

ECOstyle A/S

Hvidkærvej 17, 5250 Odense SV
CVR no. 18 92 90 07

Annual report for the financial year 01.10.22 - 30.09.23

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 25.01.24

Lars Hegelund Bjørnsbo
Dirigent

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The company

ECOstyle A/S
Hvidkærvej 17
5250 Odense SV

Registered office: Odense
CVR no.: 18 92 90 07
Financial year: 01.10 - 30.09

Executive Board

Lars Hegelund Bjørnsbo

Board of Directors

Martine Olijslagers-Kuip, chairman
Jehannes Wiebren Santema, member
Lars Hegelund Bjørnsbo, member

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Subsidiarie

EUROstyle DK ApS, Odense

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 01.10.22 - 30.09.23 for ECOstyle A/S.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30.09.23 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.10.22 - 30.09.23.

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.

Odense SV, December 11, 2023

Executive Board

Lars Hegelund Bjørnsbo

Board of Directors

Martine Olijslagers-Kuip
Chairman

Jehannes Wiebren Santema

Lars Hegelund Bjørnsbo

To the shareholder of ECOstyle A/S**Opinion**

We have audited the consolidated financial statements and financial statements of ECOstyle A/S for the financial year 01.10.22 - 30.09.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 30.09.23 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.10.22 - 30.09.23 in accordance with the 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 consolidated financial statements and financial statements" section of our report. We are independent of the group and 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 consolidated financial statements and 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 consolidated financial statements and 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 consolidated financial statements or parent company 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 the Danish Financial Statements Act.

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

Management's responsibilities for the consolidated financial statements and financial statements

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

In preparing the consolidated financial statements and financial statements, management is responsible for assessing the group's and 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 consolidated financial statements and financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 consolidated financial statements and 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 consolidated financial statements and 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 group's and 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 consolidated financial statements and 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 group's and 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 consolidated financial statements and 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 group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. 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.

Odense, December 11, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Welinder

State Authorized Public Accountant
MNE-no. mne23366

GROUPS FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2022/23	2021/22	2020/21	2019/20	2018/19
<i>Profit/loss</i>					
Total net financials	-90	-182	-182	228	19
Profit for the year	16,045	13,445	13,756	6,837	322
<i>Balance</i>					
Total assets	93,095	77,211	67,280	55,168	30,492
Investments in property, plant and equipment	862	602	1,607	1,327	65
Equity	76,717	60,672	47,227	33,471	26,634

Primary activities

The group's activities comprise of marketing and sale of pesticides, biocides and fertilisers of natural origin - mostly allowed to ecological areas.

Development in activities and financial affairs

The income statement for the period 01.10.22 - 30.09.23 shows a profit/loss of DKK 16,044,777 against DKK 13,444,914 for the period 01.10.21 - 30.09.22. The balance sheet shows equity of DKK 76,716,741.

The fiscal year 2022/2023 was again extra ordinary good. Investments in innovations previous years, general trend towards green thinking and high engagement from consumers in green gardening has given a continued positive impact on turnover. This despite high inflation and reduced consumer confidence.

Main activity in the company is our branded ECOstyle consumer business, which year for year and in both low and high season develops positive. New assortments, new chains and growth in market share has contributed to the positive result together with a moderate increase in costs not following growth in turnover.

The overall development in company has been based on scaling up. Coming period will demand more employees and investment in more modern infrastructure to meet growth goals.

Our main products are pesticides and biocides and more restrictions will be expected. But we believe our type products will benefit in overall from restrictions. Besides this investments are made to develop further alternative assortments to supplement the growth journey.

The organization is small and highly skilled, motivated and executing on goals. New recruitments will be executed coming period.

Financial risk of company is low. Focus area coming period is continued growth in sale and control of working capital.

This year result: Month march 2023 was extraordinary bad, but following months repaired march and summer until September delivered a result over budget.

Outlook

The company expects a profit before tax of DKK 14,900k for the coming year. It is expected the main financial indicators 2022/2023 are continued for next year.

External environment

Sustainability is the DNA of the brand/company. It is the main driver to our success and also leads to constant demand of all stakeholders that we deliver highest standard in sustainability in all aspects. We have the market leader position today in our industry in sustainability and we will build this position out with new activities. All our company activities are focused on minimizing our impact on external environment.

Subsequent events

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

Income statement

Note	Group		Parent	
	2022/23 DKK	2021/22 DKK	2022/23 DKK	2021/22 DKK
	39,173,271	35,483,650	38,159,515	35,237,440
1 Staff costs	-17,817,699	-16,895,595	-17,817,699	-16,895,598
	21,355,572	18,588,055	20,341,816	18,341,842
Depreciation and impairments losses of property, plant and equipment	-644,961	-1,088,170	-644,960	-1,088,170
	20,710,611	17,499,885	19,696,856	17,253,672
2 Income from equity investments in group enterprises	0	0	790,139	182,839
3 Financial income	43,612	593	43,015	593
4 Financial expenses	-134,006	-182,620	-132,672	-172,692
	20,620,217	17,317,858	20,397,338	17,264,412
Tax on profit for the year	-4,575,440	-3,872,944	-4,352,561	-3,819,498
	16,044,777	13,444,914	16,044,777	13,444,914
5 Proposed appropriation account				

ASSETS		Group		Parent	
		30.09.23 DKK	30.09.22 DKK	30.09.23 DKK	30.09.22 DKK
Note					
	Leasehold improvements	27,703	39,767	27,703	39,767
	Other fixtures and fittings, tools and equipment	1,803,474	1,623,734	1,803,474	1,623,734
6	Total property, plant and equipment	1,831,177	1,663,501	1,831,177	1,663,501
7	Equity investments in group enterprises	0	0	11,012,978	222,839
8	Deposits	578,830	562,322	578,830	562,322
	Total investments	578,830	562,322	11,591,808	785,161
	Total non-current assets	2,410,007	2,225,823	13,422,985	2,448,662
	Manufactured goods and goods for resale	37,387,330	25,687,631	20,292,902	21,907,232
	Prepayments for goods	11,115	18,601,089	11,115	18,601,089
	Total inventories	37,398,445	44,288,720	20,304,017	40,508,321
	Trade receivables	15,383,147	9,134,522	15,383,147	9,134,522
	Receivables from group enterprises	8,013,655	0	15,186,050	3,620,289
	Other receivables	1,440	4,662	1,440	4,662
9	Prepayments	33,325	3,972	32,718	3,972
	Total receivables	23,431,567	9,143,156	30,603,355	12,763,445
	Cash	29,855,146	21,553,620	29,260,274	20,492,695
	Total current assets	90,685,158	74,985,496	80,167,646	73,764,461
	Total assets	93,095,165	77,211,319	93,590,631	76,213,123

EQUITY AND LIABILITIES		Group		Parent	
		30.09.23 DKK	30.09.22 DKK	30.09.23 DKK	30.09.22 DKK
Note					
10	Share capital	500,000	500,000	500,000	500,000
	Reserve for net revaluation according to the equity method	0	0	972,978	182,839
	Retained earnings	61,004,155	60,171,964	60,031,177	59,989,125
	Proposed dividend for the financial year	15,212,586	0	15,212,586	0
	Total equity	76,716,741	60,671,964	76,716,741	60,671,964
11	Provisions for deferred tax	30,697	5,698	30,697	5,698
	Total provisions	30,697	5,698	30,697	5,698
12	Lease commitments	353,587	406,874	353,587	406,874
12	Income taxes	4,242,520	3,609,649	4,019,641	3,609,649
	Total long-term payables	4,596,107	4,016,523	4,373,228	4,016,523
12	Short-term part of long-term payables	513,490	505,570	513,490	505,570
	Payables to other credit institutions	38,362	53,807	38,362	53,807
	Trade payables	836,857	2,493,006	794,580	2,189,617
	Other payables	10,362,911	9,464,751	11,123,533	8,769,944
	Total short-term payables	11,751,620	12,517,134	12,469,965	11,518,938
	Total payables	16,347,727	16,533,657	16,843,193	15,535,461
	Total equity and liabilities	93,095,165	77,211,319	93,590,631	76,213,123
13	Contingent liabilities				
14	Charges and security				
15	Related parties				

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Total equity
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Group:

Statement of changes in equity for 01.10.22 - 30.09.23

Balance as at 01.10.22	500,000	0	60,171,964	0	60,671,964
Net profit/loss for the year	0	0	832,191	15,212,586	16,044,777
Balance as at 30.09.23	500,000	0	61,004,155	15,212,586	76,716,741

Parent:

Statement of changes in equity for 01.10.22 - 30.09.23

Balance as at 01.10.22	500,000	182,839	59,989,125	0	60,671,964
Net profit/loss for the year	0	790,139	42,052	15,212,586	16,044,777
Balance as at 30.09.23	500,000	972,978	60,031,177	15,212,586	76,716,741

Consolidated cash flow statement

Note	Group	
	2022/23 DKK	2021/22 DKK
	16,044,777	13,444,914
16	5,310,795	5,143,141
Change in working capital:		
Inventories	6,890,275	-13,393,572
Receivables	-14,304,919	5,426,548
Trade payables	-1,656,149	660,876
Other payables relating to operating activities	1,087,212	-3,790,734
Cash flows from operating activities before net financials	13,371,991	7,491,173
Interest income and similar income received	43,612	593
Interest expenses and similar expenses paid	-134,006	-182,620
Income tax paid	-4,146,503	-3,882,054
Cash flows from operating activities	9,135,094	3,427,092
Purchase of property, plant and equipment	-862,486	-602,426
Sale of property, plant and equipment	89,730	0
Cash flows from investing activities	-772,756	-602,426
Raising of additional capital	0	-40,000
Arrangement of payables to credit institutions	0	40,492
Repayment of payables to credit institutions	-15,445	0
Repayment of lease commitments	-45,367	-536,665
Cash flows from financing activities	-60,812	-536,173
Total cash flows for the year	8,301,526	2,288,493
Cash, beginning of year	21,553,620	19,265,127
Cash, end of year	29,855,146	21,553,620
Cash, end of year, comprises:		
Cash	29,855,146	21,553,620
Total	29,855,146	21,553,620

	Group		Parent	
	2022/23 DKK	2021/22 DKK	2022/23 DKK	2021/22 DKK

1. Staff costs

Wages and salaries	15,975,378	15,235,747	15,975,378	15,235,749
Pensions	977,016	845,447	977,016	845,447
Other social security costs	114,563	92,340	114,563	92,340
Other staff costs	750,742	722,061	750,742	722,062
Total	17,817,699	16,895,595	17,817,699	16,895,598

Average number of employees during the year	19	20	19	20
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2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	790,139	182,839
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3. Financial income

Other interest income	43,016	577	43,015	577
Foreign exchange gains	596	16	0	16
Total	43,612	593	43,015	593

	Group		Parent	
	2022/23 DKK	2021/22 DKK	2022/23 DKK	2021/22 DKK
4. Financial expenses				
Interest, group enterprises	23,046	0	23,046	0
Other interest expenses	11,188	121,973	9,854	119,820
Foreign exchange losses	84,479	42,130	84,479	34,355
Other financial expenses	15,293	18,517	15,293	18,517
Other financial expenses	110,960	182,620	109,626	172,692
Total	134,006	182,620	132,672	172,692

5. Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	790,139	182,839
Proposed dividend for the financial year	15,212,586	0	15,212,586	0
Retained earnings	832,191	13,444,914	42,052	13,262,075
Total	16,044,777	13,444,914	16,044,777	13,444,914

6. Property, plant and equipment

Figures in DKK	Leasehold and fittings, tools improvements	Other fixtures and equipment
Group:		
Cost as at 01.10.22	84,880	3,893,922
Additions during the year	0	862,486
Disposals during the year	0	-89,730
Cost as at 30.09.23	84,880	4,666,678
Depreciation and impairment losses as at 01.10.22	-45,113	-2,270,188
Depreciation during the year	-12,064	-632,896
Depreciation of and impairment losses on disposed assets for the year	0	39,880
Depreciation and impairment losses as at 30.09.23	-57,177	-2,863,204
Carrying amount as at 30.09.23	27,703	1,803,474
Parent:		
Cost as at 01.10.22	84,880	3,893,922
Additions during the year	0	862,486
Disposals during the year	0	-89,730
Cost as at 30.09.23	84,880	4,666,678
Depreciation and impairment losses as at 01.10.22	-45,113	-2,270,188
Depreciation during the year	-12,064	-632,896
Depreciation of and impairment losses on disposed assets for the year	0	39,880
Depreciation and impairment losses as at 30.09.23	-57,177	-2,863,204
Carrying amount as at 30.09.23	27,703	1,803,474
Carrying amount of assets held under finance leases as at 30.09.23	0	867,077

7. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Parent:	
Cost as at 01.10.22	40,000
Additions during the year	10,000,000
Cost as at 30.09.23	10,040,000
Revaluations as at 01.10.22	182,839
Revaluations during the year	790,139
Revaluations as at 30.09.23	972,978
Carrying amount as at 30.09.23	11,012,978
Subsidiaries:	
Name and registered office:	Ownership interest
EUROstyle DK ApS, Odense	100%

8. Other non-current financial assets

Figures in DKK	Deposits
Group:	
Cost as at 01.10.22	562,322
Additions during the year	16,508
Cost as at 30.09.23	578,830
Carrying amount as at 30.09.23	578,830
Parent:	
Cost as at 01.10.22	562,322
Additions during the year	16,508
Cost as at 30.09.23	578,830
Carrying amount as at 30.09.23	578,830

	Group		Parent	
	30.09.23 DKK	30.09.22 DKK	30.09.23 DKK	30.09.22 DKK

9. Prepayments

Other prepayments	33,325	3,972	32,718	3,972
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10. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	500	500,000

	Group		Parent	
	30.09.23 DKK	30.09.22 DKK	30.09.23 DKK	30.09.22 DKK

11. Deferred tax

Deferred tax as at 01.10.22	30,697	5,698	30,697	5,698
Deferred tax as at 30.09.23	30,697	5,698	30,697	5,698

12. Long-term payables

Figures in DKK	Repayment first year	Total payables at 30.09.23	Total payables at 30.09.22
Group:			
Lease commitments	513,490	867,077	912,444
Income taxes	0	4,242,520	3,609,649
Total	513,490	5,109,597	4,522,093
Parent:			
Lease commitments	513,490	867,077	912,444
Income taxes	0	4,019,641	3,609,649
Total	513,490	4,886,718	4,522,093

13. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 15-33 months and total lease payments of DKK 10,208k.

Guarantee commitments

The company has provided a guarantee of DKK 38,359k (50 % of the equity) to a bank for a group enterprise.

Parent:

Lease commitments

The company has concluded lease agreements with terms to maturity of 15-33 months and total lease payments of DKK 10,208k.

Guarantee commitments

The company has provided a guarantee of DKK 38,359k (50 % of the equity) to a bank for a group enterprise.

13. Contingent liabilities - continued -

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes for the jointly taxed companies. The total known tax liability for the jointly taxed companies is DKK 4,243k at the balance sheet date, of which DKK 4,243k is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

14. Charges and security

Group:

The group has not provided any other security over assets.

Parent:

The company has not provided any security over assets.

15. Related parties

Controlling influence	Basis of influence	
Lars Hegelund Bjørnsbo	Member of Executive Board and Board of Directors	
ECOstyle Holding B.V., Ecommunitypark 1, 8431 SM Oosterwolde, Holland	Shareholder	
	Group	Parent
	30.09.23	30.09.23
Balances	DKK	DKK
Receivables from group enterprises	8,013,655	15,186,050

Receivables from group companies recognised under current assets and short-term payables to group enterprises consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment. No write-downs have been made on the receivables.

	Group	
	2022/23 DKK	2021/22 DKK
16. Adjustments for the cash flow statement		
Depreciation and impairments losses of property, plant and equipment	644,961	1,088,170
Financial income	-43,612	-593
Financial expenses	134,006	182,620
Tax on profit or loss for the year	4,575,440	3,872,944
Total	5,310,795	5,143,141

17. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and 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.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

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

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

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

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

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be

17. Accounting policies - continued -

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.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

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

Staff costs

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

Depreciation and impairment losses

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

	Useful lives, years	Residual value DKK
Leasehold improvements	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

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

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

17. Accounting policies - continued -**Income from equity investments in group enterprises**

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

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

Tax on profit/loss for the year

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

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

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

BALANCE SHEET**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements 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.

17. Accounting policies - continued -

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

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

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

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.

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.

17. Accounting policies - continued -

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

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

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

Inventories

Inventories are measured at cost calculated according to weighted average prices. Inventories are written down to the lower of cost and net realisable value.

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

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

Receivables

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

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

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

Prepayments

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

Cash

Cash includes deposits in bank accounts as well as operating cash.

17. Accounting policies - continued -**Equity**

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

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

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

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

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

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

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

17. Accounting policies - continued -

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash.

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