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CVR no. 20 22 26 70

TREETOPS TRADING A/S
BAVNEVEJ 32, 6580 VAMDRUP
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2022

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 28 March 2023**

Ricki Møller Franzmann Kjeldsen

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 33 74 93 68

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COMPANY DETAILS

| | |
|---------------------------|---|
| Company | Treetops Trading A/S Bavnevej 32 6580 Vamdrup CVR No.: 33 74 93 68 Established: 26 May 2011 Municipality: Kolding Financial Year: 1 January - 31 December |
| Board of Directors | Dennis Allan Povlsen Jakob Boje Larsen Jesper Buch Ricki Møller Franzmann Kjeldsen |
| Executive Board | Ricki Møller Franzmann Kjeldsen |
| Auditor | BDO Statsautoriseret revisionsaktieselskab Kolding Åpark 8A, 7. sal 6000 Kolding |

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Treetops Trading A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Kolding, 28 March 2023

Executive Board

Ricki Møller Franzmann Kjeldsen

Board of Directors

Dennis Allan Povlsen

Jakob Boje Larsen

Jesper Buch

Ricki Møller Franzmann Kjeldsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Treetops Trading A/S

Opinion

We have audited the Financial Statements of Treetops Trading A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 of Management Commentary.

Kolding, 28 March 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jørn Holm
State Authorised Public Accountant
MNE no. mne35808

FINANCIAL HIGHLIGHTS

| | 2022 DKK '000 | 2021 DKK '000 | 2020 DKK '000 | 2019 DKK '000 | 2018 DKK '000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Income statement | | | | | |
| Gross profit/loss..... | 53.654 | 23.363 | 14.081 | 9.444 | 6.539 |
| Operating profit/loss before depreciation and amortisation (EBITDA)... | 39.952 | 14.666 | 9.442 | 5.809 | 3.441 |
| Operating profit/loss of main activities... | 39.687 | 14.472 | 9.351 | 5.227 | 3.166 |
| Financial income and expenses, net..... | 137 | -1.330 | -591 | -534 | -318 |
| Profit/loss for the year before tax..... | 39.824 | 13.142 | 8.760 | 4.693 | 2.848 |
| Profit/loss for the year..... | 30.944 | 10.286 | 6.810 | 3.636 | 2.214 |
| Balance sheet | | | | | |
| Total assets..... | 200.331 | 154.385 | 46.219 | 28.141 | 22.869 |
| Equity..... | 50.240 | 19.296 | 11.010 | 5.350 | 3.214 |
| Cash flows | | | | | |
| Investment in property, plant and equipment..... | -323 | -671 | -310 | -98 | -111 |
| Key ratios | | | | | |
| Return on invested capital..... | 35,5 | 20,7 | 32,3 | 29,9 | 24,6 |
| Equity ratio..... | 25,1 | 12,5 | 23,8 | 19,0 | 14,1 |
| Return on equity..... | 89,0 | 67,9 | 83,3 | 84,9 | 68,8 |

The ratios stated in the list of key figures and ratios have been calculated as follows:

| | |
|-----------------------------|--|
| Invested capital: | $\frac{\text{NWC} + \text{intangible and tangible assets (ex goodwill)} - \text{provisions} - \text{other operating liabilities, non-current}}{\text{Average invested capital}}$ |
| Return on invested capital: | $\frac{\text{Operating Profit/loss adjusted for goodwill amortisation} \times 100}{\text{Average invested capital}}$ |
| Equity ratio: | $\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$ |
| Return on equity: | $\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$ |

MANAGEMENT COMMENTARY

Principal activities

The Company's key activities comprise to business with trading of building materials.

The company is primarily represented in Europe.

Unusual matters

The financial position at 31st of December 2022 of the company and the results of the activities of the company for the financial year for 2022 have not been affected by any unusual events.

Recognition and measurement uncertainty

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Development in activities and financial and economic position

The income statement of the company for 2022 shows a profit of DKK ('000) 30.944, compared to DKK ('000) 10.286 for 2021. The balance sheet shows equity per 31 December 2022 on DKK ('000) 50,240.

Management considers the result for the year satisfactory.

Profit/loss for the year compared to the expected development

Management expected in previous years financial statement, that 2022 would be a year with a continued growth in both the danish and the foreign markets. The company has experienced a significant growth in the financial year and the profit of the year exceeds the Management's approved budget for 2022.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

Financial risk

The company has extensive purchasing activities in foreign currency. Changes in currencies other than Euro will affect the operation. The company does not use derivative financial instruments to manage currency risks.

The company also has a financial risk related to granting credit to customers, and granting credit to customers follows standard conditions. The company does not insure their account receivables, but uses factoring for some of it's customers.

The company is also exposed to changes in the subsidiaries' creditworthiness. The company has no security for its receivables from the subsidiaries. The receivables mainly consist of receivables from sales, which are settled on an ongoing basis.

Environmental situation

The company focuses on the climate and environmental conditions and during 2022 the company has invested further in the green transition, as well as ensuring that a greater number of suppliers live up to The FSC certification. The company's management has launched additional initiatives to ensure that the company going forward ensures a focus on a green profile.

The Company's energy consumption and general impact on the environment and climate are not considered to constitute a significant risk, but the Company is strongly focussed on this and devoting its efforts to contributing to the green transition.

Knowledge resources

The company is focusing on the need to be able to attract, develop and retain employees with the right level of competence.

The company's business basis includes, as a derivative area to the company's primary activity of buying and sale of products, being able to deliver functional- and high quality products.

The essential business processes regarding the company's main products are service and quality. To

MANAGEMENT COMMENTARY

Knowledge resources (continued)

ensure that the customer receives the agreed service, the company measures compliance with delivery times and the number of customer complaints, which are essential benchmarks for the company.

Future expectations

Management expects in 2023 to be able to continue the growth in sales level as compared to the financial year 2022, and it is the management's expectation that the result before tax will be in the range of DKK ('000) 70.000 - 80.000

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

| | Note | 2022 DKK | 2021 DKK '000 |
|---|------|-------------------|------------------|
| GROSS PROFIT | | 53.653.934 | 23.363 |
| Staff costs..... | 1 | -13.702.106 | -8.697 |
| Depreciation, amortisation and impairment losses..... | | -265.225 | -170 |
| Other operating expenses..... | | 0 | -24 |
| OPERATING PROFIT | | 39.686.603 | 14.472 |
| Other financial income..... | 2 | 2.698.244 | 0 |
| Other financial expenses..... | 3 | -2.560.913 | -1.330 |
| PROFIT BEFORE TAX | | 39.823.934 | 13.142 |
| Tax on profit/loss for the year..... | 4 | -8.880.421 | -2.856 |
| PROFIT FOR THE YEAR | 5 | 30.943.513 | 10.286 |

BALANCE SHEET AT 31 DECEMBER

| ASSETS | Note | 2022 DKK | 2021 DKK '000 |
|---|----------|--------------------|------------------|
| Other plant, machinery tools and equipment..... | | 816.875 | 841 |
| Leasehold improvements..... | | 81.062 | 0 |
| Property, plant and equipment..... | | 897.937 | 841 |
| NON-CURRENT ASSETS..... | | 897.937 | 841 |
| Finished goods and goods for resale..... | | 119.434.663 | 113.622 |
| Prepayments..... | | 415.830 | 4.241 |
| Inventories..... | | 119.850.493 | 117.863 |
| Trade receivables..... | | 52.334.411 | 33.493 |
| Receivables from group enterprises..... | | 11.648.755 | 519 |
| Deferred tax assets..... | 6 | 49.643 | 49 |
| Other receivables..... | | 324.975 | 299 |
| Prepayments..... | 7 | 1.233.703 | 1.223 |
| Receivables..... | 8 | 65.591.487 | 35.583 |
| Cash and cash equivalents..... | | 13.991.475 | 98 |
| CURRENT ASSETS..... | | 199.433.455 | 153.544 |
| ASSETS..... | | 200.331.392 | 154.385 |

BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES | Note | 2022 DKK | 2021 DKK '000 |
|-------------------------------------|-----------|--------------------|------------------|
| Share capital..... | 9 | 1.000.000 | 1.000 |
| Retained earnings..... | | 49.239.689 | 18.296 |
| EQUITY..... | | 50.239.689 | 19.296 |
| Bank loan..... | | 27.478.100 | 48.868 |
| Frozen holiday pay..... | | 34.041 | 184 |
| Non-current liabilities..... | 10 | 27.512.141 | 49.052 |
| Bank debt..... | | 49.901.376 | 32.366 |
| Trade payables..... | | 49.570.118 | 42.924 |
| Debt to Group companies..... | | 0 | 335 |
| Corporation tax payable..... | | 8.881.320 | 2.886 |
| Other liabilities..... | | 14.226.748 | 7.526 |
| Current liabilities..... | | 122.579.562 | 86.037 |
| LIABILITIES..... | | 150.091.703 | 135.089 |
| EQUITY AND LIABILITIES..... | | 200.331.392 | 154.385 |
| Contingencies etc. | 11 | | |
| Charges and securities | 12 | | |
| Related parties | 13 | | |

EQUITY

| | Share capital | Retained earnings | Total |
|---|------------------|-------------------|-------------------|
| Equity at 1 January 2022..... | 1.000.000 | 18.296.176 | 19.296.176 |
| Proposed profit allocation, see note 5..... | | 30.943.513 | 30.943.513 |
| Equity at 31 December 2022..... | 1.000.000 | 49.239.689 | 50.239.689 |

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

| | 2022 DKK | 2021 DKK '000 |
|---|--------------------|-------------------------|
| Profit/loss for the year..... | 30.943.513 | 10.286 |
| Depreciation and amortisation, reversed..... | 265.225 | 170 |
| Reversed realization gains..... | 0 | 24 |
| Tax on profit/loss, reversed..... | 8.880.421 | 2.856 |
| Corporation tax paid..... | -2.885.833 | -1.918 |
| Change in inventories..... | -1.988.208 | -88.668 |
| Change in receivables (ex tax)..... | -30.008.754 | -18.696 |
| Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)..... | 13.012.913 | 42.365 |
| CASH FLOWS FROM OPERATING ACTIVITY..... | 18.219.277 | -53.581 |
| Purchase of property, plant and equipment..... | -322.935 | -671 |
| Sale of property, plant and equipment..... | 0 | 27 |
| CASH FLOWS FROM INVESTING ACTIVITY..... | -322.935 | -644 |
| Other changes in non-current debt..... | -21.539.241 | 43.488 |
| Dividends paid..... | 0 | -2.000 |
| Other cash flows from financing activities..... | 17.536.818 | 12.737 |
| CASH FLOWS FROM FINANCING ACTIVITY..... | -4.002.423 | 54.225 |
| CHANGE IN CASH AND CASH EQUIVALENTS..... | 13.893.919 | 0 |
| Cash and cash equivalents at 1. january..... | 97.556 | 98 |
| CASH AND CASH EQUIVALENTS AT 31. DECEMBER..... | 13.991.475 | 98 |
| Cash and cash equivalents at 31 December comprise: | | |
| Cash and cash equivalents..... | 13.991.475 | 98 |
| CASH AND CASH EQUIVALENTS..... | 13.991.475 | 98 |

NOTES

| | 2022 DKK | 2021 DKK '000 | Note |
|---|-------------------|------------------|----------|
| Staff costs | | | 1 |
| Average number of employees | 26 | 18 | |
| Wages and salaries..... | 12.866.132 | 7.945 | |
| Pensions..... | 34.974 | 43 | |
| Social security costs..... | 241.272 | 127 | |
| Other staff costs..... | 559.728 | 582 | |
| | 13.702.106 | 8.697 | |
| Information on management remuneration has been omitted in accordance with the exception provision in the Annual Accounts Act § 98 b, subsection 3 No. 2. | | | |
| | 2022 DKK | 2021 DKK '000 | |
| Other financial income | | | 2 |
| Group enterprises..... | 181.176 | 0 | |
| Other interest income..... | 2.517.068 | 0 | |
| | 2.698.244 | 0 | |
| Other financial expenses | | | 3 |
| Group enterprises..... | 42.360 | 15 | |
| Other interest expenses..... | 2.518.553 | 1.315 | |
| | 2.560.913 | 1.330 | |
| Tax on profit/loss for the year | | | 4 |
| Calculated tax on taxable income of the year..... | 8.881.320 | 2.886 | |
| Adjustment of deferred tax..... | -899 | -30 | |
| | 8.880.421 | 2.856 | |
| Proposed distribution of profit | | | 5 |
| Retained earnings..... | 30.943.513 | 10.286 | |
| | 30.943.513 | 10.286 | |

NOTES

| | | | Note |
|---|-------------------|------------------|-------------------|
| Deferred tax assets | | | 6 |
| Deferred tax comprises deferred tax on amortized loan costs and tangible fixed assets. | | | |
| | 2022 | 2021 | |
| | DKK | DKK '000 | |
| Deferred tax, beginning of year..... | 48.744 | 19 | |
| Deferred tax of the year, income statement..... | 899 | 30 | |
| Provision for deferred tax 31 December 2022..... | 49.643 | 49 | |
| <p>The company's deferred tax asset is recognized in the balance sheet with DKK('000) 50 thousand. The tax asset primarily relates to deductible loan costs for which there is a right of deduction for tax purposes when redeeming/settling the company's overdraft.</p> | | | |
| | 2022 | 2021 | |
| | DKK | DKK '000 | |
| Prepayments | | | 7 |
| Costs..... | 1.233.703 | 1.223 | |
| | 1.233.703 | 1.223 | |
| <p>Prepayments amount to DKK('000) 1,234 thousand. and contains prepaid costs relating to the financial years following 2022.</p> | | | |
| Receivables falling due after more than one year | | | 8 |
| Deferred tax assets..... | 49.643 | 49 | |
| | 49.643 | 49 | |
| Share capital | | | 9 |
| Allocation of share capital: | | | |
| A-shares, 1.000.000 unit in the denomination of 1 DKK..... | 1.000.000 | 1.000 | |
| | 1.000.000 | 1.000 | |
| Long-term liabilities | | | 10 |
| | 31/12 2022 | Repayment | Debt |
| | total liabilities | next year | outstanding |
| | | | after 5 years |
| | | | total liabilities |
| Bank loan..... | 34.081.434 | 6.603.334 | 1.208.668 |
| Frozen holiday pay..... | 34.041 | 0 | 0 |
| | 34.115.475 | 6.603.334 | 1.208.668 |
| | | | 55.644.716 |

NOTES

Note

Contingencies etc.

11

Joint liabilities

The company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Silaz Holding ApS, which serves as management company for the joint taxation.

Charges and securities

12

The company has provided guaranty of payment, all balances are set as security for the parent company's bank debt to financial institutions. Debt to covered financial institutions amounts to DKK 0 on the balance sheet date.

As security for bank debt of DKK ('000) 63,551, the company has pledged a corporate mortgage of a nominal amount of DKK ('000) 16,000. In the financial year 2023, the mortgage has been increased to af nominal amount of DKK ('000) 40,000.

The mortgage amount to the following assets, whose accounting value amounts to:

| | |
|---|-------------|
| Other plant, machinery tools and equipment..... | 816.875 |
| Leasehold improvements..... | 81.062 |
| Inventories..... | 119.850.493 |
| Trade receivables..... | 52.334.411 |

Related parties

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The Company's related parties include:

Controlling interest

Treetops Holding ApS, Bavnevej 32, 6580 Vamdrup, is the principal shareholder of Treetops Trading A/S.

Silaz Holding ApS, Frejas Ager 11, 6000 Kolding, is the principal shareholder of Treetops Holding ApS.

Ricki Møller Franzmann Kjeldsen, managing director, Frejas Ager 11, 6000 Kolding, is the principal shareholder of Silaz Holding ApS.

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

ACCOUNTING POLICIES

The Annual Report of Treetops Trading A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

The accounting policies have been changed in the following areas:

The annual report for 2021, bank debt was classified as cash and cash equivalents in the cash flow statement. However, bank debt does not meet the definition of cash and cash equivalents, and should therefore be classified under "Cash flows from financing activities" in the cash flow statement.

The changed classification has been incorporated into the annual report and causes the accounting item "Cash flows from financing activities" for 2021 to be increased by DKK('000) 12.737. As a result the cash and cash equivalents in the cash flow statement per end 2021 is changed from DKK ('000) 32.267 to 98.

The impact has been corrected in the comparison figures, so that the cash and cash equivalents at the beginning of the comparison year have been adjusted.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay, pensions, and other costs for social security etc., for the company's employees.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities, as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the Income Statement by the amounts that relate to the financial year.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

| | Useful life | Residual value |
|--|-------------|----------------|
| Other plant, fixtures and equipment..... | 5 years | 0% |
| Leasehold improvements..... | 5 years | 0% |

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of tangible assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

ACCOUNTING POLICIES

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and cash equivalents include cash in hand.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

CASH FLOW STATEMENT

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

ACCOUNTING POLICIES

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of bank overdraft, share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include cash in hand.