BEIERHOLM
VI SKABER BALANCE

ECOstyle A/S

Hvidkærvej 17, 5250 Odense SV

CVR no. 18 92 90 07

Annual report
for the financial year 01.10.21 - 30.09.22

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 17.02.23

Lars Hegelund Bjørnsbo
Dirigent

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Group information etc.

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 01.10.21 - 30.09.22 for ECOstyle A/S.

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

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 30.09.22 and of the results of the group’s and parent’s activities for the financial year 01.10.21 - 30.09.22.

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, November 7, 2022

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 parent company financial statements of ECOstyle A/S for the financial year 01.10.21 - 30.09.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30.09.22 and of the results of the group's and the parent company's operations for the financial year 01.10.21 - 30.09.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 parent company 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 regarding the management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, 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 Danish Financial Statements Act.

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

Management's responsibility for the consolidated financial statements and parent company financial statements

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 parent company 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 parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing 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 parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company 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 parent 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 parent company 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 parent 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 parent company 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 parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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 per-formance 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, November 7, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Welinder

State Authorized Public Accountant
MNE-no. mne23366

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 01.10.21 - 30.09.22 shows a profit/loss of DKK 13,444,914 against DKK 13,755,777 for the period 01.10.20 - 30.09.21. The balance sheet shows equity of DKK 60,671,964.

The fiscal year 2021/2022 was extra ordinary good. Factors alike investments in innovations previous years, general trend towards green thinking, and Corona situation has all together had continued positive impact on turnover. In coming years is expected a much more reserved development due to high inflation and a number of other factors influencing consumer trust in future.

Subsequent events

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

Income statement

Note		Group 2021/22 DKK	Group 2020/21 DKK	Parent 2021/22 DKK	Parent 2020/21 DKK
	Gross profit	**36,066,804**	**34,944,597**	**35,820,594**	**34,944,599**
1	Staff costs	-17,478,749	-16,053,355	-17,478,752	-16,053,357
	Profit before depreciation, amortisation, write-downs and impairment losses	**18,588,055**	**18,891,242**	**18,341,842**	**18,891,242**
	Depreciation and impairments losses of property, plant and equipment	-1,088,170	-1,090,276	-1,088,170	-1,090,275
	Operating profit	**17,499,885**	**17,800,966**	**17,253,672**	**17,800,967**
2	Income from equity investments in group enterprises	0	0	182,839	0
3	Financial income	593	96,840	593	52,552
4	Financial expenses	-182,620	-278,748	-172,692	-234,461
	Profit before tax	**17,317,858**	**17,619,058**	**17,264,412**	**17,619,058**
	Tax on profit for the year	-3,872,944	-3,863,281	-3,819,498	-3,863,281
	Profit for the year	**13,444,914**	**13,755,777**	**13,444,914**	**13,755,777**

Proposed appropriation account

	Group 2021/22 DKK	Group 2020/21 DKK	Parent 2021/22 DKK	Parent 2020/21 DKK
Retained earnings	13,444,914	13,755,777	13,444,914	13,755,777
Total	**13,444,914**	**13,755,777**	**13,444,914**	**13,755,777**

Balance sheet

ASSETS

Note		Group 30.09.22 DKK	Group 30.09.21 DKK	Parent 30.09.22 DKK	Parent 30.09.21 DKK
	Leasehold improvements	39,767	51,831	39,767	51,831
	Other fixtures and fittings, tools and equipment	1,623,734	1,923,350	1,623,734	1,923,350
5	**Total property, plant and equipment**	**1,663,501**	**1,975,181**	**1,663,501**	**1,975,181**
6	Equity investments in group enterprises	0	0	222,839	0
7	Deposits	562,322	354,823	562,322	354,823
	Total investments	**562,322**	**354,823**	**785,161**	**354,823**
	Total non-current assets	**2,225,823**	**2,330,004**	**2,448,662**	**2,330,004**
	Manufactured goods and goods for resale	25,687,631	19,820,927	21,907,232	19,820,928
	Prepayments for goods	18,601,089	11,074,221	18,601,089	11,074,221
	Total inventories	**44,288,720**	**30,895,148**	**40,508,321**	**30,895,149**
	Trade receivables	9,134,522	11,001,943	9,134,522	11,001,942
	Receivables from group enterprises	0	3,758,898	3,620,289	3,758,898
	Deferred tax asset	0	12,597	0	12,597
	Other receivables	4,662	562	4,662	562
	Prepayments	3,972	15,800	3,972	15,800
	Total receivables	**9,143,156**	**14,789,800**	**12,763,445**	**14,789,799**
	Cash	**21,553,620**	**19,265,127**	**20,492,695**	**19,265,128**
	Total current assets	**74,985,496**	**64,950,075**	**73,764,461**	**64,950,076**
	Total assets	**77,211,319**	**67,280,079**	**76,213,123**	**67,280,080**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 30.09.22 DKK	Group 30.09.21 DKK	Parent 30.09.22 DKK	Parent 30.09.21 DKK
	Share capital	500,000	500,000	500,000	500,000
	Retained earnings	60,171,964	46,727,050	60,171,964	46,727,050
	Total equity	**60,671,964**	**47,227,050**	**60,671,964**	**47,227,050**
	Provisions for deferred tax	5,698	0	5,698	0
	Total provisions	**5,698**	**0**	**5,698**	**0**
8	Lease commitments	406,874	430,049	406,874	430,049
8	Income taxes	3,609,649	3,726,494	3,609,649	3,726,494
	Total long-term payables	**4,016,523**	**4,156,543**	**4,016,523**	**4,156,543**
8	Short-term part of long-term payables	505,570	652,182	505,570	652,182
	Payables to other credit institutions	53,807	13,315	53,807	13,315
	Trade payables	2,493,006	1,832,130	2,189,617	1,832,129
	Income taxes	0	169,194	0	169,194
	Other payables	9,464,751	13,229,665	8,769,944	13,229,667
	Total short-term payables	**12,517,134**	**15,896,486**	**11,518,938**	**15,896,487**
	Total payables	**16,533,657**	**20,053,029**	**15,535,461**	**20,053,030**
	Total equity and liabilities	**77,211,319**	**67,280,079**	**76,213,123**	**67,280,080**

9 Contingent liabilities
10 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Group:			
Statement of changes in equity for 01.10.21 - 30.09.22			
Balance as at 01.10.21	500,000	46,727,050	47,227,050
Net profit/loss for the year	0	13,444,914	13,444,914
Balance as at 30.09.22	500,000	60,171,964	60,671,964
Parent:			
Statement of changes in equity for 01.10.21 - 30.09.22			
Balance as at 01.10.21	500,000	46,727,050	47,227,050
Net profit/loss for the year	0	13,444,914	13,444,914
Balance as at 30.09.22	500,000	60,171,964	60,671,964

Notes

	Group		Parent	
	2021/22 DKK	2020/21 DKK	2021/22 DKK	2020/21 DKK

1. Staff costs

	2021/22 DKK	2020/21 DKK	2021/22 DKK	2020/21 DKK
Wages and salaries	15,235,747	14,573,431	15,235,749	14,573,432
Pensions	845,447	460,846	845,447	460,846
Other social security costs	92,340	57,855	92,340	57,856
Other staff costs	1,305,215	961,223	1,305,216	961,223
Total	17,478,749	16,053,355	17,478,752	16,053,357
Average number of employees during the year	20	20	20	20

2. Income from equity investments in group enterprises

	2021/22 DKK	2020/21 DKK	2021/22 DKK	2020/21 DKK
Share of profit or loss of group enterprises	0	0	182,839	0

3. Financial income

	2021/22 DKK	2020/21 DKK	2021/22 DKK	2020/21 DKK
Interest, group enterprises	0	88,576	0	44,288
Other interest income	577	183	577	183
Foreign exchange gains	16	8,081	16	8,081
Other financial income	593	8,264	593	8,264
Total	593	96,840	593	52,552

	Group		Parent	
	2021/22 DKK	2020/21 DKK	2021/22 DKK	2020/21 DKK

4. Financial expenses

Interest, group enterprises	0	82,787	0	38,499
Other interest expenses	121,973	71,172	119,820	71,172
Foreign exchange losses	42,130	112,185	34,355	112,186
Other financial expenses	18,517	12,604	18,517	12,604
Other financial expenses	182,620	195,961	172,692	195,962
Total	182,620	278,748	172,692	234,461

5. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Group:		
Cost as at 01.10.21	84,880	3,291,496
Additions during the year	0	602,426
Cost as at 30.09.22	84,880	3,893,922
Depreciation and impairment losses as at 01.10.21	-33,049	-1,368,146
Depreciation during the year	-12,064	-902,042
Depreciation and impairment losses as at 30.09.22	-45,113	-2,270,188
Carrying amount as at 30.09.22	39,767	1,623,734

5. Property, plant and equipment - continued -

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Parent:		
Cost as at 01.10.21	84,880	3,291,496
Additions during the year	0	602,426
Cost as at 30.09.22	84,880	3,893,922
Depreciation and impairment losses as at 01.10.21	-33,049	-1,368,146
Depreciation during the year	-12,064	-902,042
Depreciation and impairment losses as at 30.09.22	-45,113	-2,270,188
Carrying amount as at 30.09.22	39,767	1,623,734
Carrying amount of assets held under finance leases as at 30.09.22	0	0

6. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Parent:	
Additions during the year	222,839
Cost as at 30.09.22	222,839
Carrying amount as at 30.09.22	222,839

Name and registered office:	Ownership interest
Subsidiaries:	
EUROstyle DK ApS, Odense	100%

7. Other non-current financial assets

Figures in DKK	Deposits
Group:	
Cost as at 01.10.21	562,322
Cost as at 30.09.22	562,322
Carrying amount as at 30.09.22	562,322
Parent:	
Cost as at 01.10.21	562,322
Cost as at 30.09.22	562,322
Carrying amount as at 30.09.22	562,322

8. Long-term payables

Figures in DKK	Repayment first year	Total payables at 30.09.22	Total payables at 30.09.21
Group:			
Lease commitments	505,570	912,444	1,082,231
Income taxes	0	3,609,649	3,726,494
Total	505,570	4,522,093	4,808,725
Parent:			
Lease commitments	505,570	912,444	1,082,231
Income taxes	0	3,609,649	3,726,494
Total	505,570	4,522,093	4,808,725

9. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 15-45 months and average lease payments of DKK 263k, a total of DKK 11,700k.

Guarantee commitments

The group has provided a guarantee of DKK 14,892k to a bank for a group enterprise.

Parent:

Lease commitments

The company has concluded lease agreements with terms to maturity of 15-45 months and average lease payments of DKK 263k, a total of DKK 11,700k.

Guarantee commitments

The company has provided a guarantee of DKK 14,892k to a bank for a group enterprise..

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 3,855k at the balance sheet date, of which DKK 3,610k 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.

10. Charges and security

Group:

The group has paid deposits regarding rent DKK 562k, which are pledged.

Parent:

The company has paid deposits regarding rent DKK 562k, which are pledged.

11. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for groups and enterprises in reporting class B with application of provisions for a higher reporting class.

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.

11. 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

11. 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, per cent
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.

11. Accounting policies - continued -

Income from equity investments in group entreprises

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.

11. 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 entreprises

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.

11. 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 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.

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.

11. Accounting policies - continued -

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.