Garia ApS

Lunikvej 44B, DK-2670 Greve

Annual Report for 2024

CVR No. 31 58 31 36

The Annual Report was presented and adopted at the Annual General Meeting of the company on 07/07/2025

Haresh Shah
Chairman of the general meeting

Contents

Management’s statement

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

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

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

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

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

Greve, 7 July 2025

Executive Board

Mark Christopher Wagner Manager	Haresh Shah Manager

Independent Auditor's report

To the shareholder of Garia ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company´s operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Garia ApS for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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.

Independent Auditor's report

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.

Aarhus C, 7 July 2025
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Berring Rasmussen
State Authorised Public Accountant
mne34157

Linda Højland
State Authorised Public Accountant
mne45871

Company information

The Company	Garia ApS Lunikvej 44B DK-2670 Greve CVR No: 31 58 31 36 Financial period: 1 January - 31 December Municipality of reg. office: Greve
Executive Board	Mark Christopher Wagner Haresh Shah
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

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

(TDKK)	2024 12 months	2023 12 months	2021/22 16 months	2020/21 12 months	2019/20 12 months
Key figures					
Profit/loss					
Revenue	175,810	203,202	292,889	134,709	116,724
Gross profit/loss	5,665	-18,786	17,985	-123	8,850
Profit/loss of primary operations	-20,984	-46,125	-26,199	-34,681	-32,338
Profit/loss of financial income and expenses	-103,101	4,180	7,259	-5,198	-12,542
Net profit/loss for the year	-124,085	-41,945	-18,537	-30,824	-36,735
Balance sheet					
Balance sheet total	205,951	355,707	350,009	36,605	50,170
Investment in property, plant and equipment	0	199	1,179	554	1,841
Equity	126,055	249,787	287,022	6,677	37,624
Number of employees	26	31	34	31	31
Ratios					
Gross margin	3.2%	-9.2%	6.1%	-0.1%	7.6%
Profit margin	-11.9%	-22.7%	-8.9%	-25.7%	-27.7%
Return on assets	-10.2%	-13.0%	-7.5%	-94.7%	-64.5%
Solvency ratio	61.2%	70.2%	82.0%	18.2%	75.0%
Return on equity	-66.0%	-15.6%	-12.6%	-139.2%	-195.3%

Management's review

Key activities

The company's purpose is to develop, produce and sell electric vehicles and other related products.

Development in the year

The income statement of the Company for 2024 shows a loss of DKK 124,084,672, and at 31 December 2024 the balance sheet of the Company shows a positive equity of DKK 126,054,791.

Overall, the Golf car sales have decreased by approx. 20% compared to last year. The development is driven by a more competitive environment and financial uncertainty in various export regions. The year is also marked by a change in the company structure, where Garia Inc has been terminated and its business has been transferred to Club Car. This has impacted the P&L negatively in Garia ApS significantly. The company's main shareholder has given an undertaking to guarantee the necessary credit facilities for covering the company's liquidity needs until the general meeting for the financial year 2025.

The past year and follow-up on development expectations from last year

Overall, sales were lower than last year expectations in both the EMEA market and the US market in all segments due to increased competition. As a result, both gross profit and Net income has developed below expectations from last year.

Foreign exchange risks

Financial exchange rate risks against USD and SEK can affect the company positively as well as negatively.

Targets and expectations for the year ahead

For the financial year 2025, the company expects an increased level of activity and a consequently improved result before financial items. The consolidated result before financial items is expected to show a positive result in the range of DKK 5-10 mio but will however depend on the continued integration with Melex and the development on both the American and Urban EMEA market.

Research and development

The company is constantly developing vehicles with a view to future sales of new models. There is no ongoing research in the company.

External environment

The production of electric Golf and Utility carts impacts the external environment primarily through resource extraction, manufacturing processes, and end-of-life disposal. Garia ApS is constantly seeking to reduce the external environmental impact through e.g. recycling programs and second-life applications for batteries that help minimize hazardous waste and reclaim valuable materials. Garia ApS is also enhancing product design for longevity and easy repair reduces waste and resource use over time.

The company is also dependent on political decisions within the green transition and regulations for vehicles, including subclasses and categories. The potential implementation of electric vehicle taxes and new tariffs could affect sales to both the Utility and private segments globally.

Intellectual capital resources

The completed development of the new Garia SuperSport, the design of which was developed in collaboration with Mercedes Benz, has brought the company new technologies within electronics and electric powertrain components. The N1/N50 approved Utility has also added new knowledge about crash tests and makes Garia better equipped as a manufacturer of small vehicles.

Uncertainty relating to recognition and measurement

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

Management's review

Unusual events

The company's assets, liabilities and financial position as of 31 December 2024 as well as the result of the company's activities for 2024 have been affected by the termination of Garia Inc and the transfer of production to Melex. The company now operates as part of the Club Car global enterprise. Also, due to the lower activity the company has incurred a significant write down of goodwill.

Subsequent events

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

Income statement 1 January - 31 December

(DKK)	Note	2024	2023
Revenue		175,810,130	203,202,467
Other operating income		59,721	12,611
Expenses for raw materials and consumables		-156,371,308	-205,022,915
Other external expenses		-13,833,334	-16,978,238
Gross profit/loss		**5,665,209**	**-18,786,075**
Staff expenses	2	-24,953,062	-25,464,457
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-1,688,156	-1,874,315
Other operating expenses		-8,000	0
Profit/loss before financial income and expenses		**-20,984,009**	**-46,124,847**
Income from investments in subsidiaries	3	-103,415,469	4,956,441
Financial income	4	452,935	1,478,255
Financial expenses		-138,129	-2,254,523
Profit/loss before tax		**-124,084,672**	**-41,944,674**
Tax on profit/loss for the year		0	0
Net profit/loss for the year	5	**-124,084,672**	**-41,944,674**

Balance sheet 31 December

Assets

(DKK)	Note	2024	2023
Completed development projects		289,559	1,115,403
Intangible assets	6	**289,559**	**1,115,403**
Other fixtures and fittings, tools and equipment		462,840	1,024,666
Leasehold improvements		53,259	361,745
Property, plant and equipment	7	**516,099**	**1,386,411**
Investments in subsidiaries	8	58,753,120	157,195,120
Deposits	9	291,429	291,429
Fixed asset investments		**59,044,549**	**157,486,549**
Fixed assets		**59,850,207**	**159,988,363**
Inventories	10	**6,331,072**	**73,262,196**
Trade receivables		11,406,156	16,208,887
Receivables from group enterprises		123,149,985	100,531,445
Other receivables		225,850	2,663,522
Prepayments	11	476,702	476,694
Receivables		**135,258,693**	**119,880,548**
Cash at bank and in hand		**4,511,485**	**2,575,915**
Current assets		**146,101,250**	**195,718,659**
Assets		**205,951,457**	**355,707,022**

Balance sheet 31 December

Liabilities and equity

(DKK)	Note	2024	2023
Share capital		505,000	505,000
Reserve for development costs		225,857	870,015
Other reserves		2,703,948	2,351,832
Retained earnings		122,619,986	246,060,500
Equity		**126,054,791**	**249,787,347**
Provisions relating to investments in group enterprises		0	10,845,748
Other provisions	12	2,809,884	3,064,125
Provisions		**2,809,884**	**13,909,873**
Trade payables		16,397,555	28,555,613
Payables to group enterprises		58,888,694	58,206,150
Other payables		1,800,533	5,248,039
Short-term debt		**77,086,782**	**92,009,802**
Debt		**77,086,782**	**92,009,802**
Liabilities and equity		**205,951,457**	**355,707,022**
Going concern	1		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
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Statement of changes in equity

(DKK)	Share capital	Reserve for development costs	Other reserves	Retained earnings	Total
Equity at 1 January	505,000	870,015	2,351,832	246,060,500	249,787,347
Exchange adjustments	0	0	352,116	0	352,116
Development costs for the year	0	-644,158	0	644,158	0
Net profit/loss for the year	0	0	0	-124,084,672	-124,084,672
Equity at 31 December	**505,000**	**225,857**	**2,703,948**	**122,619,986**	**126,054,791**

Notes to the Financial Statements

1. Going concern

In connection with the annual report of 2024 for Garia ApS, Club Car LLC guarantees the necessary credits to cover Garia ApS' liquidity needs until the next general meeting for the financial year 2025.

2. Staff expenses

(DKK)	2024	2023
Wages and salaries	22,179,506	22,689,918
Pensions	2,067,923	1,954,037
Other social security expenses	705,633	820,502
	24,953,062	**25,464,457**
Including remuneration to the Executive Board	**2,212,380**	**2,034,875**
Average number of employees	**26**	**31**

3. Special items

(DKK)	2024	2023
Impairment need in terms of the positive differences included at recognition of cost prices on the investment in subsidiary	-89,823,807	0
	-89,823,807	**0**

4. Financial income

(DKK)	2024	2023
Interest from group enterprises	196,596	1,340,240
Other financial income	107,882	138,015
Exchange gains	148,457	0
	452,935	**1,478,255**

Notes to the Financial Statements

5. Profit allocation

(DKK)	2024	2023
Retained earnings	-124,084,672	-41,944,674
	-124,084,672	**-41,944,674**

6. Intangible fixed assets

(DKK)	Completed development projects
Cost at 1 January	39,303,041
Cost at 31 December	39,303,041
Impairment losses and amortisation at 1 January	38,187,638
Amortisation for the year	825,844
Impairment losses and amortisation at 31 December	39,013,482
Carrying amount at 31 December	**289,559**
Amortised over	5 years

7. Property, plant and equipment

(DKK)	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January	8,903,048	5,469,937
Disposals for the year	0	-8,000
Cost at 31 December	8,903,048	5,461,937
Impairment losses and depreciation at 1 January	7,878,382	5,108,192
Depreciation for the year	561,826	300,486
Impairment losses and depreciation at 31 December	8,440,208	5,408,678
Carrying amount at 31 December	**462,840**	**53,259**
Amortised over	2-5 years	5 years

Notes to the Financial Statements

8. Investments in subsidiaries

(DKK)	2024	2023
Cost at 1 January	205,565,973	205,565,973
Disposals for the year	-53,065,500	0
Cost at 31 December	152,500,473	205,565,973
Value adjustments at 1 January	-59,216,601	-72,153,936
Exchange adjustment	352,116	4,710,034
Net profit/loss for the year	-2,308,548	15,870,615
Other equity movements, net	0	3,270,860
Amortisation of goodwill	-10,840,038	-10,512,952
Change in intercompany profit on inventories	747,337	-401,222
Other adjustments	-89,823,807	0
Reversals for the year of revaluations in previous years	67,342,188	0
Value adjustments at 31 December	-93,747,353	-59,216,601
Equity investments with negative net asset value transferred to provisions	0	10,845,748
Carrying amount at 31 December	**58,753,120**	**157,195,120**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Melex Sp. z.o.o.	Poland	100%

9. Other fixed asset investments

(DKK)	Deposits
Cost at 1 January	291,429
Cost at 31 December	291,429
Carrying amount at 31 December	**291,429**

Notes to the Financial Statements

10. Inventories

(DKK)	2024	2023
Raw materials and consumables	2,179,317	65,925,012
Finished goods and goods for resale	4,151,755	7,337,184
	6,331,072	**73,262,196**

11. Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums

12. Other provisions

(DKK)	2024	2023
Other provisions	2,809,884	3,064,125
	2,809,884	**3,064,125**
The provisions are expected to mature as follows:		
Between 1 and 5 years	2,809,884	3,064,125
After 5 years	0	0
	2,809,884	**3,064,125**

13. Contingent assets, liabilities and other financial obligations

(DKK)	2024	2023
Rental and lease obligations		
Obligation to designate buyer, operating leases. Expected residual value on expiry agreement	1,252,628	1,326,138
Lease obligations	748,351	712,874
Other contingent liabilities		
Garia ApS has a warranty with the danish tax authority of:	500,000	500,000

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Swing Acquisition ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

14. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Platinum Equity, LLC, Beverly Hills, California, United States	Ultimate parent company
Swing Acquisition ApS, C/O Bech-Bruun - Gdanskgade 18. 2150 Nordhavn	Parent company
Other related parties	
Melex Sp. Z.o.o., Poland	Investment in subsidiaries

Transactions

The sale of goods to subsidiaries amounts to, kDKK 102,641, has been effected at arm's length.

Apart from the above, there have been no transactions with the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration which is also considered on arm's length and therefore not listed according to the Danish Financial Statement Act §98 C, paragraph 6.

Consolidated Financial Statements

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

Name	Place of registered office
Swing Acquisition ApS - samllest group	Denmark
Club Car LLC - largest group	USA

The Group Annual Report of Club Car LLC - largest group may be obtained at the following address:

4125 Washington Road

15. Subsequent events

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

Notes to the Financial Statements

16. Accounting policies

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

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024 of Swing Acquisition ApS, the Company has not prepared consolidated financial statements.

Cash flow statement

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

Recognition and measurement

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

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

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

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

16. Accounting policies (continued)

Income statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

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

Notes to the Financial Statements

16. Accounting policies (continued)

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

Notes to the Financial Statements

16. Accounting policies (continued)

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits

Inventories

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

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

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company´s experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Notes to the Financial Statements

16. Accounting policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

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

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of primary operations x 100 / Revenue
Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity