

Spring Production A/S

Studsgade 29, 8000 Aarhus C
CVR no. 12 54 59 83

Annual report for the financial year 01.07.21 - 30.06.22

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 24.11.22

Karen Bach Lück
Dirigent



Company information etc.	3 - 4
Statement by the Executive Board and Board of Directors on the annual report	5
Independent auditor's report	6 - 8
Management's review	9 - 10
Income statement	11
Balance sheet	12 - 13
Statement of changes in equity	14
Notes	15 - 30

The company

Spring Production A/S
Studsgade 29
8000 Aarhus C
Registered office: Aarhus
CVR no.: 12 54 59 83
Financial year: 01.07 - 30.06

Executive Board

Lars Bo Hansen

Board of Directors

Albert Crilles Sebastian Funder, chairman
Lars Bo Hansen
Michael Kaltoft Paterson
Morten Eskildsen
Jesper Angelsø Hjortshøj
Peter Herlev Enevoldsen
Mogens Kristensen
Mads Heide Mikkelsen
Peer Brændholt

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Bank

Nordea Bank A/S

Lawyer

Bech-Bruun

Parent company

Spring Family ApS

Subsidiaries

Agency Spring International A/S, Aarhus
Spring Production GmbH, Germany
SpringProduction Services A/S, Aarhus
Spring Production Poland, Poland

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.07.21 - 30.06.22 for Spring Production A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 30.06.22 and of the results of the company's activities for the financial year 01.07.21 - 30.06.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Aarhus C, November 24, 2022

Executive Board

Lars Bo Hansen

Board of Directors

Albert Crilles Sebastian
Funder
Chairman

Lars Bo Hansen

Michael Kaltoft Paterson

Morten Eskildsen

Jesper Angelsø Hjortshøj

Peter Herlev Enevoldsen

Mogens Kristensen

Mads Heide Mikkelsen

Peer Brændholt

To the Shareholder of Spring Production A/S**Opinion**

We have audited the financial statements of Spring Production A/S for the financial year 01.07.21 - 30.06.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 30.06.22 and of the results of the company's operations for the financial year 01.07.21 - 30.06.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

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 "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

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

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

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

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

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Aarhus, November 24, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lars Østergaard

State Authorized Public Accountant
MNE-no. mne26806

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2021/22	2020/21	2019/20	2018/19	2017/18
<i>Profit/loss</i>					
Operating profit	35,245	28,275	12,586	14,899	6,615
Index	533	427	190	225	100
Total net financials	5,698	3,253	29	961	1,639
Index	348	198	2	59	100
Profit before tax	40,944	31,528	12,616	15,860	8,255
Index	496	382	153	192	100
Profit for the year	32,913	24,892	9,613	12,379	6,653
Index	495	374	144	186	100
<i>Balance</i>					
Total assets	90,596	93,894	67,523	45,280	27,631
Index	328	340	244	164	100
Investments in property, plant and equipment	365	519	132	28	780
Index	47	67	17	4	100
Equity	54,590	65,386	41,223	31,609	19,230
Index	284	340	214	164	100
<i>Ratios definitions</i>					
Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$				

Primary activities

The company's activities to carry on business as a graphic production and advertising agency.

Development in activities and financial affairs

The income statement for the period 01.07.21 - 30.06.22 shows a profit/loss of DKK 32,912,744 against DKK 24,892,132 for the period 01.07.20 - 30.06.21. The balance sheet shows equity of DKK 54,590,199.

The earnings expectations for the financial year exceeded expectations with more than 45 % due to higher revenue and higher efficiency than expected. The management considers the net profit for the year to be satisfactory.

For the coming year, the company expects an increase in revenue with more than 10 % – but keeping the profit before tax on the same level as 2021/22 – as the company intent to invest further in international expansion.

Outlook

In SPRING Production we are working based on our strategy, which contains significant growth. Based on this strategy and the workload, the number of employees has increased a lot in the last year. We expect a continuous growth in employees, in order to meet the needs of our client. Opening an office in Poland this year, gives us further opportunity to comply in what the market is asking, as well as strengthen our general position.

The financial state of the world, especially in Europe, is under pressure. We are very aware of this. We see the potential dangers in the coming year, but also the potential rewards for a company like SPRING Production, where optimization and centralizing are among the USPs.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2021/22 DKK	2020/21 DKK
	Gross profit	55,247,992	46,526,691
1	Staff costs	-19,340,606	-17,904,808
	Profit before depreciation, amortisation, write-downs and impairment losses	35,907,386	28,621,883
2	Depreciation and impairments losses of property, plant and equipment	-378,726	-318,724
	Other operating expenses	-283,458	-28,530
	Operating profit	35,245,202	28,274,629
3	Income from equity investments in group enterprises	4,447,081	1,369,563
4	Financial income	2,197,729	2,168,964
5	Financial expenses	-946,373	-285,218
	Profit before tax	40,943,639	31,527,938
6	Tax on profit for the year	-8,030,895	-6,635,806
	Profit for the year	32,912,744	24,892,132
7	Proposed appropriation account		

ASSETS		30.06.22	30.06.21
Note		DKK	DKK
	Leasehold improvements	7,295	333,279
	Other fixtures and fittings, tools and equipment	724,905	696,202
8	Total property, plant and equipment	732,200	1,029,481
9	Equity investments in group enterprises	14,040,593	9,959,267
10	Deposits	171,852	82,691
	Total investments	14,212,445	10,041,958
	Total non-current assets	14,944,645	11,071,439
11	Work in progress for third parties	7,156,867	3,292,163
	Trade receivables	22,949,854	15,041,042
	Receivables from group enterprises	45,065,353	58,939,408
12	Prepayments	234,374	301,317
	Total receivables	75,406,448	77,573,930
	Cash	244,432	5,248,946
	Total current assets	75,650,880	82,822,876
	Total assets	90,595,525	93,894,315

EQUITY AND LIABILITIES		30.06.22	30.06.21
Note		DKK	DKK
13	Share capital	3,000,000	3,000,000
	Reserve for net revaluation according to the equity method	8,354,288	4,281,061
	Foreign currency translation reserve	9,393	11,399
	Retained earnings	13,226,518	13,094,027
	Proposed dividend for the financial year	30,000,000	45,000,000
	Total equity	54,590,199	65,386,487
14	Provisions for deferred tax	781,477	356,876
	Total provisions	781,477	356,876
15	Other payables	1,108,091	1,204,750
	Total long-term payables	1,108,091	1,204,750
11	Prepayments received from work in progress for third parties	3,827,494	942,576
	Prepayments received from customers	0	2,343,954
	Trade payables	462,054	279,182
	Payables to group enterprises	18,123,712	8,516,404
	Income taxes	7,592,640	6,661,930
	Other payables	4,109,858	8,202,156
	Total short-term payables	34,115,758	26,946,202
	Total payables	35,223,849	28,150,952
	Total equity and liabilities	90,595,525	93,894,315
16	Contingent liabilities		
17	Related parties		

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.07.20 - 30.06.21						
Balance as at 01.07.20	3,000,000	0	0	38,223,579	0	41,223,579
Other changes in equity	0	0	11,399	-740,623	0	-729,224
Net profit/loss for the year	0	4,281,061	0	-24,388,929	45,000,000	24,892,132
Balance as at 30.06.21	3,000,000	4,281,061	11,399	13,094,027	45,000,000	65,386,487
Statement of changes in equity for 01.07.21 - 30.06.22						
Balance as at 01.07.21	3,000,000	4,281,061	11,399	13,094,027	45,000,000	65,386,487
Dividend paid	0	0	0	0	-45,000,000	-45,000,000
Other changes in equity	0	0	-2,006	1,292,974	0	1,290,968
Net profit/loss for the year	0	4,073,227	0	-1,160,483	30,000,000	32,912,744
Balance as at 30.06.22	3,000,000	8,354,288	9,393	13,226,518	30,000,000	54,590,199

	2021/22	2020/21
	DKK	DKK
1. Staff costs		
Wages and salaries	17,284,727	16,277,736
Pensions	1,163,572	1,025,174
Other social security costs	230,151	195,816
Other staff costs	662,156	406,082
Total	19,340,606	17,904,808
Average number of employees during the year	29	26

Pursuant to section 98b (1) of the Danish Financial Statements Act, 3, no. 2 decided not to provide information on management salaries.

2. Depreciation and impairments losses of property, plant and equipment

Depreciation of property, plant and equipment	378,726	318,724
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3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	4,447,081	1,369,563
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4. Financial income

Interest, group enterprises	2,197,729	2,168,964
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	2021/22 DKK	2020/21 DKK
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5. Financial expenses

Interest, group enterprises	35,179	117,084
Other interest expenses	99,414	29,301
Foreign exchange losses	803,268	110,962
Other financial expenses	8,512	27,871
Other financial expenses	911,194	168,134
Total	946,373	285,218

6. Tax on profit for the year

Current tax for the year	7,592,640	6,661,930
Adjustment of deferred tax for the year	424,601	-26,124
Adjustment of tax in respect of previous years	13,654	0
Total	8,030,895	6,635,806

7. Proposed appropriation account

Reserve for net revaluation according to the equity method	4,073,227	4,281,061
Proposed dividend for the financial year	30,000,000	45,000,000
Retained earnings	-1,160,483	-24,388,929
Total	32,912,744	24,892,132

8. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.07.21	574,169	6,060,627
Additions during the year	0	364,902
Disposals during the year	-561,215	-23,686
Cost as at 30.06.22	12,954	6,401,843
Depreciation and impairment losses as at 01.07.21	-240,890	-5,364,425
Depreciation during the year	-58,179	-320,546
Reversal of depreciation of and impairment losses on disposed assets	293,410	8,033
Depreciation and impairment losses as at 30.06.22	-5,659	-5,676,938
Carrying amount as at 30.06.22	7,295	724,905

9. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Cost as at 01.07.21	5,678,205
Additions during the year	8,100
Cost as at 30.06.22	5,686,305
Depreciation and impairment losses as at 01.07.21	-1,523,854
Foreign currency translation adjustment of foreign enterprises	-2,006
Net profit/loss from equity investments	4,447,081
Other equity adjustments relating to equity investments	1,292,974
Negative equity value impaired in receivables	4,140,093
Depreciation and impairment losses as at 30.06.22	8,354,288
Carrying amount as at 30.06.22	14,040,593

Name and registered office:	Ownership interest
Subsidiaries:	
Agency Spring International A/S, Aarhus	100%
Spring Production GmbH, Germany	100%
SpringProduction Services A/S, Aarhus	100%
Spring Production Poland, Poland	100%

10. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.07.21	82,690
Additions during the year	157,160
Disposals during the year	-67,998
Cost as at 30.06.22	171,852
Carrying amount as at 30.06.22	171,852

	30.06.22	30.06.21
	DKK	DKK

11. Work in progress for third parties

Work in progress for third parties	7,224,025	3,447,710
On-account invoicing	-3,894,652	-1,098,123

Total work in progress for third parties	3,329,373	2,349,587
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Work in progress for third parties	7,156,867	3,292,163
Prepayments received from work in progress for third parties, short-term payables	-3,827,494	-942,576

Total	3,329,373	2,349,587
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12. Prepayments

Other prepayments	234,374	301,317
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13. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	30,000	3,000,000
Total		3,000,000

	30.06.22	30.06.21
	DKK	DKK

14. Deferred tax

Deferred tax as at 01.07.21	356,876	383,000
Deferred tax recognised in the income statement	424,601	-26,124
Deferred tax as at 30.06.22	781,477	356,876

Deferred tax is distributed as below:

Property, plant and equipment	-97,000	-55,000
Receivables	878,477	411,876
Total	781,477	356,876

15. Long-term payables

Figures in DKK	Outstanding debt after 5 years	Total payables at 30.06.22	Total payables at 30.06.21
Other payables	1,108,091	1,108,091	1,204,750
Total	1,108,091	1,108,091	1,204,750

16. Contingent liabilities

Lease commitments

Tenancy agreements has been entered into, including parking spaces, at an annual rent of approx. DKK 415k. The lease is non-terminable for 1-18 months (total liability of DKK 288k).

The Company has entered into car lease agreements, which is settled over 12 to 48 months. The remaining liability constitutes DKK 398k.

The Company has entered into lease agreements on software licences, expiring on 1 September 2022. The remaining liability constitutes DKK 411k.

The Company has entered into lease agreements on hardware licences, expiring on 1 May 2024. The remaining liability constitutes DKK 24k.

Recourse guarantee commitments

The company enters into a cash-pool arrangement with the group. The group companies are jointly and severally liable for the credit limit.

An all monies mortgage of DKK 5,000k has been provided as security for the group with Nordea Bank A/S, securing a company charge over receivables from sale, other plant, operating equipment and inventory as well as goodwill. The Company's bookvalue of the said assets totals DKK 27.313k on 30 June 2022. The Company has a loan with Nordea Bank A/S of DKK 0k on 30 June 2022.

Other contingent liabilities

Performance guarantee in the amount of DKK 88k and USD 83k has been provided to customers.

The group companies are jointly and severally liable for tax on the group's jointly taxed income etc. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

17. Related parties

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

The company is included in the consolidated financial statements of the parent Spring Family ApS.

18. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of Spring Family ApS, CVR no. 36 73 40 35, which prepares consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or

18. Accounting policies - continued -

expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue and raw materials and consumables and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion.

18. Accounting policies - continued -

Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Costs of raw materials and consumables

Expenses for consumables comprise the consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Leasehold improvements	10	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

18. Accounting policies - continued -**Other operating expenses**

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group enterprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

18. Accounting policies - continued -

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

18. Accounting policies - continued -

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

18. Accounting policies - continued -**Work in progress for third parties**

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation

18. Accounting policies - continued -

reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

18. Accounting policies - continued -

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.