BEIERHOLM
VI SKABER BALANCE

To Øl ApS

Guldbergsgade 29D, 1., 2200 København N
CVR no. 33 88 22 54

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 23.04.25

Tore Gynther
Dirigent

Table of contents

Company information etc.	3
Statement by the Executive Board on the annual report	4
Independent auditor's report	5 - 7
Management's review	8 - 10
Income statement	11
Balance sheet	12 - 13
Statement of changes in equity	14
Notes	15 - 28

Company information etc.

The company

To Øl ApS
Guldbergsgade 29D, 1.
2200 København N
Registered office: København
CVR no.: 33 88 22 54
Financial year: 01.01 - 31.12

Executive Board

Tore Gynther

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for To Øl ApS.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.24 and of the results of the company's activities for the financial year 01.01.24 - 31.12.24.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, April 23, 2025

Executive Board

Tore Gynther

Independent auditor's report

To the capital owner of To Øl ApS

Opinion

We have audited the financial statements of To Øl ApS for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information. 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 company's financial position at 31.12.24 and of the results of the company's operations for the financial year 01.01.24 - 31.12.24 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 (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 the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is 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 by law and regulations.

Based on the work we have performed, we conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of Danish Financial Statements Act. We did not identify any material misstatement of the 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.

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 judgment 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.

Soeborg, Copenhagen, April 23, 2025

Beierholm
Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Lasse Rosenborg Petersen
State Authorised Public Accountant
MNE-no. mne42896

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2024	2023	2022	2021	2020
Profit/loss					
Profit before depreciation, amortisation, write-downs and impairment losses	14,239	1,495	-14,962	5,920	-7,619
Operating profit/loss	6,907	-5,516	-21,629	660	-11,533
Total net financials	-3,076	-3,712	-1,322	-848	-957
Profit/loss for the year	2,898	-7,360	-17,870	-148	-9,746
Balance					
Total assets	102,706	106,234	115,279	116,486	99,008
Investments in property, plant and equipment	2,255	1,678	6,379	14,049	8,853
Equity	21,378	18,479	5,840	23,709	23,858

Primary activities

The company's activities comprise of brewing and selling of beer.

Uncertainty concerning recognition and measurement

For information on uncertainty concerning recognition and measurement see note 1

In the financial statements for the financial year 01.01.24 - 31.12.24, it is important to note the following uncertainty with regard to recognition and measurement, as it has had a significant influence on the assets and liabilities recognised in the financial statements:

As at 31.12.24, the company has recognised a deferred tax asset of DKK 11.129k which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive earnings before tax for the coming years The deferred tax asset is calculated and recognized based on budgets for the period 2025 – 2030. In relation to the expected tax results for the next 5 years, the tax asset is expected to be utilized at the present time. If the actual results for the next 5 years deviate from the expected, this can correspondingly affect the valuation of the tax asset.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit of DKK 2,898,382 against DKK -7,360,239 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 21,377,767.

Earnings expectations for 2024 were a positive EBITDA between DKK 11 to 13 mil, and a break-even to DKK 2 mil net result.

The management is therefore satisfied with the results for the year.

2024 was a successful year, with revenue, EBITDA, and net profit all exceeding our expectations. This performance was driven by strong top-line and gross profit growth as a result of our brand and go-to-market strategy, combined with the economies of scale provided by our production facility, To Øl City.

Information on going concern

The company realized a profit of DKK 2,898k in 2024, and as of 31.12.24, equity stands at a positive DKK 21,378k. The result represents an earnings improvement of DKK 10,259k compared to 2023.

Despite this positive development, the company's cash flow continues to be affected by the aftermath of global challenges experienced from 2020-2023, including COVID-19, supply shortages, inflation, energy costs, and rising interest rates.

The company's liquidity budget for 2025 shows a liquidity need within the group's credit facility, however, it is a prerequisite for continued operation that the company's bank continues to make the credit facilities available. However, management assesses that the group's financial resources are sufficient to support planned operations over the coming year, and thus the financial statements have been prepared on a going concern basis.

Outlook

During our annual negotiations with customers in the fall of 2024, we continued to experience strong interest in both our business and our brands. As a result, we have secured a solid pipeline of new business for 2025, and we expect the year to deliver continued growth.

On the cost side, we have partially hedged utilities and key ingredients such as hops, and therefore do not anticipate significant fluctuations in variable costs. With respect to fixed costs, we will experience the full payroll impact of the 2024 Collective Agreement (OK24) in 2025 and will continue to invest in optimizing production flows and extend our commercial reach.

We are also closely monitoring developments related to global trade tensions. However, due to our focus on EU markets and our proactive hedging of raw materials, we expect any impact on our operations to be mostly indirect.

The company expects to conclude 2025 with a positive net result of DKK 2-5 million.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2024 DKK	2023 DKK
	Gross profit	**36,582,506**	**29,520,896**
3	Staff costs	-22,343,630	-28,025,507
	Profit before depreciation, amortisation, write-downs and impairment losses	**14,238,876**	**1,495,389**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-7,331,463	-7,011,755
	Operating profit/loss	**6,907,413**	**-5,516,366**
	Financial income	28,649	239,676
	Financial expenses	-3,104,894	-3,951,506
	Profit/loss before tax	**3,831,168**	**-9,228,196**
	Tax on profit or loss for the year	-932,786	1,867,957
	Profit/loss for the year	**2,898,382**	**-7,360,239**

Proposed appropriation account

Retained earnings	2,898,382	-7,360,239
Total	**2,898,382**	**-7,360,239**

Balance sheet

ASSETS

Note		31.12.24 DKK	31.12.23 DKK
	Completed development projects	831,677	0
	Acquired rights	445,668	580,833
5	**Total intangible assets**	**1,277,345**	**580,833**
	Leasehold improvements	8,755,562	9,058,120
	Plant and machinery	40,023,778	43,603,268
	Other fixtures and fittings, tools and equipment	5,380,250	6,448,919
6	**Total property, plant and equipment**	**54,159,590**	**59,110,307**
7	Deposits	173,623	301,000
	Total investments	**173,623**	**301,000**
	Total non-current assets	**55,610,558**	**59,992,140**
	Raw materials and consumables	8,025,920	8,089,576
	Work in progress	1,552,775	1,434,878
	Manufactured goods and goods for resale	10,493,427	9,343,287
	Total inventories	**20,072,122**	**18,867,741**
	Trade receivables	9,654,279	9,367,333
	Receivables from group enterprises	5,316,328	4,516,663
9	Deferred tax asset	11,128,739	12,338,773
	Other receivables	99,314	0
8	Prepayments	676,374	0
	Total receivables	**26,875,034**	**26,222,769**
	Cash	**148,505**	**1,150,970**
	Total current assets	**47,095,661**	**46,241,480**
	Total assets	**102,706,219**	**106,233,620**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.24 DKK	31.12.23 DKK
	Share capital	120,000	120,000
	Reserve for development costs	648,708	0
	Retained earnings	20,609,059	18,359,385
	Total equity	**21,377,767**	**18,479,385**
10	Payables to other credit institutions	2,605,364	4,976,874
10	Lease commitments	28,588,976	30,439,489
10	Payables to group enterprises	11,833,986	13,568,318
10	Other payables	1,662,737	1,660,783
	Total long-term payables	**44,691,063**	**50,645,464**
10	Short-term part of long-term payables	3,659,034	4,346,644
	Payables to other credit institutions	7,936,610	9,937,329
	Trade payables	5,421,565	4,707,029
	Payables to group enterprises	12,687,902	10,012,820
	Other payables	6,932,278	8,104,949
	Total short-term payables	**36,637,389**	**37,108,771**
	Total payables	**81,328,452**	**87,754,235**
	Total equity and liabilities	**102,706,219**	**106,233,620**

11 Contingent liabilities
12 Charges and security
13 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Reserve for development costs	Retained earnings
Statement of changes in equity for 01.01.24 - 31.12.24			
Balance as at 01.01.24	120,000	0	18,359,385
Transfers to/from other reserves	0	648,708	-648,708
Net profit/loss for the year	0	0	2,898,382
Balance as at 31.12.24	120,000	648,708	20,609,059

1. Information as regards going concern

The company realized a profit of DKK 2,898k in 2024, and as of 31.12.24, equity stands at a positive DKK 21,378k. The result represents an earnings improvement of DKK 10,259k compared to 2023.

Despite this positive development, the company's cash flow continues to be affected by the aftermath of global challenges experienced from 2020-2023, including COVID-19, supply shortages, inflation, energy costs, and rising interest rates.

The company's liquidity budget for 2025 shows a liquidity need within the group's credit facility, however, it is a prerequisite for continued operation that the company's bank continues to make the credit facilities available. However, management assesses that the group's financial resources are sufficient to support planned operations over the coming year, and thus the financial statements have been prepared on a going concern basis.

2. Uncertainty concerning recognition and measurement

In the financial statements for 2024, it is important to note the following uncertainty as regards recognition and measurement as it has had a significant influence on the assets and liabilities recognised in the financial statements:

As at 31.12.24, the company has recognised a deferred tax asset of DKK 11.129k which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive earnings before tax for the coming years The deferred tax asset is calculated and recognized based on budgets for the period 2025 – 2030. In relation to the expected tax results for the next 5 years, the tax asset is expected to be utilized at the present time. If the actual results for the next 5 years deviate from the expected, this can correspondingly affect the valuation of the tax asset.

	2024 DKK	2023 DKK

3. Staff costs

Wages and salaries	19,389,754	25,056,426
Pensions	1,906,554	1,783,801
Other social security costs	276,356	337,518
Other staff costs	770,966	847,762
Total	22,343,630	28,025,507
Average number of employees during the year	41	53

With reference to section 98b(3) no. 2 of the Danish Financial Statements Act, remuneration for the management is not disclosed for 2024 and 2023, as information would otherwise lead to amounts being shown for a single member of management.

4. Proposed appropriation account

Retained earnings	2,898,382	-7,360,239

5. Intangible assets

Figures in DKK	Completed development projects	Acquired rights
Cost as at 01.01.24	0	947,431
Additions during the year	841,942	0
Cost as at 31.12.24	841,942	947,431
Amortisation and impairment losses as at 01.01.24	0	-366,598
Amortisation during the year	-10,265	-135,165
Amortisation and impairment losses as at 31.12.24	-10,265	-501,763
Carrying amount as at 31.12.24	831,677	445,668

Completed development projects comprise in ERP and other projects

6. Property, plant and equipment

Figures in DKK	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost as at 01.01.24	10,544,569	58,714,761	12,868,117
Additions during the year	112,323	652,565	1,489,934
Disposals during the year	0	0	-140,435
Cost as at 31.12.24	10,656,892	59,367,326	14,217,616
Depreciation and impairment losses as at 01.01.24	-1,486,449	-15,111,494	-6,419,198
Depreciation during the year	-414,881	-4,232,054	-2,539,098
Reversal of depreciation of and impairment losses on disposed assets	0	0	120,930
Depreciation and impairment losses as at 31.12.24	-1,901,330	-19,343,548	-8,837,366
Carrying amount as at 31.12.24	8,755,562	40,023,778	5,380,250
Carrying amount of assets held under finance leases as at 31.12.24	0	26,513,453	636,879

7. Non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.24	301,000
Additions during the year	133,623
Disposals during the year	-261,000
Cost as at 31.12.24	173,623
Carrying amount as at 31.12.24	173,623

	31.12.24 DKK	31.12.23 DKK

8. Prepayments

Other prepayments	676,374	0

9. Deferred tax

Provisions for deferred tax as at 01.01.24	12,338,773	10,639,168
Adjustment relating to joint taxation	-277,248	0
Deferred tax recognised in the income statement	-932,786	1,699,605
Provisions for deferred tax as at 31.12.24	11,128,739	12,338,773

As at 31.12.24, the company has recognised a deferred tax asset of DKK 11.129k The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

10. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Payables to credit institutions	1,950,000	0	4,555,364	6,161,874
Lease commitments	1,709,034	5,538,286	30,298,010	33,601,133
Payables to group enterprises	0	0	11,833,986	13,568,318
Other payables	0	1,662,737	1,662,737	1,660,783
Total	3,659,034	7,201,023	48,350,097	54,992,108

11. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 24 months and total lease payments of DKK 553k.

Recourse guarantee commitments

The company has provided a guarantee for group enterprises' debt to credit institutions. The guarantee is unlimited. The group enterprises' debt to the credit institutions concerned amounts to DKK 54.818k at the balance sheet date.

12. Charges and security

The company has provided a company charge of DKK 20.000k as security for debt to credit institutions and group enterprises. As at 31.12.24, the company charge comprises inventories and trade receiveables. The total carrying amount of the comprised assets is DKK 29.726k.

As security for debt to credit institutions and group enterprises' debt to credit institutions there have been provided security comprising net cash.

13. Related parties

Controlling influence	Basis of influence
Junta Holding ApS, Copenhagen	Parent company

14. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

14. Accounting policies - continued -

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, other operating income and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

14. Accounting policies - continued -

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	7	
Acquired rights	7	0
Leasehold improvements	10-15	0
Plant and machinery	10-15	0
Other plant, fixtures and fittings, tools and equipment	5-10	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

14. Accounting policies - continued -

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

14. Accounting policies - continued -

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

14. Accounting policies - continued -

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

14. Accounting policies - continued -

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

14. Accounting policies - continued -

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.