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Solina Denmark A/S

Niels Bohrs Vej 55
8660 Skanderborg
CVR No. 34077444

Annual report 2024

The Annual General Meeting adopted the annual report on 04.06.2025

Charles Johansen
Chairman of the General Meeting

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Entity details

Entity

Solina Denmark A/S
Niels Bohrs Vej 55
8660 Skanderborg

Business Registration No.: 34077444
Registered office: Skanderborg
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Maria Elza M. Van Troys, chairman
Adam Paul Jones
Charles Johansen

Executive Board

Charles Johansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Solina 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.

Stilling, 04.06.2025

Executive Board

Charles Johansen

Board of Directors

Maria Elza M. Van Troys
chairman

Adam Paul Jones

Charles Johansen

Independent auditor's report

To the shareholders of Solina Denmark A/S

Opinion

We have audited the financial statements of Solina Denmark A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the 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 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 04.06.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Anders Larsen
State Authorised Public Accountant
Identification No (MNE) mne47818

Management commentary

Financial highlights

	2024 DKK'000	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000
Key figures					
Gross profit/loss	101,164	98,697	98,294	94,207	87,632
Operating profit/loss	22,247	19,650	23,359	22,433	23,255
Net financials	(5,389)	(3,919)	(2,057)	(691)	(438)
Profit/loss for the year	13,073	8,576	17,834	21,116	20,348
Total assets	268,801	173,534	168,459	155,646	146,807
Investments in property, plant and equipment	6,260	101	370	2,369	429
Equity	68,605	55,532	47,331	102,340	95,765
Average number of employees	113	120	121	114	107
Ratios					
Equity ratio (%)	25.52	32.00	28.10	65.75	65.23

The above financial highlights is not comparable with previously published annual reports, as a consolidated financial statement is no longer prepared for the financial year 2024. Instead, reference is made to the parent company and consolidated financial statements in accordance with Section 112 of the Danish Financial Statements Act. Therefore, the above financial highlights solely covers the parent company.

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

Equity ratio (%):
Equity * 100
Total assets

Primary activities

Solina Denmark A/S` primary activities is to manufacture blends of spices and functional ingredients and to sell spices, ingredients, additives, intestine etc. for the industrial market in and outside Denmark. Solina Denmark A/S is also a full-line supplier of spices, spice blends, marinades, packaging materials, intestine and hand tools for butchers as wellas for butcher and food specialty stores in the Danish Retail sector.

Development in activities and finances

The Company´s income statement for 2024 shows a profit of DKK mio. 13,1 and the Company´s balance sheet on 31 December 2024 shows equity of DKK mio. 68,6.

Continued from previous years resources are spend on optimizing the Company´s future business model as part of the Solina Group which is expected to contribute to progress in revenue as well as earnings. This has during 2024 materialized in acquisition of a strong market-leading player Oscar A/S that fits perfectly into our growth ambitions from both a channel and product perspective.

The marketplace has been affected by macro-economic developments from the continued instability caused by conflicts in Eastern Europe and the Middle East. Raw material prices have stabilized, and food inflation rates have returned to a lower level however not to previously level. Hence consumer behaviors shifting consumption from high value products into low value products with increasing focus on discount channels are maintained. This affects the butcher/retail channel where the number off in-store butchers and specialty butcher stores continue to decline whereas the food industry processors pick up refined products and ready-meal concepts in the retail sector. 2024 and year to come has been challenging for some of the Company's key customers due to both external and internal conditions. Management has however with the business conditions in mind taken timely, consequent and careful action to mitigate and estimates that there is no need to change the planned ambitions entering 2025. Sustainability is a key pillar in our strategic ambitions hence, increased resources are spent to implement sustainability in all our actions. The company continue to measure the CO2 discharge (within scope 1, 2 and part of 3) monthly and roadmap with activities to reduce CO2 have been strengthen which involves all employees in the sustainability agenda.

Profit/loss for the year in relation to expected developments

The realized profit for the year is higher than what was expected. However, the expected revenue growth turned into a small decline primarily driven by above mentioned market developments with value-added sales decline and delayed pipeline execution. Strong and timely adaption to changed market and price conditions has along with good cost awareness secured a higher profit development than expected.

Outlook

Management is looking forward to a positive development in the coming financial year. Increasing sales are anticipated from a targeted effort in terms of product development with current customers and innovation initiatives in new product segments with potential new customers. The company will also benefit from more intercompany activity based on Solina Group`s worldwide product portfolio.

Revenue is expected to grow moderately with 5-6% in 2025 whereby profit is expected to increase in the range of 8-9% compared with 2024.

Raw material prices for some materials are expected to increase due to supply or demand conditions and a stable lower inflation (cost increases) is expected through 2025. International political instability will expectedly maintain however, Management will timely and consequently act upon these uncertainties and hence not expected to have significant impact in 2025.

Research and development activities

Completed development projects consists of developed recipes on marinades and spice mixtures. All recipes are included in the company's sales and normal coverings are realized on these. The lifetime of a new product on the market is estimated at 3 years, after which it is either phased out or needs revitalization.

Management has not identified indications of impairment losses in relation to the carrying amount.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which expect to influence the evaluation of the annual report.

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		**101,163,600**	**98,696,643**
Distribution costs		(53,438,269)	(52,349,139)
Administrative expenses		(25,478,386)	(26,697,632)
Operating profit/loss		**22,246,945**	**19,649,872**
Income from investments in group enterprises		0	(3,563,849)
Other financial income	3	1,526,120	502,342
Other financial expenses	4	(6,915,146)	(4,420,882)
Profit/loss before tax		**16,857,919**	**12,167,483**
Tax on profit/loss for the year	5	(3,784,842)	(3,591,612)
Profit/loss for the year	6	**13,073,077**	**8,575,871**

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	8	8,218,603	6,480,519
Intangible assets	7	**8,218,603**	**6,480,519**
Plant and machinery		3,205,353	3,100,267
Other fixtures and fittings, tools and equipment		133,619	349,196
Leasehold improvements		1,735,004	3,307,021
Property, plant and equipment in progress		6,056,979	944,641
Property, plant and equipment	9	**11,130,955**	**7,701,125**
Investments in group enterprises		87,429,725	2,773,387
Deposits		5,693,825	2,747,728
Financial assets	10	**93,123,550**	**5,521,115**
Fixed assets		**112,473,108**	**19,702,759**
Raw materials and consumables		44,507,436	38,939,107
Manufactured goods and goods for resale		12,458,134	15,970,813
Inventories		**56,965,570**	**54,909,920**
Trade receivables		47,899,594	49,651,051
Receivables from group enterprises		47,591,729	27,042,337
Other receivables		343,391	2,466,394
Tax receivable		720,831	0
Prepayments	11	842,228	1,472,704
Receivables		**97,397,773**	**80,632,486**
Cash		**1,964,856**	**18,289,199**
Current assets		**156,328,199**	**153,831,605**
Assets		**268,801,307**	**173,534,364**

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital	12	500,000	500,000
Reserve for development expenditure		6,410,510	5,054,805
Retained earnings		61,694,536	49,977,164
Equity		**68,605,046**	**55,531,969**
Deferred tax	13	1,609,000	1,317,000
Provisions		**1,609,000**	**1,317,000**
Payables to group enterprises		80,583,187	70,261,282
Non-current liabilities other than provisions	14	**80,583,187**	**70,261,282**
Bank loans		14,375,444	163,529
Trade payables		27,990,525	28,966,993
Payables to group enterprises		64,164,675	990,292
Tax payable		0	2,809,997
Joint taxation contribution payable		1,708,676	221,615
Other payables	15	9,764,754	13,271,687
Current liabilities other than provisions		**118,004,074**	**46,424,113**
Liabilities other than provisions		**198,587,261**	**116,685,395**
Equity and liabilities		**268,801,307**	**173,534,364**

Staff costs	1
Amortisation, depreciation and impairment losses	2
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Statement of changes in equity for 2024

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	5,054,805	49,977,164	55,531,969
Transfer to reserves	0	1,355,705	(1,355,705)	0
Profit/loss for the year	0	0	13,073,077	13,073,077
Equity end of year	**500,000**	**6,410,510**	**61,694,536**	**68,605,046**

Notes

1 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	65,000,866	63,979,211
Pension costs	6,297,892	5,858,381
Other social security costs	1,476,046	1,095,425
	72,774,804	**70,933,017**
Staff costs classified as assets	(6,139,611)	(5,637,083)
	66,635,193	**65,295,934**

Average number of full-time employees	**113**	**113**

	Remuneration of Management 2023 DKK
Executive Board	2,231,259
	2,231,259

Remuneration to the executive board consist of salaries and bonuses to current members of the executive board. The board of directors does not receive remuneration.

Referring to S. 98b, 3 of the Danish Financial Statement Act, disclosures on management's remuneration for 2024 have been omitted.

2 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Amortisation of intangible assets	4,401,527	3,681,825
Depreciation of property, plant and equipment	2,829,781	3,259,760
	7,231,308	**6,941,585**

3 Other financial income

	2024 DKK	2023 DKK
Financial income from group enterprises	1,526,120	469,972
Other interest income	0	10,676
Other financial income	0	21,694
	1,526,120	**502,342**

4 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	5,648,157	3,361,491
Other interest expenses	538,005	545,960
Other financial expenses	728,984	513,431
	6,915,146	**4,420,882**

5 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	3,492,842	3,031,612
Change in deferred tax	292,000	560,000
	3,784,842	**3,591,612**

6 Proposed distribution of profit and loss

	2024 DKK	2023 DKK
Retained earnings	13,073,077	8,575,871
	13,073,077	**8,575,871**

7 Intangible assets

	Completed development projects DKK
Cost beginning of year	24,218,072
Additions	6,139,611
Cost end of year	**30,357,683**
Amortisation and impairment losses beginning of year	(17,737,553)
Amortisation for the year	(4,401,527)
Amortisation and impairment losses end of year	**(22,139,080)**
Carrying amount end of year	**8,218,603**

8 Development projects

Completed development projects consists of developed recipes on marinades and spice mixtures. All recipes are included in the company's sales and normal coverings are realized on these. The lifetime of a new product on the market is estimated at 3 years, after which it is either phased out or needs revitalization.
Management has not identified indications of impairment losses in relation to the carrying amount.

9 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	49,185,119	15,837,999	19,962,310	944,641
Transfers	1,105,273	0	0	(1,105,273)
Additions	0	0	42,000	6,217,611
Cost end of year	**50,290,392**	**15,837,999**	**20,004,310**	**6,056,979**
Depreciation and impairment losses beginning of year	(46,084,852)	(15,488,803)	(16,655,289)	0
Depreciation for the year	(1,000,187)	(215,577)	(1,614,017)	0
Depreciation and impairment losses end of year	**(47,085,039)**	**(15,704,380)**	**(18,269,306)**	**0**
Carrying amount end of year	**3,205,353**	**133,619**	**1,735,004**	**6,056,979**

10 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	3,126,976	2,747,728
Additions	84,656,338	2,946,097
Cost end of year	**87,783,314**	**5,693,825**
Impairment losses beginning of year	(353,589)	0
Impairment losses end of year	**(353,589)**	**0**
Carrying amount end of year	**87,429,725**	**5,693,825**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Solina Norway AS	Norway	AS	100.00	1,730,901	(1,223,251)
Oscar A/S	Denmark	A/S	100.00	584,000	(4,316,000)

11 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

12 Share capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	500	1000	500,000
	500		**500,000**

13 Deferred tax

	2024 DKK	2023 DKK
Intangible assets	1,808,093	1,425,700
Property, plant and equipment	(199,093)	(108,700)
Deferred tax	**1,609,000**	**1,317,000**

Changes during the year	2024 DKK	2023 DKK
Beginning of year	1,317,000	757,000
Recognised in the income statement	292,000	560,000
End of year	**1,609,000**	**1,317,000**

14 Non-current liabilities other than provisions

	Due after more than 12 months 2024 DKK
Payables to group enterprises	80,583,187
	80,583,187

All non-current liabilities are due within 5 years.

15 Other payables

	2024 DKK	2023 DKK
VAT and duties	1,672,485	3,465,423
Wages and salaries, personal income taxes, social security costs, etc payable	4,314,749	4,128,092
Holiday pay obligation	2,636,162	2,909,144
Other costs payable	1,141,358	2,769,028
	9,764,754	**13,271,687**

16 Unrecognised rental and lease commitments

	2024 DKK	2023 DKK
Liabilities under rental or lease agreements until maturity in total	**73,153,273**	**78,829,080**

17 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which the Parent serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly

taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

18 Assets charged and collateral

The Company Solina Denmark A/S has provided a floating charge to Sydbank A/S of DKK 95,000,000. The floating charge is granted on unsecured claims, inventories, operating equipment as well as intellectual property rights.

The carrying amount of granted unsecured claims as per 31.12.2024 is DKK 47,507,436

The carrying amount of granted operating equipment as per 31.12.2024 is DKK 11,130,955

The carrying amount of granted inventories as per 31.12.2024 is DKK 56,965,570

The carrying amount of granted intellectual property rights as per 31.12.2024 is DKK 8,218,603

Solina Denmark A/S is part of a joint security with other group enterprises to external debt of 9.735 mio. DKK. The debt is recognized in a parent company of Solina Denmark A/S.

19 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.

20 Group relations

Copies of the consolidated financial statements of Solina Group Holding SAS may be ordered at the following address: 13 Rue DE MARIVAUX, 75002 Paris, France.

Accounting policies

Reporting class

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

Changes in accounting policies

The company is presenting its annual report this year under accounting class C-Medium and is therefore not subject to the same note requirements as last year.

The Entity has changed its accounting policies regarding the recognition of investments in group enterprises. In the current financial year, the Entity is using the cost-price method, which aligns with group practice. Last year, the equity method was used.

This change in accounting policies has no impact on the balance sheet or income statement. Additionally, there is no tax effect resulting from this change in practice.

In the previous financial year, investments in group enterprises were recognised at a value below the cost price of the investments in group enterprises. This year, investments in group enterprises are recognised at cost, written down to the recoverable amount due to the change in practice.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with 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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

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 recognised directly in the translation reserve in 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

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs
Production: Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes normal write-down of inventories.

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

Distribution costs
Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses
Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

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

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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax

losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

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

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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
Plant and machinery	3 to 10 years
Other fixtures and fittings, tools and equipment	3 to 5 years
Leasehold improvements	3 to 12 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 measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

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.

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.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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.

Joint taxation contributions payable or receivable
Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Solina Group Holding SAS and may be ordered at the following address: 13 Rue DE MARIVAUX, 75002 Paris, France.