

To Øl ApS

H.C. Ørsteds Vej 30, 1879 Frederiksberg C
CVR no. 33 88 22 54

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 04.07.24

Tore Gynther
Dirigent

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The company

To Øl ApS
H.C. Ørsteds Vej 30
1879 Frederiksberg C
Registered office: Frederiksberg
CVR no.: 33 88 22 54
Financial year: 01.01 - 31.12

Executive Board

Tore Gynther

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for To Ø1 ApS.

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

In my opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

I 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.

Frederiksberg C, July 4, 2024

Executive Board

Tore Gynther

To the capital owner of To Ø1 ApS**Opinion**

We have audited the financial statements of To Ø1 ApS for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including 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 company's financial position at 31.12.23 and of the results of the company's operations for the financial year 01.01.23 - 31.12.23 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 (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.

Material uncertainty regarding going concern

We refer to note 1 in which management states the conditions for the company continuing as a going concern and thus sets out the reasons why the company's financial statements have been presented on a going concern assumption. We agree with management as to the description of uncertainties and the choice of accounting policies. Our opinion is not modified in respect of this matter

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the 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 the 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 of the management's review.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the 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.

Soeborg, Copenhagen, July 4, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lasse Rosenborg Petersen
State Authorized Public Accountant
MNE-no. mne42896

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2023	2022	2021	2020	2019
<i>Profit/loss</i>					
Profit/loss before depreciation, amortisation, write-downs and impairment losses	1,495	-14,962	5,920	-7,619	-18,246
Operating loss	-5,516	-21,629	660	-11,533	-18,583
Total net financials	-3,712	-1,322	-848	-957	43
Loss for the year	-7,360	-17,870	-148	-9,746	-14,439
<i>Balance</i>					
Total assets	106,234	115,279	116,486	99,008	86,826
Investments in property, plant and equipment	1,678	6,379	14,049	8,853	50,877
Equity	18,479	5,840	23,709	23,858	-1,396

Primary activities

The company's activities comprise of brewing and selling of beer.

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a loss of DKK -7,360,239 against DKK -17,869,868 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 18,479,385.

Year 2023 was an improvement compared to the prior year as the company operated profitably with an EBITDA of 1,495 mil. This result was obtained as we saw the positive top-line effects of our brand- and territorial focus strategy and cost-efficiency effects of our streamlined portfolio strategy and our increased B2B focus. These initiatives gradually had an effect as they were rolled out throughout the year.

The earnings expectations for 2023 were a net loss between DKK 3 to 6 mil. The objective was not met primarily due to increased interest, changing partners in key export markets and costs related to closing down our subscription based B2C Beer Club.

Outlook

Throughout 2024 the company has continued to see the positive effects as home market B2B sales are up with 28,1% the first 5 months of the year, the B2B Gross Margin% are up with 3,4% and overall fixed costs are down with 16,3%. Despite closing down high revenue sales B2C channels due to the increased B2B focus, the topline of the first 5 months has never been higher than of 2024. Over the next 12 months the company expect to continue to see the effect of the renewed strategies and a more stable and forecastable market than what the company has faced the prior years. The Company expects to come out of 2024 with a positive EBITDA between DKK 11 to 13 mil, and a break-even to DKK 2 mil net result.

Significant uncertainty as regards going concern

The company has realized a loss in 2023 of DKK -7,360k while the company's equity per 31.12.23 is positive with DKK 18,479k. The company's result for the first 5 month of 2024 shows a positive EBT and improved earnings of DKK 6,97 mil compared to LYTD EBT 2023. Despite the positive bottom-line development, the company's cash flow is still affected by the global covid-19, supply shortage, inflation, energy and interest challenges the company faced from 2020-2023. The company's liquidity budget for 2024 shows a liquidity need within the group's credit facility, however, it is a significant prerequisite for continued operation that the company's bank continues to make the credit facilities available. It is however the management's assessment that the group's financial resources are sufficient to carry out planed operations for the coming year and thus sets out the reasons why the

company's financial statements have been presented on a going concern assumption.

Uncertainty concerning recognition and measurement

For information on uncertainty concerning recognition and measurement see note 2.

In the financial statements for the financial year 01.01.23 - 31.12.23, it is important to note the following uncertainty with regard to recognition and measurement, as it has had a significant influence on the assets and liabilities recognised in the financial statements:

As at 31.12.23, the company has recognised a deferred tax asset of DKK 12,339k, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive earnings before tax for the coming years. The deferred tax asset is calculated and recognized based on budgets for the period 2024 – 2026. In relation to the expected tax results for the next 3 years, the tax asset is expected to be utilized at the present time. If the actual results for the next 3 years deviate from the expected, this can correspondingly affect the valuation of the tax asset.

Subsequent events

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

Income statement

Note	2023 DKK	2022 DKK
Gross profit	29,520,896	20,822,789
3 Staff costs	-28,025,507	-35,784,762
Profit/loss before depreciation, amortisation, write-downs and impairment losses	1,495,389	-14,961,973
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-7,011,755	-6,666,793
Operating loss	-5,516,366	-21,628,766
Financial income	239,676	106,536
Financial expenses	-3,951,506	-1,428,926
Loss before tax	-9,228,196	-22,951,156
Tax on loss for the year	1,867,957	5,081,288
Loss for the year	-7,360,239	-17,869,868
Proposed appropriation account		
Retained earnings	-7,360,239	-17,869,868
Total	-7,360,239	-17,869,868

ASSETS		31.12.23	31.12.22
Note		DKK	DKK
	Acquired rights	580,833	716,241
5	Total intangible assets	580,833	716,241
	Leasehold improvements	9,058,120	9,349,692
	Plant and machinery	43,603,268	47,195,061
	Other fixtures and fittings, tools and equipment	6,448,919	8,095,877
6	Total property, plant and equipment	59,110,307	64,640,630
7	Deposits	301,000	301,000
	Total investments	301,000	301,000
	Total non-current assets	59,992,140	65,657,871
	Raw materials and consumables	8,089,576	10,176,871
	Work in progress	1,434,878	1,096,701
	Manufactured goods and goods for resale	9,343,287	11,878,903
	Prepayments for goods	0	1,269,341
	Total inventories	18,867,741	24,421,816
	Trade receivables	9,367,333	10,000,883
	Receivables from group enterprises	4,516,663	2,485,019
	Deferred tax asset	12,338,773	10,639,168
	Total receivables	26,222,769	23,125,070
	Cash	1,150,970	2,074,169
	Total current assets	46,241,480	49,621,055
	Total assets	106,233,620	115,278,926

EQUITY AND LIABILITIES		31.12.23	31.12.22
		DKK	DKK
Note			
	Share capital	120,000	120,000
	Retained earnings	18,359,385	5,719,624
	Total equity	18,479,385	5,839,624
9	Payables to other credit institutions	4,976,874	5,739,427
9	Lease commitments	30,439,489	32,770,952
9	Payables to group enterprises	13,568,318	31,989,225
9	Other payables	1,660,783	1,604,621
	Total long-term payables	50,645,464	72,104,225
9	Short-term part of long-term payables	4,346,644	4,894,686
	Payables to other credit institutions	9,937,329	10,065,460
	Trade payables	4,707,029	8,417,931
	Payables to group enterprises	10,012,820	9,282,879
	Other payables	8,104,949	4,674,121
	Total short-term payables	37,108,771	37,335,077
	Total payables	87,754,235	109,439,302
	Total equity and liabilities	106,233,620	115,278,926
10	Contingent liabilities		
11	Charges and security		
12	Related parties		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
Statement of changes in equity for 01.01.23 - 31.12.23		
Balance as at 01.01.23	120,000	5,719,624
Debt conversion	0	20,000,000
Net profit/loss for the year	0	-7,360,239
Balance as at 31.12.23	120,000	18,359,385

1. Significant uncertainty as regards going concern

The company has realized a loss in 2023 of DKK -7,360k while the company's equity per 31.12.23 is positive with DKK 18,479k. The company's result for the first 5 month of 2024 shows a positive EBT and improved earnings of DKK 6,97 mil compared to LYTD EBT 2023. Despite the positive bottom-line development, the company's cash flow is still affected by the global covid-19, supply shortage, inflation, energy and interest challenges the company faced from 2020-2023. The company's liquidity budget for 2024 shows a liquidity need within the group's credit facility, however, it is a significant prerequisite for continued operation that the company's bank continues to make the credit facilities available. It is however the management's assessment that the group's financial resources are sufficient to carry out planed operations for the coming year and thus sets out the reasons why the company's financial statements have been presented on a going concern assumption.

2. Uncertainty concerning recognition and measurement

In the financial statements for 2023, it is important to note the following uncertainty as regards recognition and measurement as it has had a significant influence on the assets and liabilities recognised in the financial statements:

As at 31.12.23, the company has recognised a deferred tax asset of DKK 12,339k, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive earnings before tax for the coming years. The deferred tax asset is calculated and recognized based on budgets for the period 2024 – 2026. In relation to the expected tax results for the next 3 years, the tax asset is expected to be utilized at the present time. If the actual results for the next 3 years deviate from the expected, this can correspondingly affect the valuation of the tax asset.

	2023 DKK	2022 DKK
3. Staff costs		
Wages and salaries	25,056,426	32,006,142
Pensions	1,783,801	1,697,950
Other social security costs	337,518	309,677
Other staff costs	847,762	1,770,993
Total	28,025,507	35,784,762
Average number of employees during the year	53	68

4. Proposed appropriation account

Retained earnings	-7,360,239	-17,869,868
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5. Intangible assets

Figures in DKK	Acquired rights
Cost as at 01.01.23	947,431
Cost as at 31.12.23	947,431
Amortisation and impairment losses as at 01.01.23	-231,190
Amortisation during the year	-135,408
Amortisation and impairment losses as at 31.12.23	-366,598
Carrying amount as at 31.12.23	580,833
Carrying amount of assets held under finance leases as at 31.12.23	0

6. Property, plant and equipment

Figures in DKK	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost as at 01.01.23	10,427,692	58,158,597	12,458,601
Additions during the year	116,877	556,164	1,004,906
Disposals during the year	0	0	-595,390
Cost as at 31.12.23	10,544,569	58,714,761	12,868,117
Depreciation and impairment losses as at 01.01.23	-1,077,999	-10,963,536	-4,362,723
Depreciation during the year	-408,450	-4,147,957	-2,056,475
Depreciation and impairment losses as at 31.12.23	-1,486,449	-15,111,493	-6,419,198
Carrying amount as at 31.12.23	9,058,120	43,603,268	6,448,919
Carrying amount of assets held under finance leases as at 31.12.23	0	29,144,657	1,111,887

7. Non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.23	301,000
Cost as at 31.12.23	301,000
Carrying amount as at 31.12.23	301,000

	31.12.23	31.12.22
	DKK	DKK
8. Deferred tax		
Provisions for deferred tax as at 01.01.23	10,639,168	5,557,880
Deferred tax recognised in the income statement	1,699,605	5,081,288
Provisions for deferred tax as at 31.12.23	12,338,773	10,639,168

As at 31.12.23, the company has recognised a deferred tax asset of DKK 12,339k. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

9. Long-term payables

Figures in DKK	Repayment	Outstanding	Total	Total
	first year	debt after 5	payables at	payables at
		years	31.12.23	31.12.22
Payables to credit institutions	1,185,000	0	6,161,874	7,239,427
Lease commitments	3,161,644	7,979,278	33,601,133	36,165,638
Payables to group enterprises	0	0	13,568,318	31,989,225
Other payables	0	1,604,621	1,660,783	1,604,621
Total	4,346,644	9,583,899	54,992,108	76,998,911

10. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 6 months and total lease payments of DKK 290k.

Recourse guarantee commitments

The company has provided a guarantee for group enterprises' debt to credit institutions. The guarantee is unlimited. The group enterprises' debt to the credit institutions concerned amounts to DKK 50.165k at the balance sheet date.

11. Charges and security

The company has provided a company charge of DKK 20.000k as security for debt to credit institutions and group enterprises. As at 31.12.23, the company charge comprises inventories and trade receivables. The total carrying amount of the comprised assets is DKK 29.163k.

As security for debt to credit institutions and group enterprises' debt to credit institutions there have been provided security comprising net cash.

12. Related parties

Controlling influence	Basis of influence
Junta Holding ApS, Copenhagen	Parent company

13. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C 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.

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.

13. Accounting policies - continued -**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, other operating income and cost of sales 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 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.

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

13. Accounting policies - continued -

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs 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, amortisation and impairment losses

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

	Useful lives, years	Residual value DKK
Acquired rights	7	0
Leasehold improvements	10-15	0
Plant and machinery	10-15	0
Other plant, fixtures and fittings, tools and equipment	5-10	0

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

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

13. Accounting policies - continued -

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.

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

Intangible assets

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

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

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery 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.

13. Accounting policies - continued -

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.

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

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 and amortisation.

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.

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.

13. Accounting policies - continued -

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 cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

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.

Cash

Cash includes deposits in bank account.

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

13. Accounting policies - continued -

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

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

CASH FLOW STATEMENT

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