



Sonas MidCo ApS

Herlev Hovedgade 82
2730 Herlev
CVR No. 41908033

Annual report 03.12.2020 - 31.12.2020

The Annual General Meeting adopted the
annual report on 08.04.2021

Jeppe Ragnar Andersen
Chairman of the General Meeting

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Entity details

Entity

Sonas MidCo ApS
Herlev Hovedgade 82
2730 Herlev

Business Registration No.: 41908033
Date of foundation: 03.12.2020
Registered office: Herlev
Financial year: 03.12.2020 - 31.12.2020

Executive Board

Jeppe Ragnar Andersen
Daniel José Lopez Cruz
Karl Sebastian Inger

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Sonas MidCo ApS for the financial year 03.12.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 03.12.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Herlev, 08.04.2021

Executive Board

Jeppe Ragnar Andersen

Daniel José Lopez Cruz

Karl Sebastian Inger

Independent auditor's report

To the shareholders of Sonas MidCo ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Sonas MidCo ApS for the financial year 03.12.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 03.12.2020 - 31.12.2020 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Copenhagen, 08.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen

State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2020
	DKK'000
Key figures	
Gross profit/loss	472
Operating profit/loss	(27,372)
Net financials	(1,153)
Profit/loss for the year	(27,677)
Balance sheet total	1,422,082
Investments in property, plant and equipment	382
Equity	650,543
Cash flows from operating activities	(11,508)
Cash flows from investing activities	(1,333,554)
Cash flows from financing activities	1,368,507
Ratios	
Equity ratio (%)	45.75

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The company's purpose is to provide services exclusively to the group companies and also owning investments in associates as well as in subsidiaries.

Development in activities and finances

The Company's consolidated income statement for 2020 shows a loss of DKK 27.677.410, while the consolidated balance sheet shows equity of DKK 650.542.664 at 31.12.2020.

The consolidated financial statements covers the period from 10 of December - 31 of december 2020.

Profit/loss for the year in relation to expected developments

The companys expectations for activity and income for 2020 were met.

Outlook

Management expects the company to continue with a positive development in the coming year.

Events after the balance sheet date

No material events have occurred after the balance sheet date which affect the annual report.

Consolidated income statement for 2020

	Notes	2020 DKK
Gross profit/loss		471,945
Administrative expenses		(27,844,177)
Operating profit/loss		(27,372,232)
Other financial expenses	4	(1,153,141)
Profit/loss before tax		(28,525,373)
Tax on profit/loss for the year	5	847,963
Profit/loss for the year	6	(27,677,410)

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK
Acquired rights		339,937
Goodwill		1,312,131,232
Intangible assets	7	1,312,471,169
Land and buildings		26,314,105
Other fixtures and fittings, tools and equipment		13,687,361
Leasehold improvements		2,970,064
Property, plant and equipment	8	42,971,530
Other investments		1,465,965
Deposits		334,068
Financial assets	9	1,800,033
Fixed assets		1,357,242,732
Trade receivables		17,892,232
Receivables from associates		2,128,292
Deferred tax	10	17,728,440
Other receivables		3,645,508
Receivables		41,394,472
Cash		23,444,742
Current assets		64,839,214
Assets		1,422,081,946

Equity and liabilities

	Notes	2020 DKK
Contributed capital		67,817,007
Retained earnings		582,725,657
Equity		650,542,664
Mortgage debt		10,827,846
Debt to other credit institutions		209,445,038
Deposits		64,200
Other payables	11	483,432,067
Non-current liabilities other than provisions	12	703,769,151
Current portion of non-current liabilities other than provisions	12	630,663
Trade payables		41,320,831
Payables to group enterprises		2,418,795
Tax payable		11,118,151
Other payables		12,281,691
Current liabilities other than provisions		67,770,131
Liabilities other than provisions		771,539,282
Equity and liabilities		1,422,081,946
Unusual circumstances	1	
Staff costs	2	
Amortisation, depreciation and impairment losses	3	
Unrecognised rental and lease commitments	14	
Contingent liabilities	15	
Transactions with related parties	16	
Group relations	17	
Subsidiaries	18	

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	67,817,007	610,403,067	0	678,220,074
Transfer to reserves	0	(610,403,067)	610,403,067	0
Profit/loss for the year	0	0	(27,677,410)	(27,677,410)
Equity end of year	67,817,007	0	582,725,657	650,542,664

Consolidated cash flow statement for 2020

	Notes	2020 DKK
Operating profit/loss		(27,372,232)
Amortisation, depreciation and impairment losses		4,328,632
Working capital changes	13	12,688,865
Cash flow from ordinary operating activities		(10,354,735)
Financial expenses paid		(1,153,141)
Cash flows from operating activities		(11,507,876)
Acquisition etc. of intangible assets		(1,279,831,074)
Acquisition etc. of property, plant and equipment		(381,700)
Acquisition of enterprises		(53,341,703)
Cash flows from investing activities		(1,333,554,477)
Free cash flows generated from operations and investments before financing		(1,345,062,353)
Loans raised		209,445,038
Repayments of loans etc.		(158,017)
Cash capital increase		678,220,074
Accrued liabilities related to acquisition		481,000,000
Cash flows from financing activities		1,368,507,095
Increase/decrease in cash and cash equivalents		23,444,742
Cash and cash equivalents end of year		23,444,742
Cash and cash equivalents at year-end are composed of:		
Cash		23,444,742
Cash and cash equivalents end of year		23,444,742

Notes to consolidated financial statements

1 Unusual circumstances

Sonos A/S has in 2020 recognized 1,609,250 DKK in income from the Danish Government in connection to the Covid-19 compensation for salary and fixed cost.

2 Staff costs

	2020
	DKK
Wages and salaries	2,377,479
Other staff costs	14,381
	2,391,860
Average number of full-time employees	51

	Remuneration of management 2020 DKK
Board of Directors	377,776
	377,776

In accordance with the Danish Financial Statements Act section 98B (3), remuneration to the Executive Board and Board of Directors has not been disclosed.

3 Depreciation, amortisation and impairment losses

	2020
	DKK
Amortisation of intangible assets	4,048,749
Depreciation on property, plant and equipment	279,882
	4,328,631

4 Other financial expenses

	2020
	DKK
Other financial expenses	1,153,141
	1,153,141

5 Tax on profit/loss for the year

	2020
	DKK
Current tax	(1,248,912)
Change in deferred tax	400,949
	(847,963)

6 Proposed distribution of profit/loss

	2020
	DKK
Retained earnings	(27,677,410)
	(27,677,410)

7 Intangible assets

	Acquired rights	Goodwill
	DKK	DKK
Cost beginning of year	357,828	36,342,948
Addition through business combinations etc	0	1,279,831,032
Cost end of year	357,828	1,316,173,980
Amortisation and impairment losses beginning of year	(11,928)	0
Amortisation for the year	(5,963)	(4,042,748)
Amortisation and impairment losses end of year	(17,891)	(4,042,748)
Carrying amount end of year	339,937	1,312,131,232

8 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost beginning of year	27,196,332	17,095,957	2,999,762
Additions	369,865	11,835	0
Cost end of year	27,566,197	17,107,792	2,999,762
Depreciation and impairment losses beginning of year	(1,199,981)	(3,222,359)	0
Depreciation for the year	(52,111)	(198,072)	(29,698)
Depreciation and impairment losses end of year	(1,252,092)	(3,420,431)	(29,698)
Carrying amount end of year	26,314,105	13,687,361	2,970,064

9 Financial assets

	Other investments DKK	Deposits DKK
Cost beginning of year	1,465,965	334,068
Cost end of year	1,465,965	334,068
Carrying amount end of year	1,465,965	334,068

Investments in partnerships and limited partnerships	Registered in	Corporate form
Symic OA ApS	Herlev	ApS

10 Deferred tax

	2020 DKK
Changes during the year	
Beginning of year	18,129,389
Recognised in the income statement	(400,949)
End of year	17,728,440

Deferred tax assets include the tax loss carryforwards, as a result of management's expectations for the future.

11 Other payables

	2020 DKK
Holiday pay obligation	2,432,067
Other costs payable	481,000,000
	483,432,067

12 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due after more than 12 months 2020 DKK
Mortgage debt	630,663	10,827,846
Debt to other credit institutions	0	209,445,038
Deposits	0	64,200
Other payables	0	483,432,067
	630,663	703,769,151

13 Changes in working capital

	2020
	DKK
Increase/decrease in receivables	(9,466,394)
Increase/decrease in trade payables etc.	22,155,259
	12,688,865

14 Unrecognised rental and lease commitments

	2020
	DKK
Total liabilities under rental or lease agreements until maturity	4,328,646

15 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Sonas HoldCo ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

16 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Investcorp Holdings B.S.C., Kingdom of Bahrain

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Sonas HoldCo ApS, Herlev, Denmark

The consolidated financial statements of Sonas HoldCo ApS may be ordered at this address:
Herlev Hovedgade 82, 2730 Herlev, Denmark

18 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity DKK	Profit/loss DKK
Sonas BidCo ApS	Herlev	ApS	100,0	650,591,334	(27,628,740)
Sanos Group A/S	Herlev	A/S	100,0	65,956,024	50,956,024
Sanos A/S	Herlev	A/S	100,0	21,829,997	12,044,188
NBCD A/S	Herlev	A/S	100,0	71,989,300	40,503,062
Nordic Bioscience Clinical Development VII A/S	Herlev	A/S	100,0	525,098	0

Parent income statement for 2020

	Notes	2020 DKK
Administrative expenses		(45,000)
Operating profit/loss		(45,000)
Income from investments in group enterprises		(27,628,740)
Other financial expenses		(13,670)
Profit/loss before tax		(27,687,410)
Tax on profit/loss for the year		10,000
Profit/loss for the year	1	(27,677,410)

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK
Investments in group enterprises		650,591,334
Financial assets	2	650,591,334
Fixed assets		650,591,334
Deferred tax	3	10,000
Receivables		10,000
Current assets		10,000
Assets		650,601,334

Equity and liabilities

	Notes	2020 DKK
Contributed capital		67,767,007
Retained earnings		582,775,657
Equity		650,542,664
Trade payables		45,000
Other payables		13,670
Current liabilities other than provisions		58,670
Liabilities other than provisions		58,670
Equity and liabilities		650,601,334
Related parties with controlling interest	4	
Transactions with related parties	5	

Parent statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	50,000	610,403,067	0	610,453,067
Increase of capital	67,767,007	0	0	67,767,007
Decrease of capital	(50,000)	50,000	0	0
Transfer to reserves	0	(610,453,067)	610,453,067	0
Profit/loss for the year	0	0	(27,677,410)	(27,677,410)
Equity end of year	67,767,007	0	582,775,657	650,542,664

Notes to parent financial statements

1 Proposed distribution of profit and loss

	2020 DKK
Retained earnings	(27,677,410)
	(27,677,410)

2 Financial assets

	Investments in group enterprises DKK
Additions	678,220,074
Cost end of year	678,220,074
Share of profit/loss for the year	(27,628,740)
Revaluations end of year	(27,628,740)
Carrying amount end of year	650,591,334

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

3 Deferred tax

	2020 DKK
Changes during the year	DKK
Recognised in the income statement	10,000
End of year	10,000

Deferred tax assets include the tax loss carryforwards, as a result of management's expectations for the future.

4 Related parties with controlling interest

Sonas HoldCo ApS, Herlev Hovedgade 82, 2730 Herlev, Denmark

5 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales

discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 3-20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Cash

Cash comprises cash in hand and bank deposits.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.