KINGSPAN INSULATION APS

LANGEBJERGVÆNGET 18, 4000 ROSKILDE

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 3 July 2023

Wilhelmus Johannes van Zonsbeek

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. 35 89 18 03

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COMPANY DETAILS

Company	Kingspan Insulation ApS Langebjergvænget 18 4000 Roskilde	
	CVR No.:	35 89 18 03
	Established:	10 June 2014
	Municipality:	Roskilde
	Financial Year:	1 January - 31 December
Executive Board	Wilhelmus Johannes van Zonsbeek Patrick Alan Lawlor Ian McAuliffe David Mark Macdonald	
Auditor	EY Godkendt Revisionspartnerselskab Østre Havnegade 65, 3. 9000 Aalborg	

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Kingspan Insulation ApS 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 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.

Roskilde, 3 July 2023

Executive Board

Wilhelmus Johannes van Zonsbeek	Patrick Alan Lawlor	Ian McAuliffe
David Mark Macdonald		

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Kingspan Insulation ApS

Conclusion

We have audited the financial statements of Kingspan Insulation ApS for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, and notes, including 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 financial position of the Company at 31 December 2022 and of the results of the Company's operations 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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. Management is also responsible for such internal control that 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 as to 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 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 the financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit conducted in accordance with ISAs and 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 note 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 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, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

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.

Aalborg, 3 July 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Hans B. Vistisen	Henrik K. Andersen
State Authorised Public Accountant	State Authorised Public Accountant
MNE no. mne23254	MNE no. mne36193

MANAGEMENT REVIEW

Principal activities

The company's activities are marketing and sales of insulation boards and other related activities.

Change of accounting policies

The company has changed its accounting policies for revenue (from IAS 11/18 to IFRS 15 as interpretation), leases (from IAS 17 to IFRS 16 as interpretation) and write-down on receivables (from IAS 39 to IFRS 9 as interpretation) in 2022. The cumulative effect of the change of accounting policies as at January 1, 2022, is recognised directly in equity. The financial statements for 2022 have been prepared on the basis of the new accounting policy. Due to use of retrospective transition methods the comparative figures for 2021 have not been adjusted.

Please refer to page 16-17 for further informations of the change in the accounting policies.

Development in activities and financial and economic position

Revenue in Kingspan Insulation ApS reached DKK 71.530 thousand compared to DKK 60.309 thousand in 2021. Operating profit, before financial income and expenses, reached DKK 389 thousand compared to DKK 7.949 thousand last year. Profit after tax is DKK 245 thousand compared to DKK 6.128 thousand in 2021.

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.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK
REVENUE		**71.529.689**	**60.308.712**
Cost of sales		-50.874.767	-36.493.551
Other external expenses		-14.969.206	-11.770.910
GROSS PROFIT/LOSS		**5.685.716**	**12.044.251**
Staff costs	1	-5.161.056	-4.089.585
Depreciation, amortisation and impairment		-135.543	-5.776
OPERATING PROFIT		**389.117**	**7.948.890**
Other financial expenses	2	-48.676	-100.401
PROFIT BEFORE TAX		**340.441**	**7.848.489**
Tax on profit/loss for the year	3	-95.684	-1.720.879
PROFIT FOR THE YEAR		**244.757**	**6.127.610**

PROPOSED DISTRIBUTION OF PROFIT

Retained earnings		244.757	6.127.610
TOTAL		**244.757**	**6.127.610**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Other plants, machinery, tools and equipment		148.058	37.592
Property, plant and equipment	4	**148.058**	**37.592**
NON-CURRENT ASSETS		**148.058**	**37.592**
Goods for resale		487.010	0
Inventories		**487.010**	**0**
Trade receivables		13.102.064	10.264.301
Receivables from group enterprises	5	5.823.050	11.702.938
Deferred tax assets		0	5.826
Prepayments		76.221	77.698
Receivables		**19.001.335**	**22.050.763**
CURRENT ASSETS		**19.488.345**	**22.050.763**
ASSETS		**19.636.403**	**22.088.355**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK
Share capital		80.000	80.000
Retained profit		9.076.018	8.831.415
EQUITY		**9.156.018**	**8.911.415**
Lease liabilities		68.401	0
Other liabilities		0	460.839
Non-current liabilities	6	**68.401**	**460.839**
Lease liabilities		73.961	0
Trade payables		73.418	82.270
Payables to group enterprises		5.215.177	3.599.946
Corporation tax		836.888	1.732.525
Other liabilities		4.212.540	7.301.360
Current liabilities		**10.411.984**	**12.716.101**
LIABILITIES		**10.480.385**	**13.176.940**
EQUITY AND LIABILITIES		**19.636.403**	**22.088.355**
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EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2022	80.000	8.831.415	8.911.415
Change of equity due to change of policy		-154	-154
Adjusted equity at 1 January 2022	**80.000**	**8.831.261**	**8.911.261**
Proposed profit allocation		244.757	244.757
Equity at 31 December 2022	**80.000**	**9.076.018**	**9.156.018**

NOTES

	2022 DKK	2021 DKK	Note
Staff costs			1
Average number of employees	8	7	
Wages and salaries	4.622.482	3.682.670	
Pensions	494.385	368.382	
Other staff costs	44.189	38.533	
	5.161.056	**4.089.585**	
Other financial expenses			2
Other interest expenses	48.676	100.401	
	48.676	**100.401**	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year	89.858	1.732.525	
Adjustment of tax for previous years	0	-11.646	
Adjustment of deferred tax	5.826	0	
	95.684	**1.720.879**	

NOTES

Note

Property, plant and equipment 4

	Other plants, machinery, tools and equipment
Cost at 1 January 2022	122.649
Change of policy	215.506
Other adjustments	-8.076
Cost at 31 December 2022	**330.079**
Depreciation and impairment losses at 1 January 2022	85.057
Other adjustments	18.409
Depreciation for the year	78.555
Depreciation and impairment losses at 31 December 2022	**182.021**
Carrying amount at 31 December 2022	**148.058**

Receivables from group enterprises 5

Kingspan Insulation ApS has concluded an agreement regarding a cash pool scheme with Danske Bank A/S, according to which Kingspan Insulation ApS is the sub-account holder together with the Group's other group entities. Under the terms agreed for the cash pool scheme, Danske Bank A/S is entitled to settle withdrawals and balances with each other whereby only the net balance of the total cash pool accounts makes up the Groups balance with Danske Bank A/S.

Kingspan Insulation ApS' account in the cash pool scheme, which is recognised as a receivable from group entities, made up an account balance of DKK 5.815 thousand at 31 December 2022 (at 31 December 2021: a balance of DKK 11.684 thousand).

Long-term liabilities 6

	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities
Lease liabilities	142.362	73.961	0	0
Other liabilities	0	0	0	460.839
	142.362	**73.961**	**0**	**460.839**

NOTES

Note

Contingencies etc. **7**

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 Logstor Denmark Holding ApS, which serves as management company for the joint taxation.

Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the Company's liability will increase.

Guarantees
The Company has provided a guarantee, totaling DKK 166 thousand.

Consolidated Financial Statements **8**
The Company is included in the consolidated financial statements of Kingspan Group plc, Dublin Road, Kingscourt, Co Cavan, A82 XY31, Ireland.

ACCOUNTING POLICIES

The Annual Report of Kingspan Insulation ApS for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

Changes in accounting policies
In order to align the account policy with that of Kingspan Group, effective as of 1 January 2022, the company has changed the accounting policies compared to 2021 in the following areas

Revenue
With effect from the financial year 2022 the Company has chosen to implement IFRS 15 Revenue from Contracts with Customers as the basis for interpretation of the provisions of the Danish Financial Statements Act on revenue accounting. Previously, the Company applied standards IAS 11 and IAS 18, as interpretation. The company has implemented IFRS 15 as interpretation with modified retroactive effect (the cumulative effect method). The cumulative impact of implementing IFRS 15 as interpretation is recognised directly on equity as of January 1, 2022. The comparative figures for 2021 are not adjusted.

The most significant changes in applying IFRS 15 as interpretation are in relation to previous accounting policies:

· A sales transaction must be recognised as revenue in the income statement as control (which can happen either at a certain time or over time) over the goods or service is transferred to the customer. The previous "risk and rewards" concept has therefore been replaced by a control concept.
· More detailed guidance on how to identify multiple sales transactions in a customer contract and how to recognise and measure each component.

Impact of implementing IFRS 15 as interpretation.
In implementing IFRS 15 as interpretation, the Company has recognised an accumulated equity effect as of January 1, 2022 of TDKK 0.

IFRS 16 - Leases
With effect from 1 January 2022, the Company has implemented IFRS 16 as interpretation of the provisions of the Danish Financial Statements Act for lease agreements. In its implementation is used the modified retrospective transition method. Lease assets and liabilities have been recognised in the balance sheet as of 1 January 2022, and no adjustment has been made to comparative information that continues to be presented in accordance with the accounting policy based on IAS 17 as interpretation.

In the future, the Company, with a few exceptions, recognises all leases in the balance sheet. This means that a lease liability measured at the present value of the future lease payments, as described below, and a corresponding lease asset adjusted for payments made to the lessor prior to the start of the lease agreement, and incentive payments received from the lessor, must be recognised.

In accordance with the transitional relief measures in IFRS 16, when implementing IFRS 16 as interpretation, the entity has chosen:

· Not to reassess whether a contract is or contains a lease agreement.
· Not to recognise leases with a maturity of less than 12 months or with a low value.
· Not to recognise leases with a residual maturity as of 1 January 2022 of less than 12 months.
· Not to recognise direct costs related to recognised lease assets.
· To set a discount rate on a portfolio of leases with similar characteristics.

ACCOUNTING POLICIES

In assessing future lease payments, the Company has reviewed its operating leases and identified those lease payments that relate to a lease component and that are fixed or variable, but that change with fluctuations in an index or interest rate. The company has chosen not to include payments related to service components as part of the leasing payments.

In assessing the expected lease period, the Company has identified an irrevocable lease period in the agreement attributed to periods subject to an extension option that management is reasonably likely to expect to exercise, and to periods subject to a termination option that management reasonably likely does not expect to exercise.

For leases of operating equipment, management has assessed that the expected rental period constitutes the irrevocable lease period in the agreements, as the Company has not exercised extension options in similar agreements..

In discounting the lease payments at present value, the entity has used its alternative loan rate, which represents the cost of taking out external financing for an equivalent asset with a financing period equal to the term of the lease in the currency in which the lease payments are settled. The Company has documented the alternative loan rate for each portfolio of leases, which have similar characteristics.

Impact of implementing IFRS 16 as interpretation.
Upon implementation of IFRS 16 as interpretation as of 1 January 2022, the Company has recognised a lease asset of TDKK 216 and a TDKK 216 lease liability. The equity effect is thus TDKK 0 as of 1 January 2022. Other external costs have been reduced by 129 TDKK, while depreciation and financial costs have increased by TDKK 130, respectively, TDKK 2. Net effect on result is 3 T.DKK, with no tax effect.

IFRS 9 - Write-down of financial assets
With effect from the financial year 2022, the Company has chosen to implement IFRS 9 Financial Instruments as interpretation, based on the company's business model and types of financial assets and liabilities, the implementation of IFRS 9 has had an impact on the company's write-downs of financial assets, which are measured at amortized cost.

For receivables from the sale of products and services, IFRS 9's simplified expected credit loss model is used, according to which the total expected loss is recognised immediately.
For receivables of affiliates, the general expected credit loss model is used, in which the company continuously monitors changes in the credit quality of receivables over time.
The change from the previous impairment policy, where impairment was recognised only when there was an objective indication of incurred loss model to IFRS 9's expected credit loss model, has meant more timely recognition of expected credit losses both on initial recognition and after.

Impact of implementing IFRS 9 as interpretation.
The consequence of implementing IFRS 9's expected credit loss model as interpretation is an decreased write-down to expected loss of TDKK 0 before tax with a deferred tax effect of TDKK 0, which is recognised in retained earnings in equity on 1 January 2022.

The company has implemented the amended impairment model with partial retrospective effect so that the cumulative effect of the change as of 1 January 2022 is recognised in retained earnings without the addition of comparative information for previous years, in accordance with the transitional provisions of IFRS 9.

Consequences in total
The effect of the change in accounting policies is a decrease in profit before tax for the year by TDKK 3. The assets is increased by TDKK 216, the liabilities increased be TDKK 216, while equity as of 1 January 2022 has increased by TDKK 0.

Apart from the above, the financial statements are made according to the same accounting policies as last year.

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue
The company has chosen to use IFRS 15 to interpret the provisions of the Danish Financial Statements Act for the recognition of revenue.

The Company's sales agreements are broken down into individually identifiable performance liabilities that are recognised and measured separately at fair value. Where a sales agreement includes several performance obligations, the total sales value of the sales agreement shall be allocated proportionately to the agreement's delivery obligations. Revenue is recognised at one point of time when control over each identifiable performance obligation passes to the customer.

The revenue recognised is measured at the fair value of the agreed consideration excluding VAT and taxes collected on behalf of third parties. All kinds of discounts given are recognised in revenue.

The part of the total remuneration that is variable, for example in the form of discounts, bonus payments, etc., is first included in turnover, where it is reasonably certain that there will be no reversal thereof in subsequent periods, for example as consequence of lack of goal achievement, etc.

Sales of goods for resale are recognised in turnover when control over each identifiable performance obligation in the sales agreement passes to the customer, which, according to the terms of sale, occurs at the time of delivery.

The terms of payment in the Company's sales agreements with customers depend on the underlying delivery obligation and on the the underlying customer relationship. For the sale of goods where control is transferred at one specific time, the terms of payment will typically be running month + 1-3 months. The Company does not enter into sales agreements where the credit period exceeds 12 months, which is why the Company does not adjust the agreed contract price with a financing element.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings and bad debts.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses
Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from transactions in foreign currencies, 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.

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.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

Other plants, machinery, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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, machinery, fixtures, tools and equipment.........................	3-5 years	0 DKK

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.

Lease contracts

The company has chosen to use IFRS 16 to interpret the provisions of the Danish Financial Statements Act for the recognition of leases.

A lease asset and a lease liability are recognised in the balance sheet when, under a lease agreement entered into, the Company is in respect of a specifically identifiable asset is made available to the lease asset during the lease term and when the Company acquires entitlement to virtually all the economic benefits from the use of the identified asset and the right to decide over the use of the identified asset.

Lease liabilities are measured at initial recognition at the present value of future lease payments discounted by the Company's alternative loan rate. The following lease payments are recognised as partof the lease payment:

- Fixed payments
- Variable payments that change with changes in an index or interest rate, based on that index or interest rate
- Payments subject to an extension option that the Company is reasonably likely to expect to exercise
- The exercise price of purchase options that the Company is reasonably likely to expect to exercise
- Penalties related to a termination option, unless the Company is reasonably unlikely to expect to exercise the option

The lease liability is measured at amortised cost under the effective interest method. The lease liability is recalculated when there are changes in the underlying contractual cash flows from:

- Changes in an index or interest rate
- If there are changes in the Company's estimate or residual value guarantee
- If the Company changes its assessment of whether a purchase, extension or termination option is reasonably likely to be expected utilised.

The lease asset is measured at initial recognition at cost, which corresponds to the value of the lease liability adjusted for prepaid lease payments plus direct related costs and estimated demolition, refurbishment costs or similar and deducted from discounts received or other types of incentive payments from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and amortisation. The lease asset is depreciated over the shortest of the lease term and the useful life of the lease asset. The depreciation is recognised linearly in the income statement.

The lease asset is adjusted for changes in the lease liability as a result of changes in the terms of the lease agreement or changes in the cash flows of the contract in line with changes in an index or interest rate.

Lease assets are depreciated on a straight line basis over the expected rental period that constitutes:

- Cars: 3-5 years

The Company presents the lease asset and lease liability separately in the balance sheet.

The Company has chosen not to recognise low-value lease assets and short-term leases in the balance sheet. Instead lease payments relating to those leases are recognised in a straight-line profit and loss account

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 net realisable value is lower than the carrying amount, the assets are written down to the lower value.

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.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists

ACCOUNTING POLICIES

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 goods for resale 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
The Company has chosen to use IFRS 9 for interpretation for write-downs of financial assets measured at amortised cost.

Receivables are measured at amortised cost. Write-downs to counter losses are made after the simplified expected credit loss model, according to which the total loss is immediately recognised in the income statement at the same time as the receivable is recorded in the balance sheet on the basis of the expected loss in the total life of the receivable. The revenue transfer of interest on written-down receivables are calculated on the written down value with the effective interest rate for each receivable.

The financial asset is monitored on an ongoing basis in accordance with the Company's risk management until realisation. The write-down is calculated out from the expected loss rate, which is calculated for financial assets by geographical location. The loss rate is calculated on the basis of historical data corrected for estimates of the impact of expected changes in relevant parameters, such as the economic development of the market concerned.

For other loans and receivables, including receivables from affiliates, the general expected credit loss model is used. Under this model, write-downs are made according to an expectation-based model, which involves a financial asset being written down by an amount equal to the expected credit loss for 12 months at the time of initial withdrawal. If there is subsequently a significant increase in credit risk compared to the time of initial recognition, the asset is written down by an amount equal to the expected credit loss in the asset's remaining maturity. If the asset is found to be depreciated, the asset is written down by an amount equal to the expected credit loss in the remaining maturity of the asset, and interest income is recognised in the profit and loss account according to the method of the effective interest rate in relation to the amount written down.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash and deposits at banks.

Considering the nature of the scheme, account balances relating to the Group's cash pool scheme are not considered cash and cash equivalents, but are included in the financial statement item receivables from group entities.

ACCOUNTING POLICIES

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 on account tax 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 would 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

The Company has chosen IAS 39 as interpretation for recognition and measurement of 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 of current liabilities usually corresponds to nominal value.