



## **DBI Plastics A/S**

Stenmaglevej 20 D  
4295 Stenlille  
CVR No. 12514379

### **Annual report 2022**

The Annual General Meeting adopted the annual report on 17.04.2023

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**Ole Lund Madsen**

Chairman of the General Meeting

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# Entity details

## Entity

DBI Plastics A/S  
Stenmaglevej 20 D  
4295 Stenlille

Business Registration No.: 12514379  
Registered office: Sorø  
Financial year: 01.01.2022 - 31.12.2022  
Phone number: +4557894800  
Fax: +4557894848  
URL: [www.dbiplastics.com](http://www.dbiplastics.com)

## Board of Directors

Christian Egemose Agger  
Per Toft Valstorp  
Claus Henningsen  
Hans Christian Petersen

## Executive Board

Hans Hellstrøm Henningsen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of DBI Plastics A/S for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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

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

Stenlille, 17.04.2023

## Executive Board

**Hans Hellstrøm Henningsen**

## Board of Directors

**Christian Egemose Agger**

**Per Toft Valstorp**

**Claus Henningsen**

**Hans Christian Petersen**

# Independent auditor's report

## To the shareholders of DBI Plastics A/S

### Opinion

We have audited the financial statements of DBI Plastics A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

### Auditor's responsibilities for the audit of the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

**Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 17.04.2023

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**René Carøe Andersen**

State Authorised Public Accountant  
Identification No (MNE) mne34499

**Christoffer Anholm Salmon**

State Authorised Public Accountant  
Identification No (MNE) mne47918

# Management commentary

## Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
<b>Key figures</b>					
Revenue	146,431	135,829	108,983	132,355	115,478
Gross profit/loss	48,548	49,798	49,141	69,070	72,307
Operating profit/loss	2,191	3,269	(8,350)	6,946	8,117
Net financials	(1,622)	(405)	(3,340)	(1,051)	(789)
Profit/loss for the year	599	2,281	(9,119)	4,579	6,151
Total assets	99,487	85,386	121,465	129,342	131,155
Investments in property, plant and equipment	4,797	9,295	6,811	12,137	8,768
Equity	44,883	46,176	43,876	52,928	71,350
<b>Ratios</b>					
Gross margin (%)	33.15	36.66	45.09	52.19	62.62
EBIT margin (%)	1.50	2.41	(7.66)	5.25	7.03
Net margin (%)	0.41	1.68	(8.37)	3.46	5.33
Return on equity (%)	1.32	5.07	(18.84)	7.37	9.01
Equity ratio (%)	45.11	54.08	36.12	40.92	54.40



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

**Gross margin (%):**

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

**EBIT margin (%):**

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

**Net margin (%):**

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

**Return on equity (%):**

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

**Equity ratio (%):**

$\frac{\text{Equity} * 100}{\text{Total assets}}$

### Primary activities

The primary activities of the Company comprise the development, manufacturing and sale of protective solutions, which are sold mainly on the European market.

### Development in activities and finances

The business activity in the automotive segment was impacted by another decline in the total production of vehicles in Europe, caused by among other by shortage of micro-chips early in the year, uncertainty following the war in Ukraine and general recessionary fears. Decline in our activity was lower than the general market decline. The industry segment was strong in the first half of the year, but then declined reflecting the general macro-economic developments.

The very high raw material prices continued in the first half and started to decline in the second half of the year, yet still ended about 50% higher than historic levels. The very high energy prices seen during the year also negatively impacted the production costs. The increased costs have only partially been recovered through increases in sales prices.

### Profit/loss for the year in relation to expected developments

The Company's revenue for the year was DKK 146,431 thousand (DKK 135,829 thousand in 2021) and profit for the year ended at DKK 599 thousand compared to DKK 2,281 thousand in 2021.

### Uncertainty relating to recognition and measurement

The valuation of assets and liabilities is made in accordance with current accounting policies and Management of DBI Plastics A/S is of the opinion that no uncertainty is related to recognition and measurement.

### Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement in the financial year 2022.

The Company's activities do not involve any particular risks; neither operating nor financial risks. As the main part of transactions is carried out in euro, the Company's activities are not considered to involve any special foreign exchange risks.

### Outlook

Despite the uncertainty in the macro-economic outlook analysts predicts the European automotive market to grow by 5.3% in 2023, also reflecting years of pent-up demand. The industry segment is not expected to recover during the year. Inflationary pressures is likely to impact total operating costs. We expect the automotive growth and full year impact from 2022 price adjustments to outweigh the 2023 cost increases and low demand in the industry segment.

### Knowledge resources

The Company employs the needed number of employees with relevant qualifications who possess considerable know-how of the Company's products and production. Further and supplementary training is provided to the extent necessary.

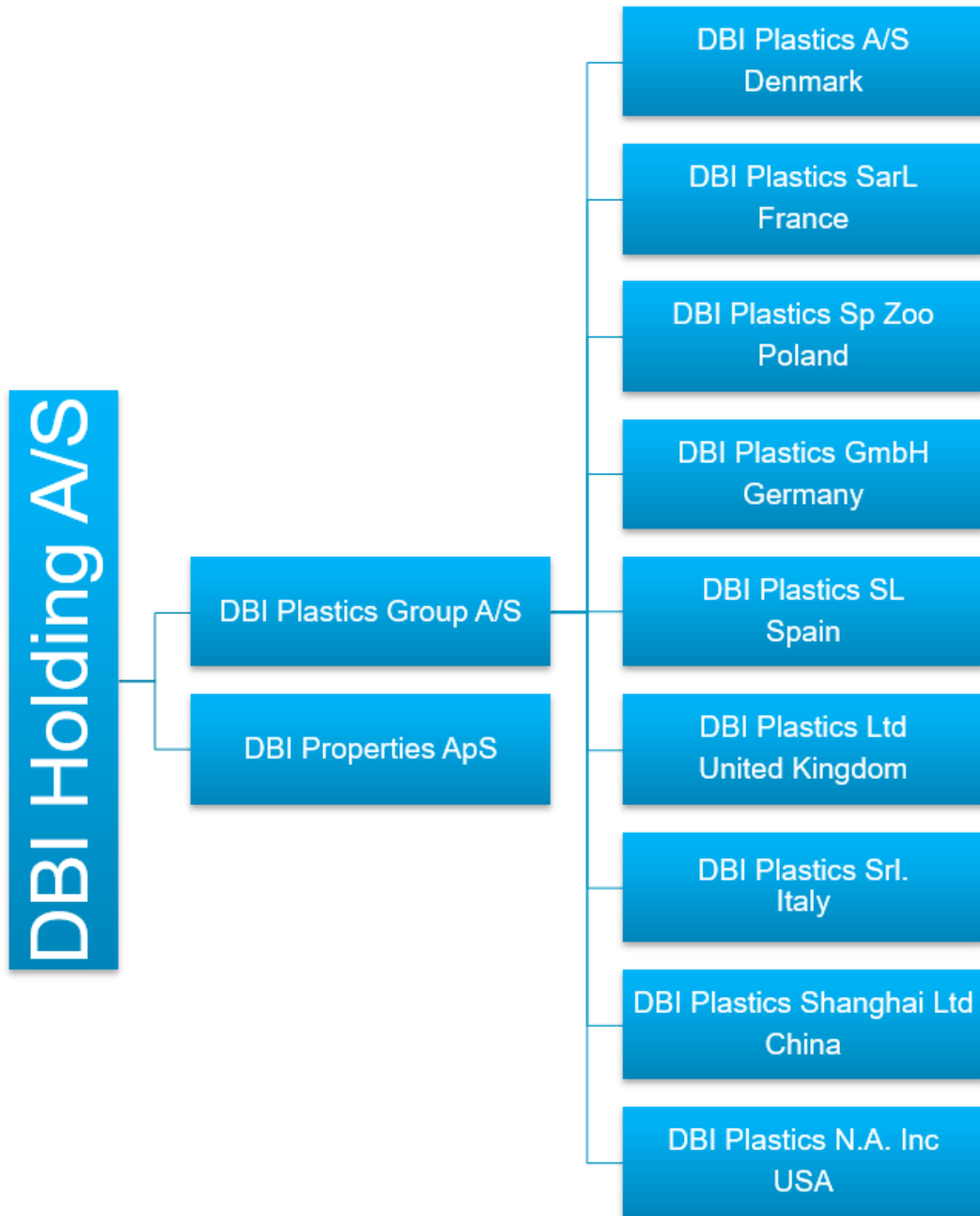
### Environmental performance

The manufacturing company is environmentally certified under ISO 14001 and, moreover, also under ISO 9001, ISO 50001 and IATF 16949. The Company's activities do not have any material environmental impact.

**Events after the balance sheet date**

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

# Supplementary reports



# Income statement for 2022

	Notes	2022 DKK	2021 DKK
Revenue		146,430,748	135,829,184
Costs of raw materials and consumables		(73,450,948)	(63,861,606)
Other external expenses		(24,431,660)	(22,169,727)
<b>Gross profit/loss</b>		<b>48,548,140</b>	<b>49,797,851</b>
Staff costs	2	(39,178,422)	(39,222,938)
Depreciation, amortisation and impairment losses	3	(7,178,316)	(7,305,585)
<b>Operating profit/loss</b>		<b>2,191,402</b>	<b>3,269,328</b>
Other financial income	4	2,342,059	2,047,397
Other financial expenses	5	(3,963,649)	(2,452,570)
<b>Profit/loss before tax</b>		<b>569,812</b>	<b>2,864,155</b>
Tax on profit/loss for the year	6	29,175	(583,000)
<b>Profit/loss for the year</b>	7	<b>598,987</b>	<b>2,281,155</b>

# Balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK	2021 DKK
Acquired intangible assets		103,892	0
<b>Intangible assets</b>	8	<b>103,892</b>	<b>0</b>
Plant and machinery		14,265,385	19,583,087
Other fixtures and fittings, tools and equipment		0	7,177
Leasehold improvements		1,157,987	1,522,910
Property, plant and equipment in progress		6,434,194	3,148,706
<b>Property, plant and equipment</b>	9	<b>21,857,566</b>	<b>24,261,880</b>
Deposits		1,367,414	1,366,753
Deferred tax	11	3,544,173	3,930,000
<b>Financial assets</b>	10	<b>4,911,587</b>	<b>5,296,753</b>
<b>Fixed assets</b>		<b>26,873,045</b>	<b>29,558,633</b>
Raw materials and consumables		9,522,624	3,560,267
Manufactured goods and goods for resale		6,989,660	11,584,590
<b>Inventories</b>		<b>16,512,284</b>	<b>15,144,857</b>
Trade receivables		5,009,124	2,701,029
Contract work in progress	12	1,681,345	718,970
Receivables from group enterprises		45,778,441	33,368,048
Other receivables		1,554,198	1,370,078
Prepayments	13	822,176	319,236
<b>Receivables</b>		<b>54,845,284</b>	<b>38,477,361</b>
<b>Cash</b>		<b>1,256,062</b>	<b>2,205,575</b>
<b>Current assets</b>		<b>72,613,630</b>	<b>55,827,793</b>
<b>Assets</b>		<b>99,486,675</b>	<b>85,386,426</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Contributed capital		1,500,000	1,500,000
Retained earnings		43,383,061	42,675,690
Proposed dividend		0	2,000,000
<b>Equity</b>		<b>44,883,061</b>	<b>46,175,690</b>
Other payables		4,508,404	4,512,355
<b>Non-current liabilities other than provisions</b>	14	<b>4,508,404</b>	<b>4,512,355</b>
Bank loans		10,035,948	381,729
Trade payables		6,435,449	4,044,120
Payables to group enterprises		30,545,410	25,608,335
Other payables		3,078,403	4,664,197
<b>Current liabilities other than provisions</b>		<b>50,095,210</b>	<b>34,698,381</b>
<b>Liabilities other than provisions</b>		<b>54,603,614</b>	<b>39,210,736</b>
<b>Equity and liabilities</b>		<b>99,486,675</b>	<b>85,386,426</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
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# Statement of changes in equity for 2022

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	1,500,000	42,675,690	2,000,000	46,175,690
Ordinary dividend paid	0	0	(2,000,000)	(2,000,000)
Exchange rate adjustments	0	108,384	0	108,384
Profit/loss for the year	0	598,987	0	598,987
<b>Equity end of year</b>	<b>1,500,000</b>	<b>43,383,061</b>	<b>0</b>	<b>44,883,061</b>



# Notes

## 1 Events after the balance sheet date

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

## 2 Staff costs

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	36,227,975	37,217,516
Pension costs	2,464,495	2,491,228
Other social security costs	262,108	265,637
Other staff costs	223,844	(751,443)
	<b>39,178,422</b>	<b>39,222,938</b>
Average number of full-time employees	64	70

	<b>Remuneration of Management 2022 DKK</b>	<b>Remuneration of Management 2021 DKK</b>
Total amount for management categories	3,223,204	2,971,780
	<b>3,223,204</b>	<b>2,971,780</b>

The company have with reference to the Danish Financial Statements Act §98B para 3, compiled the disclosure of remuneration for the management categories.

## 3 Depreciation, amortisation and impairment losses

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	7,201,316	7,699,964
Profit/loss from sale of intangible assets and property, plant and equipment	(23,000)	(394,379)
	<b>7,178,316</b>	<b>7,305,585</b>

## 4 Other financial income

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Other interest income	61,227	(305)
Exchange rate adjustments	2,280,832	2,047,702
	<b>2,342,059</b>	<b>2,047,397</b>

**5 Other financial expenses**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	1,382,803	1,343,258
Other interest expenses	50,772	54,097
Exchange rate adjustments	2,530,074	1,055,215
	<b>3,963,649</b>	<b>2,452,570</b>

**6 Tax on profit/loss for the year**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Change in deferred tax	385,827	583,000
Adjustment concerning previous years	(108,135)	0
Refund in joint taxation arrangement	(306,867)	0
	<b>(29,175)</b>	<b>583,000</b>

**7 Proposed distribution of profit and loss**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Ordinary dividend for the financial year	0	2,000,000
Retained earnings	598,987	281,155
	<b>598,987</b>	<b>2,281,155</b>

**8 Intangible assets**

	<b>Acquired intangible assets DKK</b>
Additions	103,892
<b>Cost end of year</b>	<b>103,892</b>
<b>Carrying amount end of year</b>	<b>103,892</b>

## 9 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	164,900,100	3,790,363	13,167,858	3,148,706
Transfers	1,133,846	0	0	(1,133,846)
Additions	72,901	0	304,768	4,419,334
Disposals	(182,183)	(40,433)	0	0
<b>Cost end of year</b>	<b>165,924,664</b>	<b>3,749,930</b>	<b>13,472,626</b>	<b>6,434,194</b>
Depreciation and impairment losses beginning of year	(145,317,013)	(3,783,186)	(11,644,948)	0
Depreciation for the year	(6,524,449)	(7,176)	(669,691)	0
Reversal regarding disposals	182,183	40,432	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(151,659,279)</b>	<b>(3,749,930)</b>	<b>(12,314,639)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>14,265,385</b>	<b>0</b>	<b>1,157,987</b>	<b>6,434,194</b>

## 10 Financial assets

	Deposits DKK	Deferred tax DKK
Cost beginning of year	1,366,753	3,930,000
Additions	661	0
Disposals	0	(385,827)
<b>Cost end of year</b>	<b>1,367,414</b>	<b>3,544,173</b>
<b>Carrying amount end of year</b>	<b>1,367,414</b>	<b>3,544,173</b>

## 11 Deferred tax

	2022 DKK	2021 DKK
Intangible assets	(3,265)	0
Property, plant and equipment	2,077,127	1,938,000
Inventories	(202,400)	(214,000)
Receivables	4,400	4,000
Tax losses carried forward	1,668,311	2,202,000
<b>Deferred tax</b>	<b>3,544,173</b>	<b>3,930,000</b>

<b>Changes during the year</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Beginning of year	3,930,000	4,513,000
Recognised in the income statement	(385,827)	(583,000)
<b>End of year</b>	<b>3,544,173</b>	<b>3,930,000</b>

#### Deferred tax assets

Deferred tax assets are recognized on the basis of expected realized income from sales.

#### 12 Contract work in progress

	<b>2022 DKK</b>	<b>2021 DKK</b>
Contract work in progress	5,941,388	2,262,736
Progress billings regarding contract work in progress	(4,260,043)	(1,543,766)
	<b>1,681,345</b>	<b>718,970</b>

#### 13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

#### 14 Non-current liabilities other than provisions

Other payables comprise of payable holiday allowance.

#### 15 Unrecognised rental and lease commitments

	<b>2022 DKK</b>	<b>2021 DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>3,678,556</b>	<b>4,457,807</b>
Liabilities under rental agreements or leases with group enterprises until expiry	<b>2,475,000</b>	<b>3,600,000</b>

#### 16 Contingent liabilities

The Entity has promised to provide the financial support required to group companies in order to continue their operations.

The Entity has issued a cross guarantee for the bank debt of the Danish group enterprises. The total bank debt of the Danish group enterprises amounts to DKK 14,342 thousand at 31.12.2022, with DKK 10,036 thousand of the bank debt being held by the company (DKK 4,979 thousand at 31.12.2021).

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

### **17 Assets charged and collateral**

The Entity has issued a cross guarantee for the bank debt of the Danish group enterprises. The total bank debt of the Danish group enterprises amounts to DKK 14,342 thousand at 31.12.2022, with DKK 10,036 thousand of the bank debt being held by the company (DKK 4,979 thousand at 31.12.2021).

### **18 Related parties with controlling interest**

The Company has registered the following shareholder to hold more than 5% of the voting share capital, or of the nominal value of the share capital:

DBI Plastics Group A/S, Stenmaglevej 20D, 4295 Stenlille, Central Business Registration No. 27171737

### **19 Non-arm's length related party transactions**

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

### **20 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Hans Hellstrøm Henningsen Holding ApS, Stationsvej 5, 4295 Stenlille, Central Business Registration No. 40730885

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
DBI Holding A/S, Stenmaglevej 20D, 4295 Stenlille, Central Business Registration No. 29821739

# Accounting policies

## Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

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

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

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

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

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

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statements when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

**Costs of raw materials and consumables**

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

**Other external expenses**

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

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

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

**Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

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

**Tax on profit/loss for the year**

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

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

**Balance sheet****Intellectual property rights etc**

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

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

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

### Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments, staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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

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

	<b>Useful life</b>
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

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

Estimated useful lives and residual values are reassessed annually.

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

### Deferred tax

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

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

### Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.



Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

**Receivables**

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

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

**Other financial liabilities**

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

**Cash flow statement**

According to section 86(4) of the Danish Financial Statements Act, the Company has decided not to prepare any cash flow statement, as such statement is included in higher-level consolidated financial state