Wonder HoldCo A/S

Sletten 21, DK-7500 Holstebro

Annual Report for 3 December 2021 - 30 April 2022

CVR No 42 87 88 20

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/6 2022

Jesper Berg Folke
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Wonder HoldCo A/S for the financial year 3 December 2021 - 30 April 2022.

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 30 April 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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

Holstebro, 15 June 2022

Executive Board

Caroline Lundgaard Jensen
Executive Officer

Board of Directors

Martin Stephan Welna Chairman	Morten Dalsgaard Nielsen	Caroline Lundgaard Jensen
Joel Allen Russ		

Independent Auditor's Report

To the Shareholders of Wonder HoldCo A/S

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 30 April 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 3 December 2021 - 30 April 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Wonder HoldCo A/S for the financial year 3 December 2021 - 30 April 2022, 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 Financials 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.

Holstebro, 15 June 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Spencer Poulsen statsautoriseret revisor mne23324	Daniel Mogensen statsautoriseret revisor mne45831

Company Information

The Company	Wonder HoldCo A/S Sletten 21 DK-7500 Holstebro CVR No: 42 87 88 20 Financial period: 3 December - 30 April Municipality of reg. office: Holstebro
Board of Directors	Martin Stephan Welna, Chairman Morten Dalsgaard Nielsen Caroline Lundgaard Jensen Joel Allen Russ
Executive Board	Caroline Lundgaard Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Hjaltesvej 16 DK-7500 Holstebro

Financial Highlights

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

	Group
	2021/22
	TDKK
Key figures	
Profit/loss	
Gross profit/loss	31.186
EBITDA	6.667
Operating profit/loss	-3.867
Profit/loss before financial income and expenses	-3.867
Net financials	-3.114
Net profit/loss for the year	-9.481
Balance sheet	
Balance sheet total	628.160
Equity	329.783
Cash flows	
Cash flows from:	
- operating activities	-19.207
- investing activities	-483.492
including investment in property, plant and equipment	-2.072
- financing activities	522.371
Change in cash and cash equivalents for the year	19.672
Number of employees	169
Ratios	
Return on assets	-0,6%
Solvency ratio	52,5%
Return on equity	-5,7%

Management’s Review

Key activities

The Group's principal activities are to develop, market and sell quality packaging and accesories for thejewellery, watch and glasses trade.

Development in the year

The income statement of the Group for 2021/22 shows a loss of TDKK 9,481, and at 30 April 2022 the balance sheet of the Group shows equity of TDKK 329,783.

Foreign exchange risks

It is Group policy to cover special risks relating to currency as well as possible. Currency risks are coveredvia currency forwards.

Targets and expectations for the year ahead

For 2022/23 increasing activity is expected resulting in growth in both revenue and profit in the range of 0-10%. Expectations take into account current developments in Covid-19.

External environment

During the year, the Group has on a current basis invested in reducing the environmental impact and hasthrough these investments achieved minor energy consumption savings. The Group will keep its focus onthis.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

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

Income Statement 3 December 2021 - 30 April 2022

	Note	Koncern 2021/22 TDKK	Moderselskab 2021/22 TDKK
Gross profit/loss		**31.186**	**0**
Distribution expenses	1	-15.794	0
Administrative expenses	1	-19.259	-20
Operating profit/loss		**-3.867**	**-20**
Income from investments in subsidiaries	2	0	-9.465
Financial income		147	0
Financial expenses		-3.261	0
Profit/loss before tax		**-6.981**	**-9.485**
Tax on profit/loss for the year	3	-2.500	4
Net profit/loss for the year		**-9.481**	**-9.481**

Balance Sheet 30 April

Assets

	Note	Koncern 2022 TDKK	Moderselskab 2022 TDKK
Software		1.338	0
Goodwill		463.534	0
Intangible assets	4	**464.872**	**0**
Plant and machinery		10.564	0
Other fixtures and fittings, tools and equipment		4.023	0
Leasehold improvements		262	0
Prepayments for property, plant and equipment		2.030	0
Property, plant and equipment	5	**16.879**	**0**
Investments in subsidiaries	6	0	328.821
Fixed asset investments		**0**	**328.821**
Fixed assets		**481.751**	**328.821**
Inventories	7	**99.259**	**0**
Trade receivables		38.207	0
Other receivables		1.012	0
Corporation tax receivable from group enterprises		0	4
Prepayments	8	2.101	0
Receivables		**41.320**	**4**
Cash at bank and in hand		**5.830**	**978**
Currents assets		**146.409**	**982**
Assets		**628.160**	**329.803**

Balance Sheet 30 April

Liabilities and equity

	Note	Koncern 2022 TDKK	Moderselskab 2022 TDKK
Share capital		339.778	339.778
Retained earnings		-9.995	-9.995
Equity		**329.783**	**329.783**
Provision for deferred tax	10	2.578	0
Provisions		**2.578**	**0**
Credit institutions		205.463	0
Lease obligations		741	0
Long-term debt	11	**206.204**	**0**
Credit institutions	11	29.642	0
Lease obligations	11	240	0
Prepayments received from customers		5.029	0
Trade payables		21.743	20
Corporation tax		9.189	0
Other payables		23.752	0
Short-term debt		**89.595**	**20**
Debt		**295.799**	**20**
Liabilities and equity		**628.160**	**329.803**

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Statement of Changes in Equity

Koncern

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 3 December	0	0	0
Exchange adjustments	0	208	208
Cash capital increase	339.778	0	339.778
Fair value adjustment of hedging instruments, beginning of year	0	-206	-206
Fair value adjustment of hedging instruments, end of year	0	-720	-720
Tax on adjustment of hedging instruments for the year	0	204	204
Net profit/loss for the year	0	-9.481	-9.481
Equity at 30 April	**339.778**	**-9.995**	**329.783**

Moderselskab

	Share capital	Retained earnings	Total
Equity at 3 December	0	0	0
Cash capital increase	339.778	0	339.778
Exchange adjustments relating to foreign entities	0	208	208
Fair value adjustment of hedging instruments, beginning of year	0	-206	-206
Fair value adjustment of hedging instruments, end of year	0	-720	-720
Tax on adjustment of hedging instruments for the year	0	204	204
Net profit/loss for the year	0	-9.481	-9.481
Equity at 30 April	**339.778**	**-9.995**	**329.783**

Cash Flow Statement 3 December - 30 April

	Note	Koncern 2021/22 TDKK
Net profit/loss for the year		-9.481
Adjustments	12	16.148
Change in working capital	13	-20.935
Cash flows from operating activities before financial income and expenses		**-14.268**
Financial income		147
Financial expenses		-3.263
Cash flows from ordinary activities		**-17.384**
Corporation tax paid		-1.823
Cash flows from operating activities		**-19.207**
Purchase of property, plant and equipment		-2.072
Business acquisition		-481.420
Cash flows from investing activities		**-483.492**
Repayment of loans from credit institutions		-38.590
Reduction of lease obligations		-79
Raising of loans from credit institutions		221.262
Cash capital increase		339.778
Cash flows from financing activities		**522.371**
Change in cash and cash equivalents		**19.672**
Cash and cash equivalents at 3 December		0
Cash and cash equivalents at 30 April		**19.672**
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		5.830
Overdraft facility		13.842
Cash and cash equivalents at 30 April		**19.672**

Notes to the Financial Statements

		Koncern	Moderselskab
		2021/22	2021/22
		TDKK	TDKK
1	**Staff**		
	Wages and Salaries	22.611	0
	Pensions	1.415	0
	Other social security expenses	521	0
	Other staff expenses	-105	0
		24.442	**0**
	Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
	Cost of sales	15.815	0
	Distribution expenses	4.482	0
	Administrative expenses	4.145	0
		24.442	**0**
	Average number of employees	**169**	**0**

		Moderselskab
		2021/22
		TDKK
2	**Income from investments in subsidiaries**	
	Share of profits of subsidiaries	-9.465
		-9.465

Notes to the Financial Statements

		Koncern	Moderselskab
		2021/22	2021/22
		TDKK	TDKK
3	**Tax on profit/loss for the year**		
	Current tax for the year	1.615	-4
	Deferred tax for the year	681	0
		2.296	**-4**
	which breaks down as follows:		
	Tax on profit/loss for the year	2.500	-4
	Tax on changes in equity	-204	0
		2.296	**-4**

4 Intangible assets

Koncern

	Software	Goodwill
	TDKK	TDKK
Cost at 3 December	0	0
Net effect from acquisition	5.144	506.595
Additions for the year	11	0
Cost at 30 April	5.155	506.595
Impairment losses and amortisation at 3 December	0	0
Net effect from acquisition	3.378	34.618
Amortisation for the year	439	8.443
Impairment losses and amortisation at 30 April	3.817	43.061
Carrying amount at 30 April	**1.338**	**463.534**

Notes to the Financial Statements

5 Property, plant and equipment

Koncern

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Prepayments for property, plant and equipment
	TDKK	TDKK	TDKK	TDKK
Cost at 3 December	0	0	0	0
Exchange adjustment	0	19	18	0
Net effect from acquisition	41.512	7.385	416	2.241
Additions for the year	65	1.897	0	110
Transfers for the year	0	321	0	-321
Cost at 30 April	41.577	9.622	434	2.030
Impairment losses and depreciation at 3 December	0	0	0	0
Exchange adjustment	0	16	5	0
Net effect from acquisition	29.740	5.231	137	0
Depreciation for the year	1.273	352	30	0
Impairment losses and depreciation at 30 April	31.013	5.599	172	0
Carrying amount at 30 April	**10.564**	**4.023**	**262**	**2.030**
Including assets under finance leases amounting to	753	0	0	0

Notes to the Financial Statements

6 Investments in subsidiaries

	Moderselskab
	2022
	TDKK
Cost at 3 December	0
Additions for the year	338.800
Cost at 30 April	338.800
Value adjustments at 3 December	0
Exchange adjustment	208
Net profit/loss for the year	-9.465
Fair value adjustment of hedging instruments for the year	-722
Value adjustments at 30 April	-9.979
Carrying amount at 30 April	**328.821**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
		DKK	
Wonder BidCo A/S	Danmark	338.800.000	100%
TopCap Westpack ApS	Danmark	DKK 520.000	100%
Westpack A/S	Danmark	DKK 1.000.000	100%
Westpack Limited	Hong Kong	HKD 1	100%
Westpack Trading Ltd	Kina	RMB 1.000.000	100%

7 Inventories

	Koncern	Moderselskab
	2022	2022
	TDKK	TDKK
Raw materials and consumables	9.932	0
Work in progress	4.734	0
Finished goods and goods for resale	82.827	0
Prepayments for goods	1.766	0
	99.259	**0**

Notes to the Financial Statements

8 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions.

9 Distribution of profit

	Moderselskab
	2021/22
	TDKK
Retained earnings	-9.481
	-9.481

10 Provision for deferred tax

	Koncern	Moderselskab
	2022	2022
	TDKK	TDKK
Net effect from acquisition	1.897	0
Amounts recognised in the income statement for the year	681	0
Provision for deferred tax at 30 April	**2.578**	**0**

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:

Credit institutions

After 5 years	107.500	0
Between 1 and 5 years	97.963	0
Long-term part	205.463	0
Within 1 year	15.800	0
Other short-term debt to credit institutions	13.842	0
Short-term part	29.642	0
	235.105	**0**

Notes to the Financial Statements

11 Long-term debt (continued)

	Koncern	Moderselskab
	2022	2021/22
	TDKK	TDKK
Lease obligations		
Between 1 and 5 years	741	0
Long-term part	741	0
Within 1 year	240	0
	981	**0**

	Koncern
	2021/22
	TDKK

12 Cash flow statement - adjustments

Financial income	-147
Financial expenses	3.261
Depreciation, amortisation and impairment losses, including losses and gains on sales	10.534
Tax on profit/loss for the year	2.500
	16.148

13 Cash flow statement - change in working capital

Change in inventories	-7.839
Change in receivables	-2.070
Change in trade payables, etc	-10.716
Fair value adjustments of hedging instruments	-310
	-20.935

Notes to the Financial Statements

	Koncern	Moderselskab
	2022	2022
	TDKK	TDKK

14 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Koncern 2022 TDKK	Moderselskab 2022 TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	359	0
Between 1 and 5 years	287	0
	646	**0**
Rental obligations, period of non-terminability 148 month	66.112	0

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Adelis Services II ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

15 Related parties

	Basis
Controlling interest	
Sileda VIII Group AB, Regeringsgatan 20, 111 53 Stockholm, Sverige	Ultimate Parent Company

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Wonder HoldCo A/S for 2021/22 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 2021/22 are presented in TDKK.

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, Wonder HoldCo A/S, 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)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item

Notes to the Financial Statements

16 Accounting Policies (continued)

as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of sales and other operating income.

Notes to the Financial Statements

16 Accounting Policies (continued)

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

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.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Useful life is determined based on an assessment of the extent to which the enterprises are acquired forstrategic purposes and have a significant market position and long-term earnings profile. Useful life isreassessed annually. The amortisation periods constitute 20 years.

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over 3 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:

Plant and machinery	3-5	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	5	years

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

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

16 Accounting Policies (continued)

Equity

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 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” and ”Overdraft facilities”.

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$