406,447
Trade receivables		49,360	47,290
Receivables from group enterprises		266,042,152	58,054,084
Other receivables		8,175,951	11,596,792
Prepayments		2,608,207	1,353,957
Receivables		276,875,670	71,052,123
Cash at bank and in hand		1,282,255	3,821,247
Current assets		351,697,397	128,279,817
Assets		353,453,440	130,696,656

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		DKK	DKK
Share capital		50,000	50,000
Reserve for development costs		0	227,750
Retained earnings		635,613	501,582
Proposed dividend for the year		3,000,000	0
Equity		3,685,613	779,332
Provision for deferred tax	10	33,580	54,955
Provisions		33,580	54,955
Other payables		107,150	483,942
Long-term debt	11	107,150	483,942
Trade payables		14,866,215	9,183,198
Payables to group enterprises		330,064,743	119,557,521
Corporation tax		880,405	0
Other payables	11	3,815,734	637,708
Short-term debt		349,627,097	129,378,427
Debt		349,734,247	129,862,369
Liabilities and equity		353,453,440	130,696,656
Contingent assets, liabilities and other financial obligations	12		
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	50,000	227,750	501,582	0	779,332
Development costs for the year	0	-227,750	227,750	0	0
Net profit/loss for the year	0	0	-93,719	3,000,000	2,906,281
Equity at 31 December	50,000	0	635,613	3,000,000	3,685,613

Notes to the Financial Statements

	2024	2023
	DKK	DKK
1. Staff expenses		
Wages and salaries	19,151,171	16,011,877
Pensions	1,962,356	1,611,796
Other social security expenses	511,759	405,001
Other staff expenses	0	3,423,205
	21,625,286	21,451,879

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	51	44
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	2024	2023
	DKK	DKK
2. Depreciation and impairment losses of property, plant and equipment		
Amortisation of intangible assets	64,886	32,443
Depreciation of property, plant and equipment	618,405	586,503
	683,291	618,946

	2024	2023
	DKK	DKK
3. Financial income		
Interest from group enterprises	46,713	2,152
Other financial income	63,471	115,653
	110,184	117,805

	2024	2023
	DKK	DKK
4. Financial expenses		
Interest to group enterprises	8,405,572	2,091,393
Other financial expenses	309,531	404,061
	8,715,103	2,495,454

Notes to the Financial Statements

	2024	2023
	DKK	DKK
5. Income tax expense		
Current tax for the year	880,405	1,808,993
Deferred tax for the year	-21,375	-55,800
	859,030	1,753,193

	2024	2023
	DKK	DKK
6. Profit allocation		
Proposed dividend for the year	3,000,000	0
Retained earnings	-93,719	6,226,490
	2,906,281	6,226,490

7. Intangible fixed assets	Acquired other similar rights
	DKK
Cost at 1 January	324,430
Cost at 31 December	324,430
Impairment losses and amortisation at 1 January	32,443
Impairment losses for the year	64,886
Impairment losses and amortisation at 31 December	97,329
Carrying amount at 31 December	227,101

Notes to the Financial Statements

8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	3,215,533	100,000
Cost at 31 December	3,215,533	100,000
Impairment losses and depreciation at 1 January	2,029,050	18,333
Depreciation for the year	601,620	20,000
Reversal of impairment and depreciation of sold assets	-3,214	0
Impairment losses and depreciation at 31 December	2,627,456	38,333
Carrying amount at 31 December	588,077	61,667
Including assets under finance leases amounting to	113,203	0

9. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	856,698
Additions for the year	22,500
Cost at 31 December	879,198
Carrying amount at 31 December	879,198

Notes to the Financial Statements

	2024	2023
	DKK	DKK
10. Provision for deferred tax		
Deferred tax liabilities at 1 January	54,955	110,755
Amounts recognised in the income statement for the year	-21,375	-55,800
Deferred tax liabilities at 31 December	33,580	54,955
Property, plant and equipment	-17,714	-10,157
Finance Lease	1,332	806
Acquired rights	49,962	64,237
Operating equipment including rental activities and art	0	69
Deferred tax liabilities at 1 January	54,955	0
Tax loss carry-forward	-54,955	0
	33,580	54,955

	2024	2023
	DKK	DKK

11. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

After 5 years	0	0
Between 1 and 5 years	107,150	483,942
Long-term part	107,150	483,942
Other short-term payables	3,815,734	637,708
	3,922,884	1,121,650

Notes to the Financial Statements

	2024	2023
	DKK	DKK
12. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
The company has entered into rental commitment regarding rent of premises. The rental contract is non-terminable until 1/1 2025. The total commitment represents	477,726	1,391,436
The company has entered into rental commitment regarding rent of premises. The rental contract is non-terminable until 1/1 2025. The total commitment represents	351,492	1,023,768
The company has entered into rental commitment regarding rent of premises. The rental contract has 6 months of termination period . The total commitment represents	490,000	827,891

Other contingent liabilities

Bibs Production ApS are jointly taxed with other group companies and are severally liable for tax on the jointly taxed incomes etc. of the group. Moreover, the group companies are jointly and severally liable for Danish with holding taxes by way of tax on interest, dividend tax and tax on royalty payments. Any subsequent adjustments of corporation taxes and with holding taxes may increase the the company's liability.

Notes to the Financial Statements

13. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
AH License ApS Høgevej 19 Hillerød, 3400, Denmark	Controlling shareholder
AH Group Holding ApS Gøngevænget 12, Gadevang Hillerød, 3400, Denmark	Owner of AH License ApS with 100 %
Henrik Juel Larsen	Owner of AH Group ApS with 50 %
Ann-Cathrine Juel Lythcke	Owner of AH Group ApS with 50 %

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
The largest group:	AH Group Holding ApS Gøngevænget 12, Gadevang Hillerød, 3400, Denmark
The smallest group:	AH License ApS Høgevej 19 Hillerød, 3400, Denmark

Notes to the Financial Statements

14. Accounting policies

The Annual Report of Bibs Production ApS for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of AH License ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

External expenses comprises Selling costs, Cost of premises and Administrative expenses.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including holiday pay and pensions and other social security costs etc. to the company's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with AH Group Holding ApS . The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Other intangible fixed assets

Rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Rights are amortised over the period of the agreements, which is 5 years.

The carrying amounts of intangible assets are reviewed annually for indication of impairment for losses, apart from what is expressed by usual amortisation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount. As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the expected cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	5-10 years
Leasehold improvements	5-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Notes to the Financial Statements

Other fixed asset investments

Deposits recognised as fixed assets are measured at amortised cost, which usually corresponds to nominal amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Cost of goods for resale as well as raw materials and consumables comprises purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and other direct costs. Applied indirect production costs are included. Indirect production costs comprise indirect materials and wages as well as maintenance of and depreciation of the production equipment and buildings used in the manufacturing process.

Received prepayments from customers regarding non delivered goods are recognised as liabilities.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Notes to the Financial Statements

Current tax receivables and liabilities

The company is jointly taxed with other Danish group enterprises with AH Group Holding ApS as Management company. The tax effect of the joint taxation is allocated among the group enterprises in ratio to their taxable income according to the rules on full allocation with a refund for tax losses of the Danish Corporation Tax Act.

Joint tax contributions between the jointly taxed companies which have not been settled at the balance sheet date are classified as joint tax contributions in receivables or liabilities other than provisions.

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Gross margin	$\text{Gross profit} / \text{Revenue}$