
Sonas MidCo ApS

Herlev Hovedgade 82, DK-2730 Herlev

Annual Report for 1 January - 31 December 2021

CVR No 41 90 80 33

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/04 2022

Jeppé Ragnar Andersen
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Sonas MidCo ApS for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 27 April 2022

Executive Board

Karl Sebastian Inger
CEO

Daniel José Lopez Cruz

Jeppe Ragnar Andersen

Independent Auditor's Report

To the Shareholders of Sonas MidCo ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Sonas MidCo ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 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 and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient 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.

Hellerup, 27 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob Fromm Christiansen
State Authorized Public Accountant
mne18628

Kristian Højgaard Carlsen
State Authorized Public Accountant
mne44112

Company Information

The Company

Sonas MidCo ApS
Herlev Hovedgade 82
DK-2730 Herlev
E-mail: kundenavn@kundenavn.dk

CVR No: 41 90 80 33
Financial period: 1 January - 31 December
Municipality of reg. office: Herlev

Executive Board

Karl Sebastian Inger
Daniel José Lopez Cruz
Jeppe Ragnar Andersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	Group	
	2021 TDKK	2020 TDKK
Key figures		
Profit/loss		
Revenue	203.105	142.686
Gross profit/loss	65.333	472
Operating profit/loss	-29.043	-27.372
Profit/loss before financial income and expenses	-29.043	-27.372
Net financials	-15.714	-1.153
Net profit/loss for the year	-50.580	-27.677
Balance sheet		
Balance sheet total	950.850	1.422.082
Equity	637.963	650.543
Cash flows		
Cash flows from:		
- operating activities	2.258	-7.465
- investing activities	-2.986	-1.337.597
including investment in property, plant and equipment	-467.909	-382
- financing activities	36.599	1.368.507
Change in cash and cash equivalents for the year	35.870	23.445
Number of employees	67	51
Ratios		
Gross margin	32,2%	0,3%
Profit margin	-14,3%	-19,2%
Return on assets	-3,1%	-1,9%
Solvency ratio	67,1%	45,7%
Return on equity	-7,9%	-8,5%

Management's Review

Key activities

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

Development in the year

The income statement of the Group for 2021 shows a loss of DKK 50,580,085, and at 31 December 2021 the balance sheet of the Group shows equity of DKK 637,962,579.

Targets and expectations for the year ahead

Management expects an increase in profit in the coming year.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Koncern		Morderselskab	
		2021	2020	2021	2020
		DKK	DKK	DKK	DKK
Revenue		203.104.518	142.685.842	0	0
Cost of sales	1	-137.771.308	-142.213.897	0	0
Gross profit/loss		65.333.210	471.945	0	0
Administrative expenses	1	-94.376.255	-27.844.177	-49.815	-45.000
Operating profit/loss		-29.043.045	-27.372.232	-49.815	-45.000
Profit/loss before financial income and expenses		-29.043.045	-27.372.232	-49.815	-45.000
Income from investments in subsidiaries		0	0	-50.484.214	-27.628.740
Financial income	2	406.015	0	0	0
Financial expenses	3	-16.119.707	-1.153.141	-34	-13.670
Profit/loss before tax		-44.756.737	-28.525.373	-50.534.063	-27.687.410
Tax on profit/loss for the year	4	-5.823.348	847.963	10.967	10.000
Net profit/loss for the year		-50.580.085	-27.677.410	-50.523.096	-27.677.410

Balance Sheet 31 December

Assets

	Note	Koncern		Morderselskab	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Acquired patents		268.372	339.937	0	0
Goodwill		771.026.008	1.312.131.232	0	0
Intangible assets	5	771.294.380	1.312.471.169	0	0
Land and buildings		25.651.061	26.314.105	0	0
Other fixtures and fittings, tools and equipment		13.659.438	13.687.361	0	0
Leasehold improvements		4.784.123	2.970.064	0	0
Property, plant and equipment	6	44.094.622	42.971.530	0	0
Investments in subsidiaries	7	0	0	628.107.120	650.591.334
Other investments	8	2.478.261	1.465.965	0	0
Deposits	8	444.384	334.068	0	0
Fixed asset investments		2.922.645	1.800.033	628.107.120	650.591.334
Fixed assets		818.311.647	1.357.242.732	628.107.120	650.591.334
Trade receivables		46.577.763	17.892.232	0	0
Receivables from group enterprises		0	0	10.027.188	0
Receivables from associates		0	2.128.292	0	0
Other receivables		5.478.425	3.645.508	0	0
Deferred tax asset	10	16.775.557	17.728.440	0	10.000
Corporation tax		4.391.053	0	20.967	0
Receivables		73.222.798	41.394.472	10.048.155	10.000
Cash at bank and in hand		59.315.192	23.444.742	3.157	0
Currents assets		132.537.990	64.839.214	10.051.312	10.000
Assets		950.849.637	1.422.081.946	638.158.432	650.601.334

Balance Sheet 31 December

Liabilities and equity

	Note	Koncern		Morderselskab	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Share capital		83.817.007	67.767.007	83.817.007	67.767.007
Share premium account		22.000.000	0	22.000.000	0
Retained earnings		532.202.561	582.775.657	532.202.561	582.775.657
Equity attributable to shareholders of the Parent Company		638.019.568	650.542.664	638.019.568	650.542.664
Minority interests		-56.989	0	0	0
Equity		637.962.579	650.542.664	638.019.568	650.542.664
Mortgage loans		10.200.023	10.827.846	0	0
Credit institutions		210.952.886	209.445.038	0	0
Deposits		64.200	64.200	0	0
Other payables		16.566.918	483.432.067	0	0
Long-term debt	11	237.784.027	703.769.151	0	0
Mortgage loans	11	627.823	630.663	0	0
Trade payables		47.084.103	41.320.831	50.000	45.000
Payables to group enterprises		91.021	2.418.795	88.864	0
Corporation tax		4.666.338	11.118.151	0	0
Payables to group enterprises relating to corporation tax		4.391.053	0	0	0
Other payables	11	18.242.693	12.281.691	0	13.670
Short-term debt		75.103.031	67.770.131	138.864	58.670
Debt		312.887.058	771.539.282	138.864	58.670
Liabilities and equity		950.849.637	1.422.081.946	638.158.432	650.601.334
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Statement of Changes in Equity

Koncern

	Share premium account	Retained earnings	Equity excl. minority interests	Minority interests	Total	
	DKK	DKK	DKK	DKK	DKK	
Equity at 1 January	67.817.007	0	582.725.657	650.542.664	0	650.542.664
Cash capital increase	16.000.000	22.000.000	0	38.000.000	0	38.000.000
Net profit/loss for the year	0	0	-50.523.096	-50.523.096	-56.989	-50.580.085
Equity at 31 December	83.817.007	22.000.000	532.202.561	638.019.568	-56.989	637.962.579

Moderselskab

Equity at 1 January	67.767.007	0	582.775.657	650.542.664	0	650.542.664
Cash capital increase	16.050.000	22.000.000	0	38.050.000	0	38.050.000
Other equity movements	0	0	-50.000	-50.000	0	-50.000
Net profit/loss for the year	0	0	-50.523.096	-50.523.096	0	-50.523.096
Equity at 31 December	83.817.007	22.000.000	532.202.561	638.019.568	0	638.019.568

Cash Flow Statement 1 January - 31 December

	Note	Koncern	
		2021 DKK	2020 DKK
Net profit/loss for the year		-50.580.085	-27.677.410
Adjustments	12	102.404.608	8.676.558
Change in working capital	13	-23.315.032	12.688.865
Cash flows from operating activities before financial income and expenses		28.509.491	-6.311.987
Financial income		406.015	0
Financial expenses		-15.335.705	-1.153.141
Cash flows from ordinary activities		13.579.801	-7.465.128
Corporation tax paid		-11.322.278	0
Cash flows from operating activities		2.257.523	-7.465.128
Purchase of intangible assets		466.044.703	-1.283.873.822
Purchase of property, plant and equipment and purchase price adjustments		-467.908.575	-381.700
Fixed asset investments made etc		-1.122.611	0
Business sale		0	-53.341.703
Cash flows from investing activities		-2.986.483	-1.337.597.225
Repayment of mortgage loans		-630.663	-158.017
Repayment of loans from credit institutions		1.507.848	0
Repayment of payables to group enterprises		-2.327.775	0
Raising of mortgage loans		0	209.445.038
Accrued liabilities relation to acquisition		0	481.000.000
Cash capital increase		38.000.000	678.220.074
Other equity entries		50.000	0
Cash flows from financing activities		36.599.410	1.368.507.095
Change in cash and cash equivalents		35.870.450	23.444.742
Cash and cash equivalents at 1 January		23.444.742	0
Cash and cash equivalents at 31 December		59.315.192	23.444.742
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		59.315.192	23.444.742
Cash and cash equivalents at 31 December		59.315.192	23.444.742

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
1 Staff				
Wages and Salaries	47.585.305	2.377.479	0	0
Other social security expenses	151.592	0	0	0
Other staff expenses	396.419	14.381	0	0
	48.133.316	2.391.860	0	0
Including remuneration to the Executive and Supervisory Boards	2.106.455	377.776	0	0
Average number of employees	67	51	0	0
2 Financial income				
Exchange gains	406.015	0	0	0
	406.015	0	0	0
3 Financial expenses				
Impairment losses on financial assets	2.579.217	0	0	0
Other financial expenses	13.540.490	1.153.141	34	13.670
	16.119.707	1.153.141	34	13.670
4 Tax on profit/loss for the year				
Current tax for the year	9.386.462	-1.248.912	0	0
Deferred tax for the year	-3.342.532	400.949	-10.967	0
Adjustment of deferred tax concerning previous years	-220.582	0	0	-10.000
	5.823.348	-847.963	-10.967	-10.000

Notes to the Financial Statements

5 Intangible assets

Koncern

	Acquired pa- tents DKK	Goodwill DKK
Cost at 1 January	357.829	1.316.173.980
Adjustment to prior years	0	-466.000.000
Additions for the year	0	26.861
Cost at 31 December	<u>357.829</u>	<u>850.200.841</u>
Impairment losses and amortisation at 1 January	17.891	4.042.748
Amortisation for the year	71.566	75.132.085
Impairment losses and amortisation at 31 December	<u>89.457</u>	<u>79.174.833</u>
Carrying amount at 31 December	<u>268.372</u>	<u>771.026.008</u>
	2021 DKK	2020 DKK
Amortisation and impairment of intangible assets are recognised in the following items:		
Administrative expenses	<u>75.132.085</u>	<u>4.042.748</u>
	<u>75.132.085</u>	<u>4.042.748</u>

6 Property, plant and equipment

Koncern

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	27.566.197	17.107.792	2.999.762
Additions for the year	320.611	2.406.893	3.477.565
Cost at 31 December	<u>27.886.808</u>	<u>19.514.685</u>	<u>6.477.327</u>
Revaluations at 1 January	0	0	0
Revaluations at 31 December	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

6 Property, plant and equipment (continued)

Koncern

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Impairment losses and depreciation at 1 January	1.252.092	3.420.431	29.698
Depreciation for the year	983.655	2.434.816	1.663.506
Impairment losses and depreciation at 31 December	2.235.747	5.855.247	1.693.204
Carrying amount at 31 December	25.651.061	13.659.438	4.784.123
		Moderelskab	
		2021 DKK	2020 DKK

7 Investments in subsidiaries

Cost at 1 January	678.220.074	0
Additions for the year	0	678.220.074
Cost at 31 December	678.220.074	678.220.074
Value adjustments at 1 January	-27.628.740	0
Net profit/loss for the year	-50.484.214	-27.628.740
Capital increase	28.000.000	0
Value adjustments at 31 December	-50.112.954	-27.628.740
Carrying amount at 31 December	628.107.120	650.591.334

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Sonas BidCo ApS	Herlev	100%	628.107.120	-50.484.214

Notes to the Financial Statements

8 Other fixed asset investments

	Koncern	
	Other investments	Deposits
	DKK	DKK
Cost at 1 January	1.465.965	334.068
Additions for the year	2.478.261	110.316
Disposals for the year	-1.465.965	0
Cost at 31 December	<u>2.478.261</u>	<u>444.384</u>
Impairment losses at 1 January	0	0
Impairment losses at 31 December	0	0
Carrying amount at 31 December	<u>2.478.261</u>	<u>444.384</u>

9 Distribution of profit

	Koncern		Moderselskab	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
Reserve for net revaluation under the equity method	0	51.531.457	0	0
Minority interests' share of net profit/loss of subsidiaries	-56.989	0	0	0
Retained earnings	<u>-50.523.096</u>	<u>-79.208.867</u>	<u>-50.523.096</u>	<u>-27.677.410</u>
	<u>-50.580.085</u>	<u>-27.677.410</u>	<u>-50.523.096</u>	<u>-27.677.410</u>

Notes to the Financial Statements

	Koncern		Moderselskab	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
10 Provision for deferred tax				
Provision for deferred tax at 1 January	-17.728.440	0	-10.000	0
Amounts recognised in the income statement for the year	-3.342.532	400.949	-10.967	0
Amounts recognised in equity for the year	4.295.415	-18.129.389	20.967	-10.000
Provision for deferred tax at 31 December	-16.775.557	-17.728.440	0	-10.000
Tax loss carry-forward	-16.775.557	-17.728.440	0	-10.000
Transferred to deferred tax asset	16.775.557	17.728.440	0	10.000
	0	0	0	0
Deferred tax asset				
Calculated tax asset	16.775.557	17.728.440	0	10.000
Carrying amount	16.775.557	17.728.440	0	10.000

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next three to four years. As a result of management's expectations for the future.

Notes to the Financial Statements

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Koncern		Moderselskab	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
Mortgage loans				
Between 1 and 5 years	10.200.023	10.827.846	0	0
Long-term part	10.200.023	10.827.846	0	0
Within 1 year	627.823	630.663	0	0
	10.827.846	11.458.509	0	0
Credit institutions				
Between 1 and 5 years	210.952.886	209.445.038	0	0
Long-term part	210.952.886	209.445.038	0	0
Within 1 year	0	0	0	0
	210.952.886	209.445.038	0	0
Deposits				
Between 1 and 5 years	64.200	64.200	0	0
Long-term part	64.200	64.200	0	0
Within 1 year	0	0	0	0
	64.200	64.200	0	0
Other payables				
Between 1 and 5 years	16.566.918	483.432.067	0	0
Long-term part	16.566.918	483.432.067	0	0
Other short-term payables	18.242.693	12.281.691	0	13.670
	34.809.611	495.713.758	0	13.670

Notes to the Financial Statements

	Koncern	
	2021	2020
	DKK	DKK
12 Cash flow statement - adjustments		
Financial income	-406.015	0
Financial expenses	16.119.707	1.153.141
Depreciation, amortisation and impairment losses, including losses and gains on sales	80.917.568	8.371.380
Tax on profit/loss for the year	5.823.348	-847.963
Other adjustments	-50.000	0
	102.404.608	8.676.558

13 Cash flow statement - change in working capital

Change in receivables	-28.390.156	-9.466.394
Change in trade payables, etc	5.075.124	22.155.259
	-23.315.032	12.688.865

14 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Total liabilities under rental or lease agreements until maturity	4.276.073	4.238.646	0	0
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Other 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.

Notes to the Financial Statements

15 Related parties

Consolidated Financial Statements

Selskabet indgår i koncernrapporten for moderselskabet

<u>Name</u>	<u>Place of registered office</u>
Investcorp Holdings B.S.C.	Kingdom of Bahrain
Sonas HoldCo ApS	Herlev

The Group Annual Report of Sonas HoldCo ApS may be obtained at the following address:

Herlev Hovedgade 82
2730 Herlev
Denmark

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Sonas MidCo ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Sonas MidCo ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

16 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

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 measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

16 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 3-20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

Notes to the Financial Statements

16 Accounting Policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

16 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

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

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

Notes to the Financial Statements

16 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$

Notes to the Financial Statements

16 Accounting Policies (continued)

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$