Deloitte.

Altano Denmark A/S

Rugårdsvej 696
5462 Morud
CVR No. 42263095

Annual report 26.03.2021 - 31.12.2021

The Annual General Meeting adopted the annual report on 15.03.2022

Victor Baltus
Chairman of the General Meeting

Contents

Entity details

Entity

Altano Denmark A/S

Rugårdsvej 696

5462 Morud

Business Registration No.: 42263095

Registered office: Morud

Financial year: 26.03.2021 - 31.12.2021

Board of Directors

Victor Baltus, Chairman

Sonja Rachor

Kevin Elsäesser

Executive Board

Jørgen Michael Hansen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Altano Denmark A/S for the financial year 26.03.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 26.03.2021 - 31.12.2021.

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.

Odense, 15.03.2022

Executive Board

Jørgen Michael Hansen
CEO

Board of Directors

Victor Baltus
Chairman

Sonja Rachor

Kevin Elsäesser

Independent auditor's report

To the shareholders of Altano Denmark A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Altano Denmark A/S for the financial year 26.03.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 26.03.2021 - 31.12.2021 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 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.

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 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.

Odense, 15.03.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach
State Authorised Public Accountant
Identification No (MNE) mne19691

Abdul Wahab Ashraf
State Authorised Public Accountant
Identification No (MNE) mne46664

Management commentary

Primary activities

The purpose of the company is to function as a holding company as well as to conduct investment business, including owning investments in equine clinics and equestrian practices, and related activities at the discretion of management.

Description of material changes in activities and finances

This is the company's first financial year.

The result for the year shows a profit of TDKK 16.102.

The financial financial results are affected by acquisitions related transactions incl. transaction costs and affect due to step-by-step acquisitions.

The result for the year is considered satisfactory

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2021

	Notes	2021 DKK
Gross profit/loss		**10,775,272**
Staff costs	1	(12,838,907)
Depreciation, amortisation and impairment losses		(3,703,822)
Operating profit/loss		**(5,767,457)**
Income from investments in associates		22,575,182
Other financial income		52,806
Other financial expenses		(153,378)
Profit/loss before tax		**16,707,153**
Tax on profit/loss for the year	2	(605,393)
Profit/loss for the year		**16,101,760**
Proposed distribution of profit and loss		
Retained earnings		16,101,760
Proposed distribution of profit and loss		**16,101,760**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK
Goodwill		103,246,069
Intangible assets	3	**103,246,069**
Other fixtures and fittings, tools and equipment		6,178,520
Leasehold improvements		2,196,563
Property, plant and equipment	4	**8,375,083**
Other receivables		525,000
Financial assets	5	**525,000**
Fixed assets		**112,146,152**
Raw materials and consumables		2,397,604
Inventories		**2,397,604**
Trade receivables		6,331,263
Other receivables		1,111,185
Tax receivable		331,272
Prepayments		109,440
Receivables		**7,883,160**
Cash		**11,749,490**
Current assets		**22,030,254**
Assets		**134,176,406**

Equity and liabilities

	Notes	2021 DKK
Contributed capital		401,000
Retained earnings		102,172,268
Equity		**102,573,268**
Deferred tax		740,734
Other provisions	6	11,371,500
Provisions		**12,112,234**
Debt to other credit institutions		550,000
Non-current liabilities other than provisions	7	**550,000**
Payables to other credit institutions		200,000
Trade payables		3,693,007
Payables to group enterprises		3,096,958
Other payables		11,950,939
Current liabilities other than provisions		**18,940,904**
Liabilities other than provisions		**19,490,904**
Equity and liabilities		**134,176,406**
Unrecognised rental and lease commitments	9	
Contingent liabilities	10	
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Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	400,000	0	0	400,000
Increase of capital	1,000	31,908,008	0	31,909,008
Transferred from share premium	0	(31,908,008)	31,908,008	0
Group contributions etc.	0	0	54,162,500	54,162,500
Profit/loss for the year	0	0	16,101,760	16,101,760
Equity end of year	**401,000**	**0**	**102,172,268**	**102,573,268**

Consolidated cash flow statement for 2021

	Notes	2021 DKK
Operating profit/loss		(5,767,457)
Amortisation, depreciation and impairment losses		3,613,149
Working capital changes	8	2,132,512
Cash flow from ordinary operating activities		**(21,796)**
Financial income received		52,806
Financial expenses paid		(153,378)
Taxes refunded/(paid)		(324,000)
Cash flows from operating activities		**(446,368)**
Acquisition of enterprises		(77,372,608)
Cash flows from investing activities		**(77,372,608)**
Free cash flows generated from operations and investments before financing		**(77,818,976)**
Incurrence of debt to group enterprises		3,096,958
Cash capital increase		31,909,008
Group contribution		54,162,500
Contribution upon formation		400,000
Cash flows from financing activities		**89,568,466**
Increase/decrease in cash and cash equivalents		**11,749,490**
Cash and cash equivalents end of year		**11,749,490**
Cash and cash equivalents at year-end are composed of:		
Cash		11,749,490
Cash and cash equivalents end of year		**11,749,490**

Notes to consolidated financial statements

1 Staff costs

	2021 DKK
Wages and salaries	11,438,305
Pension costs	872,929
Other social security costs	527,673
	12,838,907

Average number of full-time employees	**46**

2 Tax on profit/loss for the year

	2021 DKK
Current tax	(135,341)
Change in deferred tax	740,734
	605,393

The effective tax rate is mainly affected by tax regulations related to income from investments in associates and non-deductible expenses.

3 Intangible assets

	Goodwill DKK
Addition through business combinations etc	106,473,041
Cost end of year	**106,473,041**
Amortisation for the year	(3,226,972)
Amortisation and impairment losses end of year	**(3,226,972)**
Carrying amount end of year	**103,246,069**

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Addition through business combinations etc	6,558,423	2,202,837
Cost end of year	**6,558,423**	**2,202,837**
Depreciation for the year	(379,903)	(6,274)
Depreciation and impairment losses end of year	**(379,903)**	**(6,274)**
Carrying amount end of year	**6,178,520**	**2,196,563**

5 Financial assets

	Other receivables DKK
Additions	525,000
Cost end of year	**525,000**
Carrying amount end of year	**525,000**

6 Other provisions

Other provision have been recognized for DKK 11,372k related to contingent earn-outs. The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on the fulfilment of certain terms and conditions, such as profitability targets for 2022.

7 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK
Debt to other credit institutions	550,000
	550,000

8 Changes in working capital

	2021 DKK
Increase/decrease in inventories	15,680
Increase/decrease in receivables	(1,896,274)
Increase/decrease in trade payables etc.	4,013,106
	2,132,512

9 Unrecognised rental and lease commitments

Liabilities under rental or lease agreements until maturity in total DKK 13,870

10 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Altano Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

11 Assets charged and collateral

Collateral
As collateral for the company's debt to banks, a mortgage or other form of collateral has been provided in the group's assets worth of DKK 1,250k. The total carrying amount of the assets, of which collateral has been provided, amounts to DKK 7,098k

12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Altano Gruppe GmbH, Dülmen

The consolidated financial statements of Altano Gruppe GmbH may be ordered at this address:
Altano Gruppe GmbH
Weddern 16c
D-48249 Dülmen
Germany

13 Subsidiaries

	Registered in	Ownership %
HØJGÅRD HESTEHOSPITAL A/S	Morud	100.00
HØJGÅRD HESTEKLINIK ÅRHUS ApS	Agerup	100.00
Hestedoktoren, Højgård Sjælland ApS	Højbjerg	100.00

Parent income statement for 2021

	Notes	2021 DKK
Gross profit/loss		**(3,897,179)**
Income from investments in group enterprises		19,982,559
Other financial income		695
Other financial expenses		(9,916)
Profit/loss before tax		**16,076,159**
Tax on profit/loss for the year	1	25,600
Profit/loss for the year		**16,101,759**
Proposed distribution of profit and loss		
Retained earnings		16,101,759
Proposed distribution of profit and loss		**16,101,759**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK
Investments in group enterprises		116,246,567
Financial assets	2	**116,246,567**
Fixed assets		**116,246,567**
Receivables from group enterprises		745,799
Tax receivable		25,600
Receivables		**771,399**
Cash		**672,016**
Current assets		**1,443,415**
Assets		**117,689,982**

Equity and liabilities

	Notes	2021 DKK
Contributed capital		401,000
Reserve for net revaluation according to equity method		19,982,559
Retained earnings		82,189,708
Equity		**102,573,267**
Other provisions	3	5,100,000
Provisions		**5,100,000**
Trade payables		1,032,077
Payables to group enterprises		3,884,638
Other payables		5,100,000
Current liabilities other than provisions		**10,016,715**
Liabilities other than provisions		**10,016,715**
Equity and liabilities		**117,689,982**
Employees	4	
Contingent liabilities	5	

Parent statement of changes in equity for 2021

	Contributed capital DKK	Share premium DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Contributed upon formation	400,000	0	0	0	400,000
Increase of capital	1,000	31,908,008	0	0	31,909,008
Transferred from share premium	0	(31,908,008)	0	31,908,008	0
Group contributions etc.	0	0	0	54,162,500	54,162,500
Profit/loss for the year	0	0	19,982,559	(3,880,800)	16,101,759
Equity end of year	**401,000**	**0**	**19,982,559**	**82,189,708**	**102,573,267**

Notes to parent financial statements

1 Tax on profit/loss for the year

	2021 DKK
Current tax	(25,600)
	(25,600)

2 Financial assets

	Investments in group enterprises DKK
Additions	96,264,008
Cost end of year	**96,264,008**
Amortisation of goodwill	(3,226,972)
Share of profit/loss for the year	23,209,531
Revaluations end of year	**19,982,559**
Carrying amount end of year	**116,246,567**

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

In connection with the initial recognition of investments a goodwill is reconciled of the amount of DKK 53,538,393

3 Other provisions

Other provision have been recognized for DKK 5,100k related to contingent earn-outs. The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on the fulfilment of certain terms and conditions, such as profitability targets for 2022.

4 Working conditions

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

5 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Non-comparability

This is the company's first financial year.

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.

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.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories, costs of raw materials and consumables and external expenses.

Revenue

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.

Cost of sales

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

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

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.

Income from investments in associates
Income from investments in associates comprises dividends etc. received from the individual associates in the financial year.

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

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, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

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

Property, plant and equipment
Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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:

Other fixtures and fittings, tools and equipment	5-10 years
Leasehold improvements	5 years

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 plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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 the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share 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.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Other provisions
Provisions are recognized when the company has a legal or constructive obligation as a result of an event that occurred no later than the balance sheet date, and it is probable that financial benefits will have to be provided to settle the obligation.

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.

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 financial income, financial expenses and income tax 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.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, 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.