

Azelis Denmark A/S

Lyskær 5
DK- 2730 Herlev
CVR No. 26991064

Annual report 2024

The Annual General Meeting adopted the
annual report on 20.06.2025

DocuSigned by:

Per Løwe Jacobsen

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Per Løwe Jacobsen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent Auditor's Report	4
Management commentary	7
Income statement for 2024	10
Balance sheet at 31.12.2024	11
Statement of changes in equity for 2024	13
Notes	14
Accounting policies	18

Entity details

Entity

Azelis Denmark A/S

Lyskær 5

DK- 2730 Herlev

Business Registration No.: 26991064

Registered office: Herlev

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Evy Hellinckx

Gert Allan Schnoor

Thijs William Bakker

Per Løwe Jacobsen

Executive Board

Gert Allan Schnoor, CEO

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

DK - 2900 Hellerup

CVR No.: 33771231

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Azelis Denmark A/S for the financial year 01.01.2024 - 31.12.2024.

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

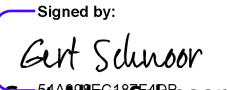
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Herlev, 20.06.2025

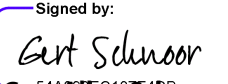
Executive Board

Signed by:

Gert Allan Schnoor
CEO

Board of Directors

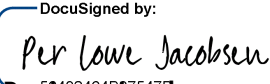
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Emy Hellinckx

Signed by:

Gert Allan Schnoor

DocuSigned by:

Thijs Willem Bakker

DocuSigned by:

Per Lowe Jacobsen

Independent Auditor's Report

To the Shareholders of Azelis Denmark 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 Azelis Denmark 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.

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.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Hellerup, 20 June 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No. 33 77 12 31

Signed by:



Leif Ulbæk Jensen

State Authorised Public Accountant

mne23327

DocuSigned by:



Anders Røjleskov

State Authorised Public Accountant

mne28699

Management commentary

Financial highlights

	2024	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	381,748	396,652	472,027	409,475	382,280
Gross profit/loss	71,744	57,593	60,097	61,546	55,372
Operating profit/loss	21,572	6,896	9,602	13,187	10,407
Net financials	(3,807)	(5,563)	(2,967)	(2,527)	(7,408)
Profit/loss for the year	16,596	3,665	5,305	5,831	2,536
Total assets	121,482	144,760	171,081	134,375	125,898
Investments in property, plant and equipment	0	101	540	3,172	10,284
Equity	60,241	47,347	44,005	39,186	33,270
Average number of employees	55	56	56	55	57
Ratios					
Gross margin (%)	18.79	14.52	12.73	15.03	14.48
Net margin (%)	4.35	0.92	1.12	1.42	0.66
Return on equity (%)	30.85	8.02	12.75	16.10	7.90
Equity ratio (%)	48.86	35.10	26.97	29.16	26.42
Revenue per employee	6,941	7,083	8,429	7,445	6,707

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Primary activities

The Groups most significant business activity is to sell Chemicals and Food Ingredients primarily within the Nordic market area. The comments below only relate to the activities of the Company.

Development in activities and finances

The Company's income statement for the financial year 1. January 2024 to 31. December 2024 shows a result of DKK 16,596,214 and the Balance Sheet at 31. December 2024 a balance sheet total of DKK 121,481,575 and an Equity of DKK 60,240,622.

Throughout 2024, the Company has focused on evolving its product portfolio, with a particular emphasis on strengthening the Life Science segments for future growth. Additionally, the Company has faced price reductions driven by lower inflation rates.

The EU Member States have endorsed the ban, proposed by EFSA concerning the withdrawal of smoke flavourings from EU market. The regulation sets out different step-out periods to give time for producers and operators to adapt to the new rules. According to the regulation, our Scansmoke products (smoke flavours) will be phased out in 2 years (Until July 2026).

These factors have had a significant impact on the results for the year, affecting most of the business segments.

The Company's subsidiary in Finland has acquired a Finnish company. This acquisition will enhance our position in the Nordic markets, benefiting both our customers and partners.

Profit/loss for the year in relation to expected developments

The Company's overall results are considered satisfactory, as they have exceeded our expectations for 2024. This positive outcome is primarily impacted by the sale of an inventory product, which had been written down in previous years and was sold during 2024. This has positively impacted the profit by DKK 3,8 million. Reference is made to note 4.

Uncertainty relating to recognition and measurement

Reference is made to note 2 of the annual accounts regarding uncertainty in recognition and measurement.

Other risks

The company has no other significant operational, interest, currency, or credit risks.

Outlook

Demand for our products is stable and Azelis Denmark enters 2025 with the expectation that demand will continue. As a result, the result for 2025 is expected to see a positive development. We still expect relative high energy prices and a volatile market for selected chemicals and ingredients, mainly caused the uncertainties in Eastern Europe. The management assesses the company's development positive.

We expect in 2025 to have new alternative products ready for replacement of our smoked flavours, based on natural smoked ingredients.

The Company expects a positive development in 2024 in revenue but a decrease in profit compared with 2024. The Company expects a profit in the range of DKK 5,500,000 to DKK 7,000,000.

Environmental performance

We continuously contribute to sustainable solutions by taking care of and protecting the environment through both customers and suppliers. We strive to improve our processes in a sustainable manner through our way of working and producing our products in our factory. We work to improve the proportion of environmentally correct materials that emit as little CO2 as possible during procurement and by following a sustainable waste management process.

Events after the balance sheet date

Reference is made to note 1.

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Revenue		381,747,705	396,651,801
Changes in inventories of finished goods and work in progress		(134,515)	(22,670,381)
Other operating income	3	106,544	4,847,615
Cost of sales	4	(279,280,884)	(287,867,832)
Other external expenses		(30,694,545)	(33,368,668)
Gross profit/loss		71,744,305	57,592,535
Staff costs	5	(40,929,510)	(43,520,734)
Depreciation, amortisation and impairment losses	6	(9,243,128)	(7,175,880)
Operating profit/loss		21,571,667	6,895,921
Income from investments in group enterprises		1,585,056	2,034,656
Other financial income from group enterprises		65,282	193,925
Other financial income		464,080	919,811
Financial expenses from group enterprises		(1,257,383)	(2,759,655)
Other financial expenses		(3,079,285)	(3,916,859)
Profit/loss before tax		19,349,417	3,367,799
Tax on profit/loss for the year	7	(2,753,203)	297,636
Profit/loss for the year	8	16,596,214	3,665,435

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Acquired intangible assets		21,231,768	10,808,223
Goodwill		0	1,585,229
Prepayments for intangible assets		0	14,829,814
Intangible assets	9	21,231,768	27,223,266
Land and buildings		13,541,493	14,495,659
Plant and machinery		9,289,679	11,386,275
Other fixtures and fittings, tools and equipment		74,423	143,425
Property, plant and equipment	10	22,905,595	26,025,359
Investments in group enterprises		16,086,544	11,269,735
Financial assets	11	16,086,544	11,269,735
Fixed assets		60,223,907	64,518,360
Work in progress		25,892	198,228
Manufactured goods and goods for resale		40,610,882	40,304,028
Inventories		40,636,774	40,502,256
Trade receivables		9,010,542	13,803,965
Receivables from group enterprises		5,455,755	6,646,479
Deferred tax	12	1,095,212	3,055,904
Other receivables		1,775,957	1,763,311
Tax receivable		0	13,000
Prepayments	13	328,050	931,705
Receivables		17,665,516	26,214,364
Cash		2,955,378	13,524,689
Current assets		61,257,668	80,241,309
Assets		121,481,575	144,759,669

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		3,000,000	3,000,000
Retained earnings		40,740,622	40,681,520
Proposed dividend		16,500,000	3,665,000
Equity		60,240,622	47,346,520
Payables to group enterprises		0	21,390,899
Non-current liabilities other than provisions		0	21,390,899
Current portion of non-current liabilities other than provisions		0	8,383,657
Lease liabilities		0	35,868
Prepayments received from customers		361,252	459,063
Trade payables		30,636,534	32,708,652
Payables to group enterprises		22,984,042	24,412,472
Tax payable		792,512	0
Other payables		6,346,013	10,022,538
Deferred income	14	120,600	0
Current liabilities other than provisions		61,240,953	76,022,250
Liabilities other than provisions		61,240,953	97,413,149
Equity and liabilities		121,481,575	144,759,669
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Related parties with controlling interest	17		
Non-arm's length related party transactions	18		
Group relations	19		

Statement of changes in equity for 2024

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3,000,000	40,681,520	3,665,000	47,346,520
Ordinary dividend paid	0	0	(3,665,000)	(3,665,000)
Exchange rate adjustments	0	(37,112)	0	(37,112)
Profit/loss for the year	0	96,214	16,500,000	16,596,214
Equity end of year	3,000,000	40,740,622	16,500,000	60,240,622

Notes

1 Events after the balance sheet date

No material events have occurred after the balance sheet date to this date, which have material impact on the Company's Financial position.

2 Uncertainty relating to recognition and measurement

The EU Member States have approved a ban on the use of smoke flavourings, which means that the Company's smoke flavouring products will be phased out by July 2026. In response, Management is currently exploring alternative uses for the Company's production facilities and equipment, recognised as part of Property, plant and equipment, once the ban comes into effect. Management remains optimistic about the ongoing exploration of alternative uses. Consequently, Management has, based on its knowledge of the ongoing procedures, not recognised any impairment write-downs related to the production facilities or equipment. As Managements assumptions are subject to a certain degree of uncertainty, failure to meet them may result in future impairment write-downs.

3 Other operating income

	2024 DKK	2023 DKK
Compensation termination distribution agreement.	100,544	4,845,815
Gain from disposal of fixed assets.	6,000	1,800
	106,544	4,847,615

4 Cost of sales

The Company has made an extraordinary reversal of previous years inventory write-downs of DKK 3,8 million, which is considered as a special item and recognized in cost of sales.

5 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	36,646,024	39,182,027
Pension costs	3,736,217	3,807,930
Other social security costs	547,269	530,777
	40,929,510	43,520,734

Average number of full-time employees	55	56
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The work of the Board of Directors is limited and consequently the board members do not receive separate remuneration for their work on the Board of Directors.

6 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Amortisation of intangible assets	6,123,304	4,048,488
Depreciation of property, plant and equipment	3,119,824	3,127,392
	9,243,128	7,175,880

The depreciation regarding application for new license for the sale of ScanSmoke products amounts to DKK 3.7 million.

7 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	792,512	692,268
Change in deferred tax	1,960,691	(989,904)
	2,753,203	(297,636)

8 Proposed distribution of profit and loss

	2024 DKK	2023 DKK
Ordinary dividend for the financial year	16,500,000	3,665,000
Retained earnings	96,214	435
	16,596,214	3,665,435

9 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK	Prepayments for intangible assets DKK
Cost beginning of year	24,002,019	251,392,788	14,829,814
Transfers	14,961,620	0	(14,961,620)
Additions	0	0	131,806
Disposals	(35,000)	0	0
Cost end of year	38,928,639	251,392,788	0
Amortisation and impairment losses beginning of year	(13,193,796)	(249,807,559)	0
Amortisation for the year	(4,538,075)	(1,585,229)	0
Reversal regarding disposals	35,000	0	0
Amortisation and impairment losses end of year	(17,696,871)	(251,392,788)	0
Carrying amount end of year	21,231,768	0	0

10 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	18,706,715	30,542,316	3,289,763
Disposals	(92,755)	(3,237,970)	(1,755,014)
Cost end of year	18,613,960	27,304,346	1,534,749
Depreciation and impairment losses beginning of year	(4,211,056)	(19,156,041)	(3,146,278)
Depreciation for the year	(954,166)	(2,096,596)	(69,062)
Reversal regarding disposals	92,755	3,237,970	1,755,014
Depreciation and impairment losses end of year	(5,072,467)	(18,014,667)	(1,460,326)
Carrying amount end of year	13,541,493	9,289,679	74,423

11 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	27,241,002
Additions	3,268,430
Cost end of year	30,509,432
Impairment losses beginning of year	(15,971,267)
Exchange rate adjustments	(36,678)
Share of profit/loss for the year	1,585,057
Impairment losses end of year	(14,422,888)
Carrying amount end of year	16,086,544

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Azelis Norway AS	Norway	AS	100.00	1,834,067	(418,490)
Azelis Sweden AB	Sweden	AB	100.00	5,828,133	(305,796)
Azelis Finland Oy	Finland	Oy	100.00	3,421,491	2,309,343

12 Deferred tax

	2024 DKK	2023 DKK
Changes during the year		
Beginning of year	3,055,903	2,066,000
Recognised in the income statement	(1,960,691)	989,904
End of year	1,095,212	3,055,904

Deferred tax assets

The tax asset is included in the balance sheet based on the managements expectations to the result of the future operations of the company, and therefore naturally is subject to uncertainty. It is the managements assessment that the tax assets within a 5 year period, can be used in future positive taxable income.

13 Prepayments

Prepayments consist of prepaid expenses concerning rent and lease agreements for offices and cars as well as prepaid insurance premiums.

14 Deferred income

Deferred income consist of income received for recognition in subsequent financial years.

15 Unrecognised rental and lease commitments

	2024	2023
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	15,993,501	16,921,353

Unrecognised rental and lease commitments consists of rent commitments of DKK 12,420,733 (DKK 14,313,843 in 2023) and operational leasing of DKK 3,572,768 (DKK 2,607,510 in 2023).

16 Contingent liabilities

No contingent liabilities exist at the balance sheet date.

17 Related parties with controlling interest

Azelis Finance N.V., Posthofbrug 12, BE-2600 Berchem, Belgium is the 100 % owner of Azelis Denmark A/S. All transactions with related parties have been conducted on market terms.

18 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

Azelis Group N.V., Posthofbrug 12, BE-2600 Berchem, Belgium.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium) with addition of a few provisions governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements

from average rates to the exchange rates at the balance sheet date are classified directly as equity. Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. 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 entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from equity investments comprises the proportionate share of profit/loss after tax and any adjustment of internal profit/loss and less amortisation of consolidated goodwill.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Estimated useful lives and residual values are reassessed annually.

Intellectual property rights etc

Intangible assets, including licences and acquired rights etc., are measured at cost less accumulated amortisation and impairment losses.

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 lives of the assets:

Concessions, patents, licens, trademarks and other similar rights	7-10 years
Goodwill	7 years
Supplier list	20 years

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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 lives of the assets:

	Useful life
Buildings	20 to 50 years
Plant and machinery	5 to 10 years
Other fixtures and fittings, tools and equipment	3 to 10 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount. Estimated useful lives and residual values are reassessed annually.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (financial leases) are recognised in the balance sheet at the lower of the fair value of the leased assets and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Operating leases

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

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

In accordance with Act S. 86, para (4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as the cash flow statement is included in the ultimate parent company.

Financial Highlights

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity