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# *Unilabs A/S*

Nygårdsvej 32, DK-2100 København Ø

## Annual Report for 2023

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CVR No. 29 45 82 19

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 12/6 2024

Peder Søren Andersen  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Unilabs A/S for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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.

Copenhagen, 12 June 2024

## Executive Board

Peder Søren Andersen  
Director

## Board of Directors

Thomas Axel Per Lindahl

Peder Søren Andersen

Shalinee Basak

Pernille Bundgaard  
Employee representative

Linda Poulsen  
Employee representative

# Independent Auditor's report

To the shareholder of Unilabs A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Unilabs A/S for the financial year 1 January - 31 December 2023, 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.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 12 June 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Gösta Gauffin

State Authorised Public Accountant

mne45821

## Company information

<b>The Company</b>	Unilabs A/S Nygårdsvej 32 2100 København Ø  CVR No: 29 45 82 19 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
<b>Board of Directors</b>	Thomas Axel Per Lindahl Peder Søren Andersen Shaline Basak Pernille Bundgaard, employee representative Linda Poulsen, employee representative
<b>Executive Board</b>	Peder Søren Andersen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

## Financial Highlights

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

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit	70,149	67,790	57,405	49,910	53,589
Profit/loss of primary operations	29,150	21,696	18,566	10,277	12,368
Profit/loss of financial income and expenses	6,379	2,049	2,110	1,734	3,209
Net profit/loss for the year	27,652	18,190	16,124	9,294	12,124
<b>Balance sheet</b>					
Balance sheet total	217,789	177,781	149,694	134,021	115,278
Investment in property, plant and equipment	423	796	998	4,427	2,494
Equity	167,731	140,079	121,889	105,765	96,473
Number of employees	52	50	46	48	55
<b>Ratios</b>					
Return on assets	13.4%	12.2%	12.4%	7.7%	10.7%
Solvency ratio	77.0%	78.8%	81.4%	78.9%	83.7%
Return on equity	18.0%	13.9%	14.2%	9.2%	13.4%

# Management's review

## Key activities

The main activity of the Company is to support drug development by developing clinical biochemistry assays for specific biomarkers and subsequently testing samples from clinical trial activities.

## Development in the year

The income statement of the Company for 2023 shows a profit of TDKK 27,652, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 167,731.

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

In 2023, the company's turnover and gross profit increased by respectively 21,3% and 3.5%. The drivers of this growth relates to two drivers, more projects from trusting customers and more new customers. Based on successful clinical trial programme, molecules in development progressed successfully into the later stages of the clinical development programme with additional support needed by the Company. The acquisition of new customers has been accelerated by the increased regulatory demands in Europe making compliant testing services a scarce resource.

In line with the Company strategy, drug development projects continued to grow significantly, and sales of such represents 93% of the Company turnover.

## Targets and expectations for the year ahead

The focus on expanding the business with pharma and biotech relating to drug development projects will continue in 2024. Internal focus remains on establishing a coherent pharma business, where a preliminary analysis indicates several potential growth opportunities.

The company expects revenue and profit for the coming year to be at the same level as 2023.

## Intellectual capital resources

The Company's knowledge of clinical biochemistry and regulated biomarker analysis is vested in the Company's employees. Unilabs has many skilled employees across its international laboratories supporting pharma drug development projects. The international approach ensures a robust capacity to deliver and reduces exposure to local changes in a given laboratory.

The Unilabs A/S' workforce is stable and in addition, there is satisfactory access to professional expertise across the European labs of Unilabs 'necessary to deliver at a high competence and quality level.

## Subsequent events

There have not been any subsequent events affecting 2023.



## Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
<b>Gross profit</b>		<b>70,149</b>	<b>67,790</b>
Staff expenses	1	-39,214	-43,354
<b>Earnings Before Interest Taxes Depreciation and Amortization</b>		<b>30,935</b>	<b>24,436</b>
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-1,785	-2,740
<b>Profit/loss before financial income and expenses</b>		<b>29,150</b>	<b>21,696</b>
Financial income	3	7,546	3,219
Financial expenses	4	-1,167	-1,170
<b>Profit/loss before tax</b>		<b>35,529</b>	<b>23,745</b>
Tax on profit/loss for the year	5	-7,877	-5,555
<b>Net profit/loss for the year</b>	6	<b>27,652</b>	<b>18,190</b>

## Balance sheet 31 December

### Assets

	Note	2023 TDKK	2022 TDKK
Completed development projects		7	328
<b>Intangible assets</b>	7	<b>7</b>	<b>328</b>
Plant and machinery		2,154	3,082
Other fixtures and fittings, tools and equipment		0	5
Leasehold improvements		0	110
<b>Property, plant and equipment</b>	8	<b>2,154</b>	<b>3,197</b>
Receivables from group enterprises	9	61,114	60,979
Other receivables	9	2,356	2,165
<b>Fixed asset investments</b>		<b>63,470</b>	<b>63,144</b>
<b>Fixed assets</b>		<b>65,631</b>	<b>66,669</b>
Raw materials and consumables		3,731	4,276
Finished goods and goods for resale		41	30
<b>Inventories</b>		<b>3,772</b>	<b>4,306</b>
Trade receivables		20,150	21,941
Receivables from group enterprises		124,431	78,827
Other receivables		985	1,217
Deferred tax asset	10	1,555	899
Prepayments	11	1,265	3,922
<b>Receivables</b>		<b>148,386</b>	<b>106,806</b>
<b>Current assets</b>		<b>152,158</b>	<b>111,112</b>
<b>Assets</b>		<b>217,789</b>	<b>177,781</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		2,000	2,000
Reserve for development costs		5	256
Retained earnings		165,726	137,823
<b>Equity</b>		<b>167,731</b>	<b>140,079</b>
Other provisions	12	1,930	1,930
<b>Provisions</b>		<b>1,930</b>	<b>1,930</b>
Prepayments received from customers		0	6,048
Trade payables		16,751	11,652
Payables to group enterprises		6,015	2,246
Corporation tax		8,858	4,670
Other payables		16,504	11,156
<b>Short-term debt</b>		<b>48,128</b>	<b>35,772</b>
<b>Debt</b>		<b>48,128</b>	<b>35,772</b>
<b>Liabilities and equity</b>		<b>217,789</b>	<b>177,781</b>
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## Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	2,000	256	137,823	140,079
Development costs for the year	0	-251	251	0
Net profit/loss for the year	0	0	27,652	27,652
<b>Equity at 31 December</b>	<b>2,000</b>	<b>5</b>	<b>165,726</b>	<b>167,731</b>

# Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>1. Staff Expenses</b>		
Wages and salaries	35,809	40,022
Pensions	2,490	2,552
Other social security expenses	387	353
Other staff expenses	528	427
	<u>39,214</u>	<u>43,354</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>52</u>	<u>50</u>
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	2023	2022
	TDKK	TDKK
<b>2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	321	1,261
Depreciation of property, plant and equipment	1,444	1,479
Gain and loss on disposal	20	0
	<u>1,785</u>	<u>2,740</u>

	2023	2022
	TDKK	TDKK
<b>3. Financial income</b>		
Interest received from group enterprises	6,211	1,981
Exchange gains	1,335	1,238
	<u>7,546</u>	<u>3,219</u>

## Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>4. Financial expenses</b>		
Interest paid to group enterprises	18	0
Other financial expenses	225	147
Exchange loss	924	1,023
	<u>1,167</u>	<u>1,170</u>
	2023	2022
	TDKK	TDKK
<b>5. Income tax expense</b>		
Current tax for the year	8,533	5,921
Deferred tax for the year	-656	-366
	<u>7,877</u>	<u>5,555</u>
	2023	2022
	TDKK	TDKK
<b>6. Profit allocation</b>		
Retained earnings	<u>27,652</u>	<u>18,190</u>
	<u>27,652</u>	<u>18,190</u>
<b>7. Intangible fixed assets</b>		
		Completed development projects
		TDKK
Cost at 1 January		<u>9,339</u>
Cost at 31 December		<u>9,339</u>
Impairment losses and amortisation at 1 January		9,011
Amortisation for the year		<u>321</u>
Impairment losses and amortisation at 31 December		<u>9,332</u>
Carrying amount at 31 December		<u>7</u>

## Notes to the Financial Statements

### 8. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK	TDKK
Cost at 1 January	10,583	2,122	300
Additions for the year	423	0	0
Disposals for the year	-28	0	0
Cost at 31 December	<u>10,978</u>	<u>2,122</u>	<u>300</u>
Impairment losses and depreciation at 1 January	7,502	2,117	190
Impairment losses for the year	1,330	5	110
Reversal of impairment and depreciation of sold assets	-8	0	0
Impairment losses and depreciation at 31 December	<u>8,824</u>	<u>2,122</u>	<u>300</u>
<b>Carrying amount at 31 December</b>	<u><b>2,154</b></u>	<u><b>0</b></u>	<u><b>0</b></u>

### 9. Other fixed asset investments

	Receivables from group enterprises	Other receivables
	TDKK	TDKK
Cost at 1 January	60,980	2,165
Additions for the year	134	191
Cost at 31 December	<u>61,114</u>	<u>2,356</u>
<b>Carrying amount at 31 December</b>	<u><b>61,114</b></u>	<u><b>2,356</b></u>

### 10. Deferred tax asset

	2023	2022
	TDKK	TDKK
Deferred tax asset at 1 January	899	533
Amounts recognised in the income statement for the year	656	366
Deferred tax asset at 31 December	<u>1,555</u>	<u>899</u>

# Notes to the Financial Statements

## 11. Prepayments

Prepayments are made up of prepaid costs relating to services, rent, insurance premiums, subscriptions and interest.

## 12. Other provisions

Other provisions at 1 January  
Provision in year

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
	1,930	1,820
	<u>0</u>	<u>110</u>
	<u>1,930</u>	<u>1,930</u>

The provisions are expected to mature as follows:

Between 1 and 5 years  
After 5 years

	0	1,930
	<u>1,930</u>	<u>0</u>
	<u>1,930</u>	<u>1,930</u>

## 13. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year

Between 1 and 5 years

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
	3,565	3,453
	<u>125</u>	<u>334</u>
	<u>3,690</u>	<u>3,787</u>



# Notes to the Financial Statements

## 14. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
Unilabs, Laboratoire d'Analyses Medicales SA, Schweiz	Parent Company

### Transactions

Unilabs A/S discloses all transactions with related parties during the year. In 2023, the following transactions have occurred:

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
Cost recharged to parent company	5,941	9,033
Services sold to sister companies	413	263
Services rendered from parent company	3,993	0
Services rendered from sister companies	14,655	11,221
Interests received from parent company	3,264	1,981
Interests received from sister companies	2,947	0
Interests paid to sister companies	18	0
Loans to parent company	61,114	60,979
Receivables from parent company	817	9,033
Receivables from sister companies	123,615	69,794
Payables to sister companies	6,015	2,246

### Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
A.P. Møller Holding A/S	Copenhagen Denmark

The Group Annual Report of A.P. Møller Holding A/S may be obtained at the following address:  
Esplanaden 50, 1263 København K.

## 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 Unilabs A/S for 2023 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 2023 are presented in TDKK.

### 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 A.P. Møller Holding A/S, 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.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 transaction date rates are recognised in financial income and expenses in the income statement

# Notes to the Financial Statements

## Income statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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.

### Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

### 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 includes refunding group costs as well as profit on freight to costumers.

### Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

# Notes to the Financial Statements

## 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

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

## Balance sheet

### Intangible fixed assets

#### *Development projects*

Costs of software-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.

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 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.

Interest expenses on loans are not recognised in cost during construction and reconstruction periods.

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:

Plant and machinery	5 - 10 years
Other fixtures and fittings, tools and equipment	1 - 3 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.

If so, the asset is written down to its lower recoverable amount.

# Notes to the Financial Statements

## Other fixed asset investments

Other fixed asset investments consist of deposits.

## Inventories

Inventories are measured at the lower of cost based on weighted average prices 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 with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

## 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.

## 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 tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

# Notes to the Financial Statements

## Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$