Leca Danmark A/S

Randersvej 75, 8940 Randers SV

CVR no. 38 31 79 62

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 11.07.25

Peter Møller
Dirigent

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Company information etc.

The company

Leca Danmark A/S
Randersvej 75
8940 Randers SV
Registered office: Randers
CVR no.: 38 31 79 62
Financial year: 01.01 - 31.12
8. financial year

Executive Board

Harald Cholewa

Board of Directors

Jacek Nowakowski
Harald Cholewa
Nicole Wilming
Peter Møller
Céline Laurence Couvreur

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab

Parent company

Saint-Gobain Denmark A/S

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Leca Danmark A/S.

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

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

We 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.

Randers SV, July 11, 2025

Executive Board

Harald Cholewa

Board of Directors

Jacek Nowakowski	Harald Cholewa	Nicole Wilming
Peter Møller	Céline Laurence Couvreur	

Independent auditor's report

To the Shareholder of Leca Danmark A/S

Opinion

We have audited the financial statements of Leca Danmark A/S 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.

Copenhagen, July 11, 2025

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Simon Boling Tønnesen
State Authorised Public Accountant
MNE-no. mne49095

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2024	2023	2022	2021	2020
Profit/loss					
Gross profit	17,560	18,138	25,547	92,765	92,431
Operating loss	-19,114	-21,044	-28,418	33,655	38,847
Total net financials	-6,846	-7,024	-2,540	444	-2,979
Loss for the year	-20,033	-22,093	-24,713	25,787	27,265
Balance					
Total assets	299,014	343,099	305,231	299,677	272,605
Investments in property, plant and equipment	11,807	20,400	21,632	28,625	36,235
Equity	2,600	22,632	44,725	112,825	106,038

Ratios

	2024	2023	2022	2021	2020
Profitability					
Return on equity	-159%	-66%	-31%	24%	25%
Equity ratio					
Solvency ratio	1%	7%	15%	38%	39%

In 2023, the company changed its accounting policies for salary reimbursements. The company has reclassified income associated with salary reimbursement in the income statement. Salary reimbursement were previosly classified under production, distribution and administration costs. From the current year, salary imbursement are classified as "other operating income"

The comparative figures for 2022 have been restated in accordance with the new accounting policies. Financial highlights for the past 3 to 4 years have not been restated in accordance with the change in accounting policies, see section 101(3) of the Danish Financial Statements Act.

Ratios definitions

Return on equity: $\dfrac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\dfrac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The company's activities consist of production and business-to-business sales of Leca products, which are used for insulation, basements walls, foundation, protection against penetration of radon and ground deck etc. The company's products are primarily sold in Denmark and on the European market.

Leca Danmark A/S, a subsidiary of the Saint-Gobain Group, is the Danish branch of the Leca organization and a key player in the European market for lightweight construction materials. The company's core activity is the development, production, and B2B sale of Leca® lightweight expanded clay aggregates (letklinker), which are manufactured from Danish clay at the facility in Hinge, north of Hadsten.

These expanded clay pellets are known for their low weight, high strength, durability, and insulating properties, making them ideal for a wide range of applications, including:

- Construction: block production, insulation of floors, walls, and foundations
- Infrastructure: lightweight fill for roads, bridges, and embankments
- Water management: drainage systems and stormwater solutions
- Gardening: drainage and water retention for plants

Leca Danmark's products are used both in raw form and as processed materials such as Leca® blocks and elements. Leca Danmark emphasizes sustainability, with a circular approach to product life cycles and a strong focus on reducing environmental impact.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit/loss of DKK -20,032,845 against DKK -22,092,511 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 2,599,602.

The improvement in the resultat marks a continued improvement in financial performance, although the company has not yet returned to a profitable position.

The management does not consider the net profit for the year to be satisfactory.

The earnings expectations for 2024 were a net profit of 21,6 mio. DKK. The company did not meet its forecasted results due to lower-than-expected activity in 2024.

Outlook

The company expects a turnaround, with a projected net profit of approximately 19,2 mio. DKK. This outlook is driven by a notable increase in sales across both the domestic Danish market and the broader European region. A key strategic development is that Leca Danmark A/S will become a major supplier to the Norwegian market, where the LECA Group has temporarily mothballed its production. This shift is expected to strengthen Leca Danmark's market position and reduce underactivity, both of which will contribute positively to profitability in the coming year.

Financial risks

Price risks

The company is exposed to commodity price risks, as the company's producst contain various raw materials which are subject to fluctuating prices.

Increased costs of commodities and energy costs in 2024 have been partially offset by efficiency improvements and increases in finished product prices. The company continues to focus on optimizing resource utilization and improving operational efficiency. As part of its ongoing sustainability efforts, the company has significantly reduced its reliance on coal by transitioning to a more diversified and environmentally friendly energy mix.

Foreign currency risks

The company is exposed to foreign currency risks primarily from EUR, GBP and USD due to purchase and sales transactions that are settled in currencies other than DKK.

Interest rate risks

The company's cash is managed in accordance with the Saint-Gobain Group agreement. All financial transactions are managed within the Group framework. As a result, the company's interest rate risk is considered low.

Other risks

The company operates in the UK market through its local branch, which remains an important part of its international strategy. Brexit continues to pose potential risks, particularly related to regulatory and market changes. The company monitors developments closely and is prepared to respond to minimize any operational impact.

Subsequent events

No important events have occurred after the end of the financial year. Refer to note 1.

Branches abroad

The company has a branch in England in charge of sales of the company's products in the local markets.

Income statement

Note		2024 DKK	2023 DKK
	Gross profit	**17,559,790**	**18,137,795**
	Distribution costs	-22,192,823	-23,113,003
	Administration costs	-13,926,276	-15,360,406
	Other operating expenses	-554,689	-708,393
	Operating loss	**-19,113,998**	**-21,044,007**
	Financial income	1,970,706	1,048,537
4	Financial expenses	-8,816,533	-8,072,479
	Loss before tax	**-25,959,825**	**-28,067,949**
5	Tax on loss for the year	5,926,980	5,975,438
	Loss for the year	**-20,032,845**	**-22,092,511**

6 Proposed appropriation account

Balance sheet

ASSETS

Note		31.12.24 DKK	31.12.23 DKK
	Goodwill	0	1,549,398
7	**Total intangible assets**	**0**	**1,549,398**
	Land and buildings	39,424,261	42,044,317
	Plant and machinery	158,881,015	163,723,549
	Other fixtures and fittings, tools and equipment	692,571	1,170,784
	Property, plant and equipment under construction	4,831,662	7,335,566
8	**Total property, plant and equipment**	**203,829,509**	**214,274,216**
	Total non-current assets	**203,829,509**	**215,823,614**
	Raw materials and consumables	16,362,820	14,734,424
	Manufactured goods and goods for resale	34,180,148	31,354,526
	Prepayments for goods	180,000	149,223
	Total inventories	**50,722,968**	**46,238,173**
	Trade receivables	25,578,108	22,321,281
	Receivables from group enterprises	5,453,391	5,572,917
	Income tax receivable	3,421,076	25,541,197
	Other receivables	9,079,078	26,401,616
9	Prepayments	930,241	1,200,682
	Total receivables	**44,461,894**	**81,037,693**
	Total current assets	**95,184,862**	**127,275,866**
	Total assets	**299,014,371**	**343,099,480**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.24 DKK	31.12.23 DKK
10	Share capital	510,000	510,000
	Retained earnings	2,089,602	22,122,447
	Total equity	**2,599,602**	**22,632,447**
11	Provisions for deferred tax	17,968,998	24,082,757
12	Other provisions	6,865,798	0
	Total provisions	**24,834,796**	**24,082,757**
13	Payables to group enterprises	135,529,361	124,618,388
13	Deferred income	46,098,337	50,427,397
	Total long-term payables	**181,627,698**	**175,045,785**
13	Short-term part of long-term payables	4,336,000	4,336,000
	Trade payables	37,214,536	30,779,110
	Payables to group enterprises	33,004,811	67,889,757
	Other payables	15,396,928	18,333,624
	Total short-term payables	**89,952,275**	**121,338,491**
	Total payables	**271,579,973**	**296,384,276**
	Total equity and liabilities	**299,014,371**	**343,099,480**

14 Contingent liabilities
15 Charges and security
16 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.24 - 31.12.24			
Balance as at 01.01.24	510,000	22,122,447	22,632,447
Net profit/loss for the year	0	-20,032,845	-20,032,845
Balance as at 31.12.24	510,000	2,089,602	2,599,602

1. Subsequent events

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

2. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2024 DKK	2023 DKK
CO_2 quotas	Production costs	6,865,798	8,639,760
Total		6,865,798	8,639,760

3. Employee aspects

Wages and salaries	48,446,726	47,215,937
Pensions	4,335,932	4,152,129
Other social security costs	929,810	832,786
Total	53,712,468	52,200,852

Total staff costs comprise:

Production costs	34,987,883	32,095,696
Distribution costs	8,659,629	7,440,152
Administration costs	10,064,956	12,665,004
Total	53,712,468	52,200,852

	2024 DKK	2023 DKK

3. Employee aspects - continued -

Average number of employees during the year	79	85

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	0	0

The Board of Directors do not directly receive remuneration for their work as board members in the Company, but are paid indirectly as part of group charges. Any allocation of such remuneration to their board-related services in the Company would be insignificant, and as such, the Board of Directors have not received remuneration for their services.

Pursuant to the exemption clause for reporting class C entities under section 98b(3)(ii) of the Danish Financial Statements Act, the Company has chosen to omit disclosure of executive board remuneration as it would lead to disclosing the remuneration of a single person.

Incentive programmes:

The Saint-Gobain Group has established a share-based remuneration program for the Executive Board and senior executives of Leca International. The senior executives are awarded a number of shares annually in the Saint Gobain Group, which are tied for 4 years, after which they are released without payment. The receipt of the shares is conditional on the shareholder being in a vacant position, with certain exceptions, at the time of release. At the same time, the allocation of 65% of the shares is conditional on the size of the key figure "return on invested capital", while the allocation of 20% of the shares is conditional on the share price at the time of the acquisition. The last 15% is conditional on the company's CPI regarding Social Responsibility. However, the first 100 shares are released regardless of fulfillment of the criteria. Special provisions apply regarding sickness and death and changes in the company's capital structure etc. The share program is recognized as an equity-based scheme. Settlement to the parent entity is recognized through equity.

	2024 DKK	2023 DKK

4. Financial expenses

Interest, group enterprises	7,919,422	6,789,302
Other interest expenses	89,901	0
Foreign currency translation adjustments	738,719	1,209,514
Other financial expenses	68,491	73,663
Other financial expenses	897,111	1,283,177
Total	8,816,533	8,072,479

5. Tax on loss for the year

Current tax for the year	178,037	-22,060,883
Adjustment of deferred tax for the year	-6,113,759	16,145,925
Adjustment of tax in respect of previous years	8,742	-60,480
Total	-5,926,980	-5,975,438

6. Proposed appropriation account

Retained earnings	-20,032,845	-22,092,511
Total	-20,032,845	-22,092,511

7. Intangible assets

Figures in DKK	Acquired rights	Goodwill	Total
Cost as at 01.01.24	4,959,811	16,087,904	21,047,715
Cost as at 31.12.24	4,959,811	16,087,904	21,047,715
Amortisation and impairment losses as at 01.01.24	-4,959,811	-14,538,506	-19,498,317
Amortisation during the year	0	-1,549,398	-1,549,398
Amortisation and impairment losses as at 31.12.24	-4,959,811	-16,087,904	-21,047,715
Carrying amount as at 31.12.24	0	0	0

8. Property, plant and equipment

Figures in DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Cost as at 01.01.24	150,846,703	328,504,540	8,792,697	7,335,566
Additions during the year	1,426,660	5,548,901	0	4,831,662
Transfers during the year to/from other items	0	7,335,566	0	-7,335,566
Cost as at 31.12.24	152,273,363	341,389,007	8,792,697	4,831,662
Depreciation and impairment losses as at 01.01.24	-108,802,386	-164,780,991	-7,621,913	0
Depreciation during the year	-4,046,716	-17,727,001	-478,213	0
Depreciation and impairment losses as at 31.12.24	-112,849,102	-182,507,992	-8,100,126	0
Carrying amount as at 31.12.24	39,424,261	158,881,015	692,571	4,831,662

	31.12.24 DKK	31.12.23 DKK

9. Prepayments

Prepaid membership fees and subscriptions	612,830	620,905
Prepraid insurance and licenses	317,411	579,777
Total	930,241	1,200,682

10. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	510,000	510,000

The share capital has been fully paid in at the balance sheet date.

11. Deferred tax

Deferred tax as at 01.01.24	24,082,757	7,936,832
Deferred tax recognised in the income statement	-6,113,759	16,145,925
Deferred tax as at 31.12.24	17,968,998	24,082,757

Deferred tax is distributed as below:

Property, plant and equipment	26,363,724	26,598,025
Inventories	4,269,984	4,371,846
Receivables	38,996	38,997
Provisions	-1,510,476	0
Liabilities	-11,193,230	-6,926,111
Total	17,968,998	24,082,757

12. Other provisions

Figures in DKK	Other provisions
Provisions during the year	6,865,798
Provisions as at 31.12.24	6,865,798

	31.12.24 DKK	31.12.23 DKK
Other provisions are expected to be distributed as follows:		
Current liabilities	6,865,798	0
Total	6,865,798	0

Other provisions relate to CO2 quotas payables.

13. Long-term payables

Figures in DKK	Repayment first year	Total payables at 31.12.24	Total payables at 31.12.23
Payables to group enterprises	0	135,529,361	124,618,388
Deferred income	4,336,000	50,434,337	54,763,397
Total	4,336,000	185,963,698	179,381,785

Deferred income comprises of grants received on account for the construction of assets. The total grant to be received will be recognized as income over the useful life of the related asset when the related assets is ready for use.

14. Contingent liabilities

Lease commitments

The company has concluded lease agreements for cars and operating equipment. The remaining payment consist of a total of DKK 3,990 thousand, which falls due within 5 years. Of this, DKK 2,160 thousand falls due within 12 months.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

15. Charges and security

The company has provided a guarantee to the Region Midtjylland regarding an obligation for remediation and restoration for gravel and clay graves for DKK 3,500 thousand. In the balance sheet, DKK 0 has been allocated for restoration.

16. Related parties

Controlling influence	Basis of influence
Saint-Gobain Denmark A/S	Parent company
Compagnie de Saint-Gobain, Frankrig	Ultimate parent company

Transactions	2024 DKK	2023 DKK
Sales of goods to group entities	77,742,256	93,485,064
Sales of services to group entities	22,377,793	27,522,163
Purchase of goods from group entities	13,297,030	0
Purchase of services from group entities	23,973,690	21,118,116

Payables to group companies are disclosed in the balance sheet, and interest expense is disclosed in note 4.

The company is included in the consolidated financial statements of the parent Compagnie de Saint-Gobain, Frankrig. The consolidated financial statements can be obtained on www.saint-gobain.com.

17. 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.

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.

17. Accounting policies - continued -

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.

LEASES

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

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue and production costs as well as other operating income.

17. Accounting policies - continued -

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.

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

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.

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.

17. Accounting policies - continued -

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
Acquired rights	3-5	0
Goodwill	7	0
Buildings	15-25	0
Plant and machinery	3-15	0
Other plant, fixtures and fittings, tools and equipment	3-7	0

The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Other net financials

Interest income and interest expenses, 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.

17. Accounting policies - continued -

BALANCE SHEET

Intangible assets

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.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains or losses on the disposal of intangible assets

Gains or 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 land and buildings, 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.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

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.

17. Accounting policies - continued -

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

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.

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. Impairment losses on goodwill are not reversed.

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.

17. Accounting policies - continued -

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. 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.

Prepayments

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

Provisions

Other provisions comprise expected expenses incidental to restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

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

17. Accounting policies - continued -

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.

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.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

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.