GROUP

interket

Large Enough to Cope - Small Enough to Care

Interket A/S

Ejby Industrivej 91, 2600 Glostrup

Company reg. no. 10 66 57 44

Annual report

2020

The annual report was submitted and approved by the general meeting on the 20 May 2021.

Bent Aage Petersen
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instanceDKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Interket A/S for the financial year 2020.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2020, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Glostrup, 23 April 2021

Managing Director

Carl E. Parkander

Board of directors

Åke Fredriksson	Björn Parkander	Carl E. Parkander
Hans Holger Therp	Bent Aage Petersen	

Independent auditor's report

To the shareholders of Interket A/S

Opinion

We have audited the consolidated financial statements and the financial statements of Interket A/S for the financial year 1 January to 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies, consolidated and of the company, respectively and consolidated statement af cash flows. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 December 2020 and of the results of the company's activities, consolidated and of the company, respectivelyand of consolidated cash flows , for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We direct the reader's attention to note 15 in the financial statements, which describes the deferred tax assets of the company and the group. Our conclusion is not modified regarding this.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

Management is responsible for the preparation of consolidated financial statements and financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and 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 unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor’s responsibilities for the audit of the consolidated annual accounts and the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 the 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 company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 consolidated financial statements and the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the 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 the 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 financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management commentary is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 23 April 2021

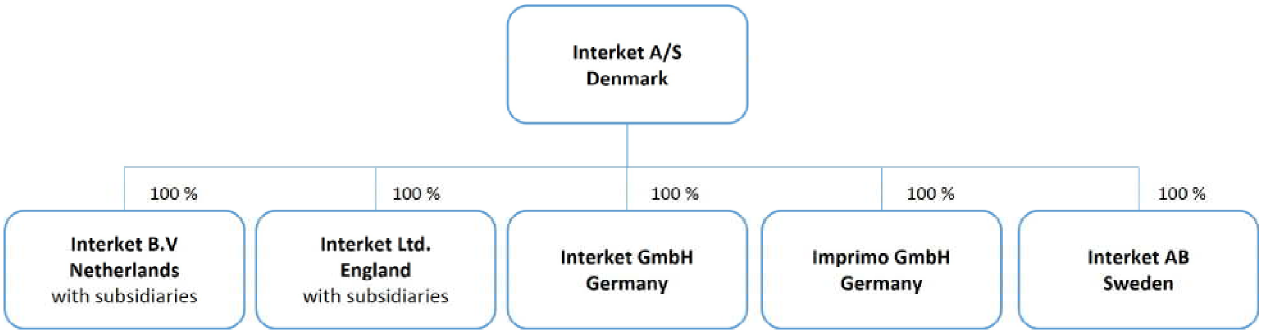
Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Maibritt Nygaard	Claus Koskelin
State Authorised Public Accountant	State Authorised Public Accountant
mne42813	mne30140

Company information

The company	Interket A/S	
	Ejby Industrivej 91	
	2600 Glostrup	
	Phone	70 22 10 71
	Fax	88 24 61 30
	Web site	www.interket.com
	Company reg. no.	10 66 57 44
	Established:	1 February 1987
	Domicile:	Glostrup
	Financial year:	1 January - 31 December
Board of directors	Åke Fredriksson	
	Björn Parkander	
	Carl E. Parkander	
	Hans Holger Therp	
	Bent Aage Petersen	
Managing Director	Carl E. Parkander	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab	
	Stockholmsgade 45	
	2100 København Ø	
Subsidiaries	Interket Holding B.V., Ommen, Netherlands	
	Interket Holdings UK Limited, Derbyshire, England	
	Interket GmbH, Hannover, Germany	
	Interket AB, Helsingborg, Sweden	
	Imprimo GmbH, Hannover, Germany	
	Interket B.V., Ommen, Netherlands	
	Interket Beheer B.V., Ommen, Netherlands	
	Interket Limited, Derbyshire, England	
	Stampiton Holdings Limited, Derbyshire, England	
	Folderbirch Limited, Derbyshire, England	
	Tasco Distributors Limited, Derbyshire, England	

Group overview



Consolidated financial highlights

DKK in thousands.	2020	2019	2018	2017	2016
Income statement:					
Revenue	324.662	324.189	328.301	318.772	354.167
Gross profit	114.527	109.360	99.860	89.885	106.882
Profit from operating activities	4.510	4.470	-1.391	-12.109	-1.919
Net financials	-3.520	-3.971	-3.536	-3.139	-1.852
Net profit or loss for the year	918	-368	-5.803	-13.538	-3.686
Statement of financial position:					
Balance sheet total	186.036	186.717	191.102	213.640	213.306
Equity	60.660	52.782	32.762	38.696	43.181
Cash flows:					
Operating activities	18.983	13.106	2.594	-233	31.715
Investing activities	-17.679	-5.659	-6.389	-1.064	-36.110
Financing activities	-182	-6.043	3.881	1.245	5.440
Investment in tangible fixed assets	-18.070	-5.659	-6.390	-3.298	-26.973
Employees:					
Average number of full-time employees	220	218	227	227	239
Key figures in %:					
Gross margin ratio	35,3	33,7	30,4	28,2	30,2
Profit margin (EBIT-margin)	1,4	1,4	-0,4	-3,8	-0,5
Solvency ratio	32,6	29,8	17,9	18,7	20,5
Return on equity	1,6	-0,8	-4,2	-35,4	-7,7

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management commentary

The principal activities of the group

The main activity of the Interket Group is production and sale of self adhesive labels and related products and solutions.

Development in activities and financial matters

The group revenue for the year totals t.DKK 324.662 against t.DKK 324.189 last year. Income or loss from ordinary activities after tax for the group totals t.DKK 918 against t.DKK -368 last year. Interket A/S' income or loss from ordinary activities after tax totals t.DKK 1.352 against t.DKK 192 last year.

The Group's net sales during the year were unchanged from the previous year, but we see underlying sales growth for strategic customers, which have had a positive effect on margins. In 2020, we have also had greater success than previously in relation to new sales, which will have a positive effect on both sales and profits in 2021.

This year has been characterized by great market volatility in the wake of Covid-19. After a solid first quarter, demand fell drastically in April and May. The reason for this development is a result of the lock down in Europe where several of our major clients had to shut down temporarily. The following period has been marked by a solid growth rate and an increase in revenue by approximately 6% compared to previous year.

The process of restructuring continues unabated, and during the year there have been a change of management in The Netherlands. During the year there have been a substantial improvement in cost reduction as a result of investments in modern and more efficient production equipment and with a reorganization in England, Germany and The Netherlands. The full effect of the changes are yet to be seen in 2021.

Treasury shares

The enterprise does not hold any treasury shares at 31 December 2020.

During the year, the enterprise disposed of 24.652 treasury shares at DKK 7,48 each. The selling price was DKK 184.400.

The Groups exchange rate, currency and creditrisk

The Board of Directors continuously focuses on the financial risks under which the Group operates. Financial risks are managed through the use of operating and liquidity budgets.

Sales to and abroad means that earnings, cash flows and equity are affected by exchange rate and interest rate developments for EUR, SEK and GBP. It is not the company's policy to hedge commercial currency risks. No speculative currency positions are entered into.

The Interket Group strives to reduce the credit risk on debtors. A credit rating of customers is made before a sale. As there is generally dealing with relatively large, well estimated customers, there is no big credit risk on trade receivables. However, the relatively large single sales mean that debtor losses are significant when they occur.

The Interket Group's use of paper as a commodity poses a special risk due to the significant price fluctuations during periods. There is an ongoing focus on the paper market, so that one can respond if one deficiency situation arises.

Management commentary

Expected developments

With the implemented and planned action plans, the Group expects to generate positive results in 2021 but with a lower volume in sales.

Events occurring after the end of the financial year

As of March 1st, 2021 the Group's operational activity as well as the operation in Denmark got sold to Schur Labels A/S which will entail a lower volume of sales in 2021. Thus, as the operational activities in Denmark has led to a deficit the recent years, the Group expect to report enhanced profitability and less debt in the future.

Statement of corporate social responsibility

The Corporate Social Responsibility Statement covers the financial period January 1 to December 31, 2020.

The Interket Group does not have centrally defined policies in the area of corporate social responsibility, including human rights and climate change, but can provide the following:

Environmental issues – including climate change

The company has prepared all statutory environmental assessments.

Know how resources

In order to continuously deliver innovative solutions to customers, it is crucial that the Interket Group can recruit and retain employees with a high level of qualifications, both at the functionary and production levels.

The goal is that the Group is among the technological leaders and is ready to adapt with a high level of professional knowledge.

2020 has again been a positive but changing year for the Interket group, including the staff.

Target figures and policies for the underrepresented gender

In general, the Group's employees must experience an open and open minded culture. Both women and men must therefore have the same opportunities for careers and management positions.

For the Board of Directors, the goal is that the underrepresented gender is at least 25% within 4 years. For the management team, the goal is for the under represented gender to be at least 25%. At the end of 2020, the underrepresented gender represented 33% of the Board of Directors (2019: 17%).

Income statement 1 January - 31 December

DKK thousand.

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
2	Revenue	324.662	324.189	0	58.657
	Change in inventories of finished goods and work in progress	850	-174	0	823
	Own work capitalised	231	0	232	0
	Costs of raw materials and consumables	-172.193	-173.535	0	-31.950
	Other external costs	-39.023	-41.120	-848	-5.851
	Gross profit	**114.527**	**109.360**	**-616**	**21.679**
4	Staff costs	-95.418	-89.904	-150	-20.330
	Depreciation, amortisation, and impairment	-14.599	-14.986	0	-3.661
	Operating profit	**4.510**	**4.470**	**-766**	**-2.312**
	Income from equity investments in group enterprises	0	0	3.488	2.384
	Other financial income from group enterprises	0	0	1.263	1.271
	Other financial income	260	665	0	656
5	Other financial costs	-3.780	-4.636	-1.822	-2.406
	Pre-tax net profit or loss	**990**	**499**	**2.163**	**-407**
	Tax on net profit or loss for the year	-72	-867	99	599
	Profit or loss from ordinary activities after tax	**918**	**-368**	**2.262**	**192**
6	Results for the year after tax on discontinued operations	0	0	-910	0
7	**Net profit or loss for the year**	**918**	**-368**	**1.352**	**192**
	Break-down of the consolidated profit or loss:				
	Shareholders in Interket A/S	1.352	192		
	Non-controlling interests	-434	-560		
		918	**-368**		

Statement of financial position at 31 December

DKK thousand.

Assets

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Non-current assets				
8	Goodwill	34.678	37.333	0	12.514
	Total intangible assets	34.678	37.333	0	12.514
9	Property	12.055	12.534	0	0
10	Plant and machinery	41.071	34.760	3.662	8.447
11	Other fixtures and fittings, tools and equipment	4.889	5.900	0	1.011
	Total property, plant, and equipment	58.015	53.194	3.662	9.458
12	Equity investments in group enterprises	0	0	67.471	63.920
13	Receivables from group enterprises	0	0	8.235	6.812
14	Other receivables	1.521	1.520	0	1.514
	Total investments	1.521	1.520	75.706	72.246
	Total non-current assets	**94.214**	**92.047**	**79.368**	**94.218**
	Current assets				
	Raw materials and consumables	17.255	16.118	0	1.523
	Work in progress	2.968	110	0	0
	Manufactured goods and goods for resale	7.457	11.813	0	1.814
	Total inventories	27.680	28.041	0	3.337
	Trade receivables	46.016	49.064	0	12.015
	Receivables from group enterprises	0	0	762	2.343
15	Deferred tax assets	9.219	8.840	2.181	5.793
	Income tax receivables	67	421	0	0
	Other receivables	2.242	3.057	0	393
16	Prepayments and accrued income	2.515	2.286	0	0
	Total receivables	60.059	63.668	2.943	20.544
	Cash on hand and demand deposits	4.083	2.961	1	2
6	Assets from discontinued operations	0	0	41.145	0
	Total current assets	**91.822**	**94.670**	**44.089**	**23.883**
	Total assets	**186.036**	**186.717**	**123.457**	**118.101**

Statement of financial position at 31 December

DKK thousand.

Note	Equity and liabilities	Group 2020	Group 2019	Parent 2020	Parent 2019
	Equity				
17	Contributed capital	54.400	47.500	54.400	47.500
	Retained earnings	6.260	8.138	6.260	8.138
	Equity before non-controlling interest.	60.660	55.638	60.660	55.638
	Non-controlling interests	0	-2.855	0	0
	Total equity	**60.660**	**52.783**	**60.660**	**55.638**
	Provisions				
18	Provisions for deferred tax	5.675	6.492	0	0
19	Other provisions	1.040	1.044	0	0
	Total provisions	**6.715**	**7.536**	**0**	**0**
	Liabilities other than provisions				
20	Subordinate loan capital	14.830	14.310	14.830	14.310
	Bank loans and mortage debts	4.568	5.373	1.055	1.915
	Lease liabilities	6.161	3.675	0	2.778
	Payables to group enterprises	0	0	5.916	6.313
	Other payables	0	670	0	670
21	Total long term liabilities other than provisions	25.559	24.028	21.801	25.986
21	Current portion of long term payables	9.733	10.596	6.471	6.976
	Bank loans	35.923	45.304	22.329	22.273
	Prepayments received from customers	0	54	0	54
	Trade payables	21.945	26.701	524	4.845
	Income tax payable	504	948	0	0
	Other payables	24.997	18.767	0	2.329
6	Liabilities arising from discontinued operations	0	0	11.672	0
	Total short term liabilities other than provisions	93.102	102.370	40.996	36.477
	Total liabilities other than provisions	**118.661**	**126.398**	**62.797**	**62.463**
	Total equity and liabilities	**186.036**	**186.717**	**123.457**	**118.101**

Statement of financial position at 31 December

DKK thousand.

Equity and liabilities

Note

1 Subsequent events

3 Fees, auditor

22 Charges and security

23 Contingencies

24 Related parties

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital not paid	Retained earnings	Non-controlling interests	Total
Equity 1 January 2019	30.000	4.229	-1.467	32.762
Cash capital increase	17.500	2.800	0	20.300
Retained earnings for the year	0	192	-560	-368
Currency regulations	0	917	-828	89
Equity 1 2020	47.500	8.138	-2.855	52.783
Cash capital increase	6.900	1.104	0	8.004
Retained earnings for the year	0	1.352	-434	918
Acquicition of minority shares	0	-3.578	3.578	0
Foreign currency translation adjustments	0	-940	-289	-1.229
Sale of treasury shares	0	184	0	184
	54.400	**6.260**	**0**	**60.660**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2019	30.000	0	4.229	34.229
Cash capital increase	17.500	0	2.800	20.300
Share of profit or loss	0	0	192	192
Foreign currency translation adjustments	0	0	917	917
Equity 1 January 2020	47.500	0	8.138	55.638
Cash capital increase	6.900	0	1.104	8.004
Share of profit or loss	0	0	1.352	1.352
Foreign currency translation adjustments	0	0	-940	-940
Sale of treasury shares	0	0	184	184
Adjustment due to the acquisition of the minority shares	0	0	-3.578	-3.578
	54.400	**0**	**6.260**	**60.660**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		Group 2020	2019
	Net profit or loss for the year	918	-368
25	Adjustments	18.191	19.824
26	Change in working capital	4.752	-86
	Cash flows from operating activities before net financials	23.861	19.370
	Interest received, etc.	260	665
	Interest paid, etc.	-3.780	-4.636
	Cash flows from ordinary activities	20.341	15.399
	Income tax paid	-1.358	-2.293
	Cash flows from operating activities	**18.983**	**13.106**
	Purchase of property, plant, and equipment	-18.070	-5.659
	Sale of property, plant, and equipment	391	0
	Cash flows from investment activities	**-17.679**	**-5.659**
	Acquisition of minority shares	-328	0
	Sale of treasury shares	184	0
	Cash capital increase	8.004	6.400
	Changes in short term debt	-8.042	-12.443
	Cash flows from financing activities	**-182**	**-6.043**
	Change in cash and cash equivalents	**1.122**	**1.404**
	Cash and cash equivalents at 1 January	2.961	1.557
	Cash and cash equivalents at 31 December	**4.083**	**2.961**
	Cash and cash equivalents		
	Cash on hand and demand deposits	4.083	2.961
	Cash and cash equivalents at 31 December	**4.083**	**2.961**

Notes

DKK thousand.

1. Subsequent events

As of March 1st, 2021 the Group's operational activity as well as the operation in Denmark got sold to Schur Labels A/S which will entail a lower volume of sales in 2021. Thus, as the operational activities in Denmark has led to a deficit the recent years, the Group expect to report enhanced profitability and less debt in the future.

	Group 2020	Group 2019	Parent 2020	Parent 2019
2. Revenue				
Sale of goods (sales method)	324.662	324.189	58.232	58.657
Discontinued operations	0	0	-58.232	0
	324.662	**324.189**	**0**	**58.657**

Segmental statement

Activities – primary segment:

	Production and sales of self adhesive labels	Total
Group	324.662	324.662

Geographical – secondary segment:

	Germany	Denmark	England	Sweden	Netherlands	Total
Group	50.781	56.566	107.015	17.091	93.209	324.662

	Group 2020	Group 2019	Parent 2020	Parent 2019
3. Fees, auditor				
Total fee for Grant Thornton, State Authorised Public Accountants	118	157	118	157
Total fee for Allens Accountants Limited, England	157	148	0	0
Total fee for Bilanzia GmbH, Germany	126	108	0	0
Total fee for KRC Van Elderen Registeraccaountants B.V., Netherlands	86	118	0	0

Notes

DKK thousand.

	Group 2020	Group 2019	Parent 2020	Parent 2019
3. Fees, auditor (continued)				
Total fee for Tre Revisorer i Hbg AB, Sweden	71	46	0	0
Remuneration related to statutory audit	448	423	0	0
Other services	110	154	0	0
	558	**577**	**0**	**0**

	Group 2020	Group 2019	Parent 2020	Parent 2019
4. Staff costs				
Salaries and wages	81.429	76.764	17.873	18.753
Pension costs	4.415	4.046	1.338	1.318
Other costs for social security	7.390	7.010	77	78
Other staff costs	2.184	2.084	105	181
Discontinued operations	0	0	-19.243	0
	95.418	**89.904**	**150**	**20.330**
Executive board and board of directors	1.550	1.150	1.550	1.150
Average number of employees	220	218	34	34

One of the companys managing directors are during 2020 paid as a consultant.

	Group 2020	Group 2019	Parent 2020	Parent 2019
5. Other financial costs				
Financial costs, group enterprises	807	1.255	1.063	1.513
Other financial costs	2.973	3.381	759	893
	3.780	**4.636**	**1.822**	**2.406**

6. Discontinued operations (partent)

I the course of 2020, as a part of the enterprise's future strategy, the management has decided to discontinue the business segment of label production (separate segment in the parent company), which, as a result, is recognised in a separate item in the income statement as ”Post-tax net profit or loss for the year on discontinued operations”.

Notes

DKK thousand.

. Discontinued operations (continued)

In 2021, the enterprise entered into an agreement on the sale of this activity to an external party. The sale was not completed at the reporting date and, as a result, the net assets to be transferred are currently recognised in the statement of financial position as discontinued operations. The comparative figures for 2019 have not been adjusted for discontinued operations.

	Parent 2020
Breakdown of post-tax net profit or loss for the year of discontinued operations into principal items:	
Revenue	58.232
Change in inventories of finished goods andwork in progress	2.208
Costs of raw materials and consumables	-32.486
Other external costs	-5.565
Staff costs	-19.393
Depreciation, amortisation, and impairment	-3.420
Other financial costs	-743
Pre-tax profit or loss	-1.167
Tax on results	257
Post-tax net profit or loss for the year of discontinued operations	**-910**
Breakdown of assets and liabilities concerning discontinued operations into principal items:	
Goodwill	11.373
Plant and machinery	6.832
Other fixtures and fittings, tools and equipment	671
Other receivables	1.514
Inventories	4.863
Trade receivables	10.936
Deferred tax assets	4.002
Other receivables	954
Assets, discontinued operations	41.145
Lease liabilities	2.711
Trade payables	3.881
Other payables	5.080
Liabilities, discontinued operations	11.672
Net assets, discontinued operations	**29.473**

The sales price exceed the carrying amount of the net assets.

Notes

DKK thousand.

		Parent	
		2020	2019
7.	**Proposed appropriation of net profit**		
	Transferred to retained earnings	1.352	192
	Total allocations and transfers	**1.352**	**192**

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
8.	**Goodwill**				
	Cost 1 January	62.162	61.979	22.826	22.826
	Translation at the exchange rate at the balance sheet date 31 December	-91	183	0	0
	Transfers	0	0	-22.826	0
	Cost 31 December	**62.071**	**62.162**	**0**	**22.826**
	Amortisation and writedown 1 January	-24.829	-21.590	-10.312	-9.171
	Translation at the exchange rate at the balance sheet date 31 December	140	-136	0	0
	Amortisation and depreciation for the year	-2.704	-3.103	-1.142	-1.141
	Transfers	0	0	11.454	0
	Amortisation and writedown 31 December	**-27.393**	**-24.829**	**0**	**-10.312**
	Carrying amount, 31 December	**34.678**	**37.333**	**0**	**12.514**

Notes

DKK thousand.

		Group 31/12 2020	Group 31/12 2019	Parent 31/12 2020	Parent 31/12 2019
9.	**Property**				
	Cost 1 January	32.898	32.887	0	0
	Translation at the exchange rate at the balance sheet date 31 December	-127	11	0	0
	Cost 31 December	**32.771**	**32.898**	**0**	**0**
	Depreciation and writedown 1 January	-20.364	-19.824	0	0
	Translation at the exchange rate at the balance sheet date 31 December	79	-8	0	0
	Amortisation and depreciation for the year	-431	-532	0	0
	Depreciation and writedown 31 December	**-20.716**	**-20.364**	**0**	**0**
	Carrying amount, 31 December	**12.055**	**12.534**	**0**	**0**

		Group 31/12 2020	Group 31/12 2019	Parent 31/12 2020	Parent 31/12 2019
10.	**Plant and machinery**				
	Cost 1 January	132.930	143.651	18.063	27.354
	Translation at the exchange rate at the balance sheet date 31 December	-3.656	2.968	0	0
	Additions during the year	15.684	3.602	3.662	136
	Disposals during the year	-4.392	-16.983	-1.440	-9.427
	Transfers	0	-308	-16.623	0
	Cost 31 December	**140.566**	**132.930**	**3.662**	**18.063**
	Depreciation and writedown 1 January	-98.170	-104.909	-9.616	-17.239
	Translation at the exchange rate at the balance sheet date 31 December	2.823	-2.240	0	0
	Amortisation and depreciation for the year	-8.532	-7.877	-1.615	-1.688
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	4.384	16.856	1.440	9.311
	Transfers	0	0	9.791	0
	Depreciation and writedown 31 December	**-99.495**	**-98.170**	**0**	**-9.616**
	Carrying amount, 31 December	**41.071**	**34.760**	**3.662**	**8.447**
	Lease assets are recognised at a carrying amount of	13.540	13.743	3.064	3.767

Notes

DKK thousand.

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
11. Other fixtures and fittings, tools and equipment				
Cost 1 January	30.024	28.386	7.586	8.805
Translation at the exchange rate at the balance sheet date 31 December	-619	492	0	0
Additions during the year	2.386	2.057	332	53
Disposals during the year	-550	-1.368	-158	-1.272
Transfers	0	457	-7.760	0
Cost 31 December	**31.241**	**30.024**	**0**	**7.586**
Depreciation and writedown 1 January	-24.124	-21.469	-6.575	-6.759
Translation at the exchange rate at the balance sheet date 31 December	539	-408	0	0
Amortisation and depreciation for the year	-3.313	-3.455	-671	-1.088
Reversal of depreciation, amortisation and impairment loss, assets disposed of	546	1.363	158	1.272
Transfers	0	-155	7.088	0
Depreciation and writedown 31 December	**-26.352**	**-24.124**	**0**	**-6.575**
Carrying amount, 31 December	**4.889**	**5.900**	**0**	**1.011**

Notes

DKK thousand.

		Parent	
		31/12 2020	31/12 2019
12.	**Equity investments in group enterprises**		
	Cost 1 January	54.911	54.911
	Additions during the year	4.049	0
	Cost 31 December	**58.960**	**54.911**
	Revaluations, opening balance 1 January	-10.958	-13.092
	Translation at the exchange rate at the balance sheet date	-940	916
	Net profit or loss for the year before amortisation of goodwill	3.488	2.384
	Dividend	-3.180	-1.166
	Adjustment due to the acquisition of the minority shares	-3.578	0
	Revaluation 31 December	**-15.168**	**-10.958**
	Offset against receiveables	23.679	19.967
	Set off against debtors and provisions for liabilities	**23.679**	**19.967**
	Carrying amount, 31 December	**67.471**	**63.920**

Financial highlights for the enterprises according to the latest approved annual reports

DKK in thousands	**Equity interest**	**Equity**	**Results for the year**	**Carrying amount, Interket A/S**
Interket Holding B.V., Ommen, Netherlands	100 %	25.073	2.396	25.073
Interket Holdings UK Limited, Derbyshire, England	100 %	26.622	4.394	26.622
Interket GmbH, Hannover, Germany	100 %	-23.679	-4.674	-23.679
Interket AB, Helsingborg, Sweden	100 %	15.683	936	15.683
Imprimo GmbH, Hannover, Germany	100 %	93	0	93
		43.792	**3.052**	**43.792**

Interket Holdings UK Limited owns the companies Folderbirch Limited, Tasco Distributors Limited, Stampiton Holdings Limites and Interket Limited 100%.

Interket Holding B.V. owns the companies Interket B.V. and Interket Beheer B.V. 100%.

Notes

DKK thousand.

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
13.	**Receivables from group enterprises**				
	Amounts owed by Interket GmbH, Germany	0	0	8.235	6.812
		0	**0**	**8.235**	**6.812**
14.	**Other receivables**				
	Deposits	1.521	1.520	0	1.514
		1.521	**1.520**	**0**	**1.514**
15.	**Deferred tax assets**				
	Deferred tax assets 1 January	8.840	7.416	5.793	5.195
	Deferred tax of the net profit or loss for the year	379	1.424	390	598
	Discontinued operations	0	0	-4.002	0
		9.219	**8.840**	**2.181**	**5.793**

The parent company has per December 31. 2020, tax assets of total t.DKK 6.183, hereof t.DKK 4.002 is transfered to discontinued operations. The tax asset consists of tax loss carryforwards of t.DKK 4.290 less tax deductions utilized in the form of temporal differences of t.DKK 1.893.

The Group has per December 31, 2020, tax assets totaled DKK 9.219. The tax asset consists of tax loss carryforwards of t.DKK 7.414 less tax deductions utilized in the form of temporal differences of t.DKK 1.805.

Based on the budgets up to 2021, management has estimated that it is probable that future taxable income will be available within 3-5 years in which unused tax losses and unused tax deductions can be utilized.

16. Prepayments and accrued income

Prepayments consist of prepaid leasing, insurance and generel expenses.

17. Contributed capital

The share capital consists of 10.880.000 shares, each with a nominal value of DKK 5. The share capital is fully paid. The share capital is not devided into classes, and there are no special rights for any shares.

In 2020 there has been a capital increase consisting of a cash increase of nom. t.DKK 6.900 at rate 116.

Notes

DKK thousand.

		Group	
		31/12 2020	31/12 2019
18.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January	6.492	6.478
	Deferred tax relating to the net profit or loss for the year	-817	14
		5.675	**6.492**

19. Other provisions

Provisions include a clean up obligation in the Netherlands.

20. Subordinate loan capital

In February 2016, the parent company issued subordinated loan capital to associated companies at a nominal value of t.SEK 20.000, at an annual interest rate of 5%. The bond loans are subordinated capital, which retires for other debt obligations of the company. As of December 31, 2020, the loan amounts to DKK 14,8 million, due on January 1, 2022.

In 2017, the parent company issued subordinated loan capital to associated companies at a nominal value of t.SEK 7.360, at an annual interest rate of 5%. The bond loans are subordinated capital, which retires for other debt obligations of the company. As of December 31, 2020, the loan amounts to DKK 5,5 million, due on December 31, 2021.

21. Liabilities other than provision

	Total payables 31 Dec 2020	Current portion of long term payables	Long term payables 31 Dec 2020	Outstanding payables after 5 years
Group				
Subordinate loan capital	20.288	5.458	14.830	0
Bank loans and mortage debts	5.822	1.254	4.568	0
Lease liabilities	9.182	3.021	6.161	0
	35.292	**9.733**	**25.559**	**0**
Parent				
Subordinate loan capital	20.288	5.458	14.830	0
Bank loans and mortage debts	1.915	860	1.055	0
Payables to group enterprises	6.069	153	5.916	0
	28.272	**6.471**	**21.801**	**0**

Notes

DKK thousand.

22. Charges and security

Parent

Interket A/S has issued a corporate mortgage on t.DKK. 12.000 for security of engagement with Nordea, as per December 31, 2020, t.DKK. 16.230 (2019: t.DKK. 15.904). The corporate mortgage comprises simple receivables from sales and services (secondary mortgage), inventories, operating inventory and equipment, goodwill, domain names and rights, the carrying amount of which is per of December 31, 2020, t.DKK. 42.970 (2019: t.DKK. 40.914).

The company has entered into a factoring agreement with a booked debt per December 31, 2020 at t.DKK. 8.014 (2019: DKK 9.144), where collateral has been lodged in receivables from sales and services if carrying amount per December 31, 2020, t.DKK. 10.602 (2019: t.DKK. 12.015).

As collateral for debt to Interket A/S'bank connection, a total of t.DKK. 16.230 (2019: t.DKK 15.904), pledged as collateral, DKK 12.400, in machines whose carrying value per December 31, 2020, t.DKK. 7.430 (2019: t.DKK. 4.679).

The company has guaranteed for debt to subsidiaries bank connections.

Production plants and machines where the carrying amount per December 31, 2020, t.DKK. 3.064, cf. note 9, is financed by financial leasing, with the lease obligation on December 31, 2020 amounting to t.DKK 2.711.

Group

The Group has collateral for debt to banks and mortgage-credit institutes, totaling t.DKK. 40.491 (2019: t.DKK 50.677), pledged as collateral, DKK 12.400, in machines whose carrying value per December 31, 2020, t.kr. 7.430 (2019: DKK 4.679), paid down on a mortgage of DKK 12.000 plus mortgages on land and buildings, inventory and debtors whose carrying value per December 31, 2020, t.DKK. 85.751 (2019: t.DKK. 89.641).

Production plants and machines where the carrying amount per December 31, 2020, t.DKK. 13.540, cf. note 9, is financed by financial leasing, with the lease obligation on December 31, 2020 amounting to t.DKK 9.182.

23. Contingencies

Contingent liabilities

Parent

Interket A/S has per of December 31, 2020, the guarantor is liable for financial- and mortgage debt in subsidiaries and has contingent liabilities arising from ordinary operations.

Notes

DKK thousand.

23. Contingencies (continued)

Contingent liabilities (continued)

For the years 2017 - 25, operational leases have been entered into for lease of production and office space as well as cars and IT equipment. The leases have been entered into for a minimum of 1 year with fixed leasing services, which are annually adjusted for price. The agreements are irrevocable within the said period, after which they will be renewable for periods of at least 1 year.

Thus, the total future minimum lease payments under non-cancellable leases are distributed; within one year from the balance sheet date t.DKK. 1.879 and after five years from the balance sheet date t.DKK. 0. The total residual lease obligation amounts to t.DKK. 8.074.

Group

The Group has per of December 31, 2020, no contingent liabilities, other than the booked provisions for the potential clean-up of contaminated land in The Netherlands, leases and the obligations arising from ordinary operations.

Thus, the total future minimum lease payments under non-cancellable leases are distributed; within one year from the balance sheet date t.DKK. 5.162 and after five years from the balance sheet date t.DKK. 0. The total residual lease obligation amounts to t.DKK. 17.621.

24. Related parties

Controlling interest

Parkander Invest AB — Majority shareholder
Karlbergsvägen 75 bv
113 28 Stockholm

Transactions

There have been no movements with related parties that have not been concluded on market terms.

Consolidated financial statements

The company is included in the consolidated financial statements of Parkander Invest AB, Stockholm, Sweden. The annual report can be obtained by contacting the company.

Notes

DKK thousand.

		Group 2020	2019
25.	**Adjustments**		
	Depreciation, amortisation, and impairment	14.599	14.986
	Other financial income	-260	-665
	Other financial costs	3.780	4.636
	Tax on net profit or loss for the year	72	867
		18.191	**19.824**

		Group 2020	2019
26.	**Change in working capital**		
	Change in inventories	361	-229
	Change in receivables	3.636	-721
	Change in trade payables and other payables	755	864
		4.752	**-86**

Accounting policies

The annual report for Interket A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises). The consolidated financial statements has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK. Comparative figures regarding discontinued operations have not been adjusted, cf. the Danish Financial Statements Act § 24, 1.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of the group of Interket A/S.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Recognition of discontinued operations

Discontinued operations represent a considerable part of the enterprise if activities and cash flows, in operational and accounting terms, are recognised separately from the rest of the enterprise and if the entity has either been sold or demerged and held for sale and this sale is expected to be completed within one year in accordance with a formal plan. Also, discontinued operations comprise enterprises which, on acquisition, were classified as held for sale.

Accounting policies

Post-tax profit or loss on discontinued operations and value adjustments after tax on related assets and liabilities as well as gains/losses from sales are recognised as separate items in the income statement without restating comparatives. Revenue, costs, value adjustments, and tax on the discontinued operation in question are recognised in the notes. Assets and related liabilities concerning discontinued operations are recognised as separate items in the statement of financial position without restating comparatives and the principal items are specified in the notes.

Assets relating to discontinued operations comprise non-current assets and disposal groups, the disposal of which is expected as a result of discontinued operations. Disposal groups are assets disposed of in whole by sale or similar transaction. Liabilities arising from assets concerning discontinued operations are obligations related directly to these assets and will be transferred upon transaction. Assets are classified as assets relative to discontinued operations when their carrying amount is primarily recovered through disposal within a 12-month period in accordance with a formal plan rather than through continued use.

Assets or disposal groups relative to discontinued operations are measured at the lowest value at the time of an operation being classified as a discontinued operation, or at fair value less sales costs. Assets are not depreciated or amortised as of the time they are classified as discontinued operations.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve.

Accounting policies

The consolidated financial statements

The consolidated income statements comprise the parent company Interket A/S and those group enterprises of which Interket A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Usually, the conditions for recognition of net sales are met when the goods are transferred to the buyer.

Accounting policies

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Intangible assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at 20 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

Tangible assets

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	30 years
Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	1-6 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

Accounting policies

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers and payroll costs concerning the construction of each individual asset.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

Equity investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

Equity investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Treasury shares

Purchase prices and sales prices of own shares are recognised directly in equity. The capital reduction arising from the cancellation of own shares will reduce the share capital by an amount corresponding to the nominal value of the shares and increase the results brought forward, respectively.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates. The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, restructuring, etc. Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Accounting policies

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans and repayments of interest-bearing payables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Segmental statement

Information on activity and geographical markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the company.

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