H.C.Holding. Investeringsaktieselskab

Energivej 30, 2750 Ballerup
CVR no. 13 62 74 79

Annual report for 2022

This annual report has been adopted at the
annual general meeting on 19.05.23

Sickan Flindt Ibsen

Chairman of the meeting

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Group information etc.

The company

H.C.Holding. Investeringsaktieselskab
Energivej 30
2750 Ballerup
Registered office: Ballerup
CVR no.: 13 62 74 79
Financial year: 01.01 - 31.12

Executive Boards

Jacob Østergaard Knudsen

Board of Directors

Hans Christian Hansen
Jacob Østergaard Knudsen
Sickan Flindt Ibsen

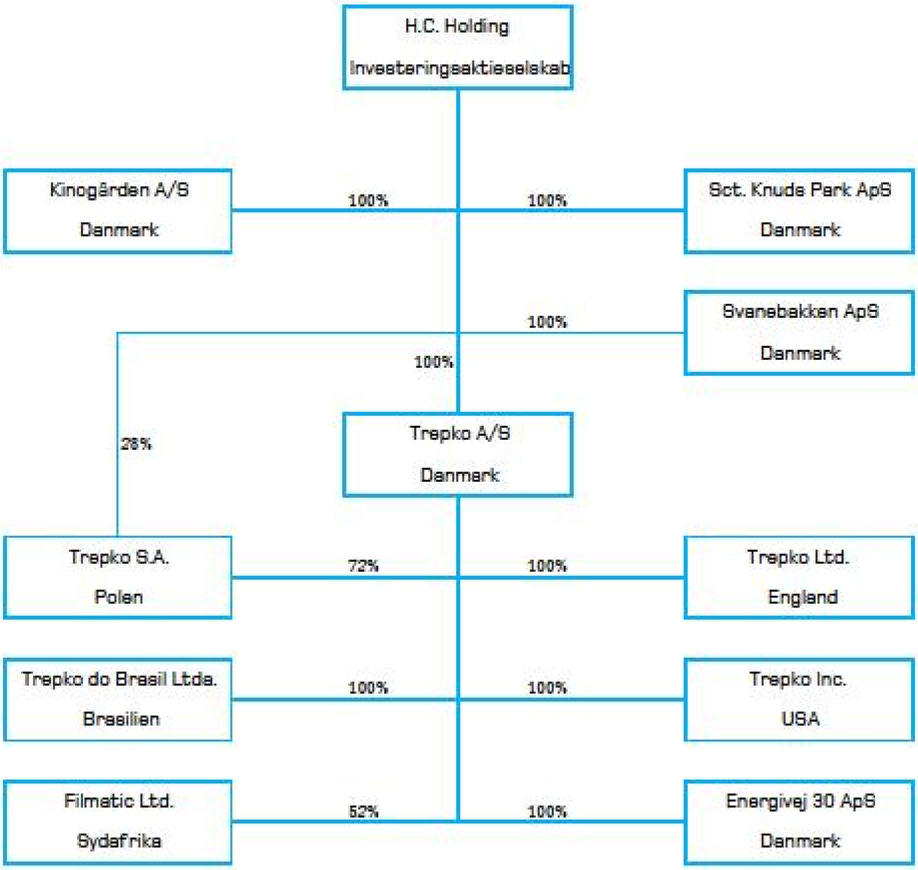
Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Subsidiaries

Trepko A/S, Ballerup
Trepko S.A., Gniezno
Kinogården A/S, Ballerup
Sct. Knuds Park ApS, Ballerup
Svanebakken ApS, Frederiksberg

Group chart


H.C. Holding
Investeringsaktieselskab
Kinogården A/S
Danmark
100%
100%
Sct. Knuds Park ApS
Danmark
100%
Svanebakken ApS
Danmark
100%
28%
Trepko A/S
Danmark
Trepko S.A.
Polen
72%
100%
Trepko Ltd.
England
Trepko do Brasil Ltda.
Brasilien
100%
100%
Trepko Inc.
USA
Filmatic Ltd.
Sydafrika
52%
100%
Energivej 30 ApS
Danmark

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

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for H.C.Holding. Investeringsaktieselskab.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.22 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.01.22 - 31.12.22.

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.

Ballerup, May 17, 2023

Executive Boards

Jacob Østergaard Knudsen

Board of Directors

Hans Christian Hansen Chairman	Jacob Østergaard Knudsen	Sickan Flindt Ibsen

Independent auditor’s report

To the Shareholders of H.C.Holding. Investeringsaktieselskab

Opinion

We have audited the consolidated financial statements and parent company financial statements of H.C.Holding. Investeringsaktieselskab for the financial year 01.01.22 - 31.12.22, 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 for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.22 - 31.12.22 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 consolidated financial statements and parent company financial statements” section of our report. We are independent of the group and 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.

Management's responsibility for the consolidated financial statements and parent company financial statements

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements and parent company financial statements

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent 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 consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent 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 parent company 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 parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and per-formance of the group audit. We remain solely responsible for our audit opinion.

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

Statement regarding the management’s review

Management is responsible for management’s review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management’s review and, in doing so, consider whether management’s review is materially inconsistent with the consolidated financial statements or parent company 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 consolidated financial statements and parent company 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.

Soeborg, Copenhagen, May 17, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Kim Nielsen

State Authorized Public Accountant
MNE-no. mne29417

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2022	2021	2020	2019	2018
Profit/loss					
Revenue	330,090	310,217	331,770	359,416	361,492
Index	91	86	92	99	100
Gross result	174,487	163,559	177,805	204,937	203,788
Index	86	80	87	101	100
Operating profit/loss	49,918	39,525	66,892	68,434	75,184
Index	66	53	89	91	100
Total net financials	35,328	4,889	-182,649	10,591	169
Index	20,904	2,893	-108,076	6,267	100
Profit for the year	74,875	40,037	-110,580	57,153	57,886
Index	129	69	-191	99	100
Balance					
Total assets	604,264	567,854	570,497	667,595	549,994
Index	110	103	104	121	100
Investments in property, plant and equipment	10,152	4,734	54,297	57,670	63,237
Index	16	7	86	91	100
Equity	431,906	362,303	325,476	460,729	400,114
Index	108	91	81	115	100
Inventories	69,607	67,165	57,617	59,666	59,547
Index	117	113	97	100	100
Cashflow					
Net cash flow:					
Operating activities	-1,103	44,123	98,998	64,362	81,108
Investing activities	-3,814	-3,253	-75,943	-121,205	-126,475
Financing activities	23	-43,321	26,542	19,404	20,438
Cash flows for the year	-4,894	-2,451	49,597	-37,439	-24,929

Ratios

	2022	2021	2020	2019	2018
Profitability					
Return on equity	19%	12%	-28%	13%	19%
Gross margin	53%	53%	54%	57%	56%
Return on invested capital	12%	13%	22%	24%	25%
Profit margin	15%	13%	20%	19%	21%
Equity ratio					
Equity ratio	71%	63%	57%	69%	73%
Others					
Number of employees (average)	604	617	625	621	624

Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result x 100}}{\text{Revenue}}$
Return on invested capital:	$\frac{\text{EBITA x 100}}{\text{Avg. invested capital excl. goodwill}}$
EBITA:	Operating profit plus amortisation and im-pairment losses on goodwill.
Invested capital excl. goodwill:	Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.
Profit margin:	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Primary activities

The company's main activities are the ownership of the Trepko Group, as well as investing in real estate, shares and other financial assets.

The main activities of the the Trepko Group as a whole consist of development, production and sale of filling and packaging machines for the global food industry.

The products are sold to customers in more than 100 countries on 6 continents.

Development in activities and financial affairs

It was the expectation that the turnover and profit would be unchanged for the year 2022 compared to 2021. Throughout 2022 and especially in the last half of the year, the pandemic however loosened its grip on the market. This allowed for the company's turnover and profit to improve and return to the former level experienced in 2020.

The income statement for the period 01.01.22 31.12.22 accordingly shows a net profit after tax of DKK 74,875 Mill. compared to DKK 40,037 Mill. for the preceding year.

The profit before tax increased to DKK 82,246 Mill. In 2022 from DKK 44,414 Mill. In 2021, and the equity improved to DKK 428,168 Mill. at the end of the year from DKK 356,154 Mill. By the start of the year.

Ongoing discussions with tax authorities continued throughout the year and consumed management resources in both Poland and Denmark. By the end of 2022 a mutual understanding was achieved with the Danish tax authorities and a considerable smoother process is expected going forward. In first quarter of 2023 the groups claim for repayment of 11.846 Mill. with interest was processed and repayment is expected to take place in first half of 2023.

Profit & Loss Account for the Parent Company

The net profit of the parent company – including profits from the daughter companies and before taxes – amounts to DKK 68,073 Mill. for the year 2022 vs. DKK 35,341 Mill. for the previous year. The board of directors considers the result as being satisfactory.

Outlook

The Trepko Group has a strong position on the global market in terms of product range, quality and price, and the Group continues to show high solvency at a time when an increasing number of competitors are facing substantially financial problems. No doubt that Trepko´s extremely high solvency – the highest in the industry – has a strong impact on many customers’ preference for Trepko as their supplier, when making considerable capital investments with a life expectancy of up to 20 years.

Resources are continuously allocated to product developments, and with international exhibitions resuming activity, Trepko has an impressive pipeline of products ready to be launched in 2023 and 2024.

The Trepko Group remains open minded for the acquisition of small and medium sized companies whose products constitute a natural supplement to the Trepko Group´s present product range – or companies, which in other ways might contribute to a strengthening of Trepko´s global market position. As part of this strategy, the Trepko Group has during the previous years made acquisitions of Unipak and Hugart Filling Machines (Poland), Filmatic (South Africa), Regal and KDR Engineering (UK), Mecopak (Sweden), and finally of Brasholanda, (Brazil).

The Trepko Group has the necessary capital strength and financial resources to make any such desired acquisitions, and will continue to do so following it's acquisition strategy: acquiring companies', whose geographical market or products will complement Trepko's existing markets or product range, and thus help build the Trepko brand as previously acquired companies have.

For the Trepko Group in general, the stock of orders (backlog) were acceptable upon entering into 2023. An unchanged revenue and profit level is expected for the year 2023.

Knowledge resources

In order to be able to develop and supply Trepko's solutions it is crucial for the company that it is able to recruit and maintain employees' with a high education level. It is an ambition for the company to have both the newest knowledge and a quick adaptability. As measurement for this employee turnover and structure are important indicators.

The critical business process connected to supply of machinery to the food industry are service, quality and individual solutions. To ensure that the customer receives the agreed service and machinery, there are demands to the production, to secure that specific methods and procedures can be documented.

Financial risks

Foreign currency risks

Activities outside Denmark are causing the result, cash flows and equity to be influenced by the exchange rates and interest rate movements for a number of currencies. It is the policy of the company to hedge commercial exchange rate exposure. The hedge is primarily done by use of foreign exchange contracts to hedge expected turnover and purchase within the next 12 months. The company does not enter into speculative foreign currency holdings.

Exchange rate adjustments for investments in subsidiaries and associated companies, that are independent entities, are calculated directly into the equity. Relating exchange rate risks are not being covered as it is the company’s opinion that a current hedging of such longterm investments will not be optimal from a total risk and cost perspective.

Supply chain risk

For the manufacturing of machines, the company rely on component supplies. Due to the world wide logistic and manufacturing issues, shortages and increased deliverytimes are experienced for many materials and components required for the manufacturing of Trepko's products. The Trepko Group has identified and initiated additional stock keep of critical components, and it continue to monitor, analyze and maintain these increased stock levels.

Research and development activities

The Trepko Group continues to develop new products aiming at expanding its productline and ensuring its position as a onestopshop within packing machines for the dairy, fats and oil industries. In addition refinement of existing products is carried out on a continuous basis with the goal of ensuring a high quality product offering value for money.

The company does not capitalize development costs because the earnings potential of each development project cannot be reasonably estimated. Moreover, the company's approach to carrying out development projects is designed to keep costs relatively low, which reduces their significance for inclusion in the balance sheet.

Subsequent events

No events, which might have any material influence on the financial situation of the Company, have occurred subsequent to the balance sheet date.

Corporate social responsibility

It is the intention of the management in every possible way to run Trepko within the laws and legislation of the countries in which the company operates.

It is furthermore the intent of the management to insure that the company operates as a responsible company, minimizing any negative impact on stakeholders and the surrounding society as much as possible. The company operates and carries out its activities under consideration of normally accepted principles and business moral ensuring that the company operates in a socially responsible way.

It follows that the company:

- target being an attractive and “happy” workplace for all employees,
- respect and contribute to human rights as defined by UN,

- refrain from involvement in (and work against) corruption and bribes.
- target reducing it’s netenergy consumption

Attractive and “happy” workplace
Throughout the year, the company has continued its efforts to maintain an attractive and “happy” workplace for all its employees. These efforts yield positive results, through periodic personal development meetings between managers and the individual employees. Additionally, the company places a strong emphasis on fostering positive internal relationships among employees through various social events.

The management strongly believes that a positive work environment not only attracts desirable employees but also enhances employee efficiency, and minimize employee turnover. The company recognizes that its employees are its greatest knowledge resources, and it is committed to maintaining a work culture that encourages continuity, growth, innovation, and collaboration for the individual and the organization as a whole

Apart from contributing to the local societies through tax, the group’s local activities provide jobs both directly and with subsuppliers in the local communities. In addition Trepko support initiatives helping children in the local communities where the company has manufacturing facilities.

Respect and contribute to human rights as defined by UN/ refrain from involvement in (and work against) corruption and bribes.
It is crucial for the company's selfrespect to respect and contribute to human rights as defined by the UN and refrain from involvement in (and work against) corruption and bribery. No violations have been reported

Reducing netenergy consumption
The activities of Trepko are characterized by a low degree of influence on the environment. It is Trepko’s intention to continue working on reducing its energy consumption and to furthermore largely move the company towards renewable energy. The management believe that this work will not only enable Trepko to minimize its external impact on the environment, it will also make the company less dependant of energy providers and less impacted by fluctuating energy prices.

Energy prices rose from a high level to a even higher level in 2022. At the same time energy supplies proved very unstable to one factory and threatened to become unstable to other factories. This confirmed that the direction of the company's energy policy is not only of environmental importance but also of significant strategic importance for the company's uninterrupted production and cost minimization.

In 2022 the European factories of the group carefully analyzed their energy consumption and made considerable energy saving investments. Among these initiatives were upgrading to more energy efficient furnaces, adaption of systems for better heat distribution, adaption of programmable thermostats, improved insulation of buildings and measures for power reductions outside of working hours.

For 2023 investment budgets in Europe and South Africa has been made for more than doubling the groups already impressive solar capacity. An expansion from 630 kilo watt to 1.5 mega watt is thereby scheduled to take place in 2023, provided local regulation and bureaucracy don't delay the efforts. With the planned expansion completed the group as a whole target to be 64% selfsufficient in regards to electric power.

In adition to the above the holding company and the ultimate owners of Trepko has invested in solar harvesting through the company Obton. The total investment made outside Trepko generate 2.5 mega watt. The group as a whole is thereby a net producer targeted to have a total yearly production of 4 mega watt by 2024 of which only 60% is dedicated for the companys own manufacturing.

Future work with social responsibility

Trepko contiues to operate in a responsible manner, minimizing the negative impact on its Stakeholders and sorrunding society to the greatest extent possible. The management will continuously evaluate the need for formalized policies and guide lines.

Gender diversity

Target figures for the supreme management body

In the parent company the gender ratio on the Board of Directors is 33% female. This is an equal gender ratio, which the shareholders currently has no intention of changing.

Other management levels

It is the Trepko Group´s policy to recruit the Board of Directors, as well as staff for any other position, based on relevant qualifications. The candidates gender, race, nationality and sexual preference are therefore not a consideration in the recruitment process.

The company refrain from putting a target ratio for any underrepresented group in any part of the company, as this would be a violation of the recruitment policy, and is therefore only done in subsidiaries where specifically required by law.

Taxpolicy

It is and has always been the policy of Trepko to pay tax on profit as per the rules and regulations in the countries where the company has its local activities. The company has not “taxoptimized” its activities.

As tax authorities around the world intensify their hunt for revenue, management resources have become increasingly occupied with entertaining these authorities in certain countries. The company fears that this is a tendency that will continue the coming years. In order to insure that management resources are devoted to their intended purpose, it is therefore the policy of the group to permanently stop or heavily reduce investments in group companies experiencing unreasonable scrutiny comparable to harassment from local authorities.

Data ethics

The market for the company's products is narrow, and does not leave the company much room for performing data analysis on its potential and current customers. It follows that the company does not analyse such data using algorithms, and such analysis are not an integrated part of the company's business strategy.

Income statement

Note		Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000
2	**Revenue**	**330,090**	**310,217**	**188**	**180**
	Other operating income	1,808	4,329	0	0
	Costs of raw materials and consumables	-107,919	-95,443	0	0
	Property costs	-1,747	-2,152	-51	-41
	Other external expenses	-47,745	-53,392	-921	-316
	Gross result	**174,487**	**163,559**	**-784**	**-177**
3	Staff costs	-116,359	-113,298	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**58,128**	**50,261**	**-784**	**-177**
	Depreciation and impairments losses of property, plant and equipment	-5,954	-6,976	0	0
	Profit/loss before fair value adjustments	**52,174**	**43,285**	**-784**	**-177**
	Fair value adjustment of investment properties	-1,984	48	0	48
	Other operating expenses	-272	-3,808	0	0
	Operating profit/loss	**49,918**	**39,525**	**-784**	**-129**
5	Income from equity investments in group enterprises	0	0	66,255	30,861
6	Financial income	41,773	9,073	2,867	5,165
7	Financial expenses	-6,445	-4,184	-265	-556
	Profit before tax	**85,246**	**44,414**	**68,073**	**35,341**
	Tax on profit for the year	-10,371	-4,377	7,029	3,575
	Profit for the year	**74,875**	**40,037**	**75,102**	**38,916**

8 Proposed appropriation account

Balance sheet

ASSETS

Note		Group 31.12.22 DKK '000	Group 31.12.21 DKK '000	Parent 31.12.22 DKK '000	Parent 31.12.21 DKK '000
	Acquired rights	484	495	0	0
9	**Total intangible assets**	**484**	**495**	**0**	**0**
	Land and buildings	70,659	68,526	0	0
	Investment properties	143,740	143,740	2,290	2,290
	Other fixtures and fittings, tools and equipment	21,214	21,347	0	0
	Prepayments for property, plant and equipment	1,653	2,240	0	0
10	**Total property, plant and equipment**	**237,266**	**235,853**	**2,290**	**2,290**
11	Equity investments in group enterprises	0	0	323,685	273,909
11	Other investments	1,161	2,624	1,161	2,624
12	Other receivables	17,538	19,602	16,471	18,074
	Total investments	**18,699**	**22,226**	**341,317**	**294,607**
	Total non-current assets	**256,449**	**258,574**	**343,607**	**296,897**
	Raw materials and consumables	35,598	32,639	0	0
	Work in progress	6,095	4,590	0	0
	Manufactured goods and goods for resale	19,025	18,449	0	0
	Prepayments for goods	8,889	11,487	0	0
	Total inventories	**69,607**	**67,165**	**0**	**0**
13	Work in progress for third parties	48,515	23,129	0	0
	Trade receivables	81,515	75,244	0	0
	Deferred tax asset	13,992	13,545	24,723	19,682
	Income tax receivable	13,654	14,863	14,079	14,414
	Other receivables	9,777	3,848	0	156
14	Prepayments	5,484	1,697	0	0
	Total receivables	**172,937**	**132,326**	**38,802**	**34,252**
	Other investments	42,009	41,633	41,894	41,518
	Total securities and equity investments	**42,009**	**41,633**	**41,894**	**41,518**
	Cash	**63,262**	**68,156**	**12,718**	**1,263**
	Total current assets	**347,815**	**309,280**	**93,414**	**77,033**
	Total assets	**604,264**	**567,854**	**437,021**	**373,930**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.22 DKK '000	Group 31.12.21 DKK '000	Parent 31.12.22 DKK '000	Parent 31.12.21 DKK '000
15	Share capital	5,000	5,000	5,000	5,000
	Revaluation reserve	10,904	11,447	0	0
	Reserve for net revaluation according to the equity method	0	0	300,073	250,297
	Foreign currency translation reserve	-18,517	-17,962	0	0
	Cash flow hedging reserve	2,264	-204	0	0
	Retained earnings	343,518	352,873	38,095	95,856
	Proposed dividend for the financial year	85,000	5,000	85,000	5,000
	Equity attributable to owners of the parent	**428,169**	**356,154**	**428,168**	**356,153**
16	Non-controlling interests	3,737	6,149	0	0
	Total equity	**431,906**	**362,303**	**428,168**	**356,153**
17	Provisions for pensions and similar obligations	3,392	3,454	0	0
18	Provisions for deferred tax	1,618	1,280	0	0
19	Other provisions	1,614	2,644	0	0
	Total provisions	**6,624**	**7,378**	**0**	**0**
20	Mortgage debt	68,046	93,690	851	907
20	Payables to other credit institutions	0	3,654	0	0
20	Other payables	3,758	0	0	0
20	Deferred income	1,909	0	0	0
	Total long-term payables	**73,713**	**97,344**	**851**	**907**
20	Short-term part of long-term payables	4,328	1,504	59	59
	Payables to other credit institutions	5,066	730	0	0
13	Prepayments received from work in progress for third parties	41,443	48,884	0	0
	Prepayments received from customers	197	0	0	0
	Trade payables	12,989	11,417	253	156
	Payables to group enterprises	0	0	7,404	4,354
	Deposits	2,868	3,552	45	44
	Income taxes	3,223	181	0	0
	Other payables	17,703	29,406	241	12,257
	Deferred income	4,204	5,155	0	0
	Total short-term payables	**92,021**	**100,829**	**8,002**	**16,870**
	Total payables	**165,734**	**198,173**	**8,853**	**17,777**
	Total equity and liabilities	**604,264**	**567,854**	**437,021**	**373,930**

Balance sheet

21 Fair value information
22 Derivative financial instruments
23 Contingent liabilities
24 Charges and security
25 Related parties

Figures in DKK '000	Share capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:										
Statement of changes in equity for 01.01.21 - 31.12.21										
Balance as at 01.01.21	5,000	11,864	0	-20,084	-1,163	317,610	5,000	318,227	7,249	325,476
Foreign currency translation adjustment of foreign enterprises	0	0	0	2,122	0	0	0	2,122	73	2,195
Fair value adjustment of hedging instruments	0	0	0	0	959	0	0	959	0	959
Dividend paid	0	0	0	0	0	0	-5,000	-5,000	-2,294	-7,294
Other changes in equity	0	-417	0	0	0	1,347	0	930	0	930
Net profit/loss for the year	0	0	0	0	0	33,916	5,000	38,916	1,121	40,037
Balance as at 31.12.21	5,000	11,447	0	-17,962	-204	352,873	5,000	356,154	6,149	362,303

Figures in DKK '000	Share capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22										
Balance as at 01.01.22	5,000	11,447	0	-17,962	-204	352,873	5,000	356,154	6,149	362,303
Foreign currency translation adjustment of foreign enterprises	0	0	0	-555	0	0	0	-555	-15	-570
Fair value adjustment of hedging instruments	0	0	0	0	2,468	0	0	2,468	0	2,468
Dividend paid	0	0	0	0	0	0	-5,000	-5,000	-2,170	-7,170
Other changes in equity	0	-543	0	0	0	543	0	0	0	0
Net profit/loss for the year	0	0	0	0	0	-9,898	85,000	75,102	-227	74,875
Balance as at 31.12.22	5,000	10,904	0	-18,517	2,264	343,518	85,000	428,169	3,737	431,906

Statement of changes in equity

Figures in DKK '000	Share capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Parent:										
Statement of changes in equity for 01.01.21 - 31.12.21										
Balance as at 01.01.21	5,000	0	262,389	0	0	45,837	5,000	318,226	0	318,226
Foreign currency translation adjustment of foreign enterprises	0	0	2,122	0	0	0	0	2,122	0	2,122
Distributed dividend from group enterprises	0	0	-46,964	0	0	46,964	0	0	0	0
Fair value adjustment of hedging instruments	0	0	959	0	0	0	0	959	0	959
Dividend paid	0	0	0	0	0	0	-5,000	-5,000	0	-5,000
Other changes in equity	0	0	930	0	0	0	0	930	0	930
Net profit/loss for the year	0	0	30,861	0	0	3,055	5,000	38,916	0	38,916
Balance as at 31.12.21	5,000	0	250,297	0	0	95,856	5,000	356,153	0	356,153

Figures in DKK '000	Share capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22										
Balance as at 01.01.22	5,000	0	250,297	0	0	95,856	5,000	356,153	0	356,153
Foreign currency translation adjustment of foreign enterprises	0	0	-555	0	0	0	0	-555	0	-555
Distributed dividend from group enterprises	0	0	-18,392	0	0	18,392	0	0	0	0
Fair value adjustment of hedging instruments	0	0	2,468	0	0	0	0	2,468	0	2,468
Dividend paid	0	0	0	0	0	0	-5,000	-5,000	0	-5,000
Net profit/loss for the year	0	0	66,255	0	0	-76,153	85,000	75,102	0	75,102
Balance as at 31.12.22	5,000	0	300,073	0	0	38,095	85,000	428,168	0	428,168

Consolidated cash flow statement

Note		Group 2022 DKK '000	Group 2021 DKK '000
	Profit for the year	**74,875**	**40,037**
26	Adjustments	-13,316	11,815
	Change in working capital:		
	Inventories	-1,998	-10,836
	Receivables	-41,533	11,870
	Trade payables	1,572	939
	Other payables relating to operating activities	-20,259	-5,954
	Other provisions	-1,030	1,434
	Cash flows from operating activities before net financials	**-1,689**	**49,305**
	Interest income and similar income received	9,425	4,442
	Interest expenses and similar expenses paid	-3,928	-4,084
	Income tax paid	-4,911	-5,540
	Cash flows from operating activities	**-1,103**	**44,123**
	Purchase of intangible assets	-419	-381
	Purchase of property, plant and equipment	-10,152	-5,335
	Sale of property, plant and equipment	175	549
	Purchase of securities and equity investments	0	-6,000
	Sale of securities and equity investments	1,463	5,027
	Dividend recieved	1,620	1,365
	Loans	2,036	-297
	Dividend recieved	1,463	1,819
	Cash flows from investing activities	**-3,814**	**-3,253**
	Dividend paid	-7,170	-7,294
	Repayment of mortgage debt	-2,024	-892
	Arrangement of payables to credit institutions	4,336	0
	Repayment of payables to credit institutions	-860	-35,135
	Repayment of other long-term payables	5,741	0
	Cash flows from financing activities	**23**	**-43,321**
	Total cash flows for the year	**-4,894**	**-2,451**
	Cash, beginning of year	68,156	68,894
	Short-term payables to credit institutions, beginning of year	0	1,713
	Cash, end of year	**63,262**	**68,156**
	Cash, end of year, comprises:		
	Cash	63,262	68,156
	Total	**63,262**	**68,156**

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

		Group		Parent	
Special items:	Recognised in the income statement in:	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Capital gains, debt obligations	Financial income	29,860	0	0	0
Amortized exchange rate loss, etc. when refinancing investment properties	Financial expenses	-2,855	0	0	0
Total		27,005	0	0	0

2. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

	Group		Parent	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Revenue comprises the following activities:				
Revenue, sales and services	320,730	301,118	0	0
Revenue, rental income from investment property	9,360	9,099	188	180
Total	330,090	310,217	188	180
Revenue comprises the following geographical markets:				
Europa	151,139	182,603	188	180
Africa	111,736	68,986	0	0
North and South America	29,911	49,656	0	0
Asia and middeleast	33,608	4,682	0	0
Others countries	3,696	4,290	0	0
Total	330,090	310,217	188	180

	Group		Parent	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000

3. Staff costs

Wages and salaries	99,773	97,526	0	0
Pensions	1,386	2,046	0	0
Other social security costs	15,200	13,726	0	0
Total	116,359	113,298	0	0
Average number of employees during the year	604	617	0	0

4. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	917	887	105	105
Other services	375	293	81	86
Total	1,292	1,180	186	191

5. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	66,255	30,861

6. Financial income

Other interest income	534	867	369	400
Other financial income	41,239	8,206	2,498	4,765
Total	41,773	9,073	2,867	5,165

	Group		Parent	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000

7. Financial expenses

Other interest expenses	3,706	1,287	42	19
Other financial expenses	2,739	2,897	223	537
Total	6,445	4,184	265	556

8. Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	66,255	30,861
Proposed dividend for the financial year	85,000	5,000	85,000	5,000
Non-controlling interests	-227	1,121	0	0
Retained earnings	-9,898	33,916	-76,153	3,055
Total	74,875	40,037	75,102	38,916

9. Intangible assets

Figures in DKK '000	Completed development projects	Acquired rights	Goodwill
Group:			
Cost as at 01.01.22	2,261	6,378	14,733
Foreign currency translation adjustment of foreign enterprises	-41	-238	201
Additions during the year	0	419	0
Disposals during the year	0	-1,708	0
Cost as at 31.12.22	2,220	4,851	14,934
Amortisation and impairment losses as at 01.01.22	-2,261	-5,884	-14,733
Foreign currency translation adjustment of foreign enterprises	41	243	-201
Amortisation during the year	0	-434	0
Reversal of amortisation of and impairment losses on disposed assets	0	1,708	0
Amortisation and impairment losses as at 31.12.22	-2,220	-4,367	-14,934
Carrying amount as at 31.12.22	0	484	0

10. Property, plant and equipment

Figures in DKK '000	Land and buildings	Investment properties	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment
Group:				
Cost as at 01.01.22	65,251	135,130	78,064	2,240
Foreign currency translation adjustment of foreign enterprises	-226	0	-1,376	0
Additions during the year	3,851	1,984	4,904	1,653
Disposals during the year	0	0	-1,531	-2,240
Cost as at 31.12.22	68,876	137,114	80,061	1,653
Revaluations as at 01.01.22	15,939	0	0	0
Foreign currency translation adjustment of foreign enterprises	-55	0	0	0
Revaluations as at 31.12.22	15,884	0	0	0
Depreciation and impairment losses as at 01.01.22	-12,664	0	-56,717	0
Foreign currency translation adjustment of foreign enterprises	87	0	949	0
Depreciation during the year	-1,524	0	-4,567	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	1,488	0
Depreciation and impairment losses as at 31.12.22	-14,101	0	-58,847	0
Fair value adjustments as at 01.01.22	0	8,610	0	0
Fair value adjustments during the year	0	-1,984	0	0
Fair value adjustments as at 31.12.22	0	6,626	0	0
Carrying amount as at 31.12.22	70,659	143,740	21,214	1,653
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.12.22	59,265	0	0	0

10. Property, plant and equipment - continued -

Figures in DKK '000	Land and buildings	Investment properties	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment
Parent:				
Cost as at 01.01.22	0	2,946	0	0
Cost as at 31.12.22	0	2,946	0	0
Fair value adjustments as at 01.01.22	0	-656	0	0
Fair value adjustments as at 31.12.22	0	-656	0	0
Carrying amount as at 31.12.22	0	2,290	0	0

11. Investments

Figures in DKK '000	Equity investments in group enterprises	Other investments
Group:		
Cost as at 01.01.22	0	2,624
Disposals during the year	0	-1,463
Cost as at 31.12.22	0	1,161
Carrying amount as at 31.12.22	0	1,161
Parent:		
Cost as at 01.01.22	70,576	2,624
Disposals during the year	0	-1,463
Cost as at 31.12.22	70,576	1,161
Revaluations as at 01.01.22	203,333	0
Foreign currency translation adjustment of foreign enterprises	-555	0
Net profit/loss from equity investments	66,255	0
Dividend relating to equity investments	-18,392	0
Fair value adjustment of hedging instruments	2,468	0
Revaluations as at 31.12.22	253,109	0
Carrying amount as at 31.12.22	323,685	1,161

Name and registered office:	Ownership interest	Equity DKK'000	Net profit/loss for the year DKK'000	Recognised value DKK'000
Subsidiaries:				
Trepko A/S, Ballerup	100%	241,073	38,077	241,073
Trepko S.A., Gniezno	28%	159,790	28,383	44,741
Kinogården A/S, Ballerup	100%	17,262	5,051	17,262
Sct. Knuds Park ApS, Ballerup	100%	20,935	10,729	20,935
Svanebakken ApS, Frederiksberg	100%	9,384	4,816	9,384
Intern avance og regulering til koncernpraksis, Danmark	100%	-9,710	0	-9,710

The parent owns 28% of TrepkoS.A. Gniezno. The subsidiary Trepko A/S holds the remaining 72 % of the company capital. Consequently, the parent exercises control of the company, and company is therefore classified as a subsidiary.

12. Other non-current financial assets

Figures in DKK '000	Other receivables
Group:	
Cost as at 01.01.22	225,067
Foreign currency translation adjustment of foreign enterprises	-28
Disposals during the year	-2,036
Cost as at 31.12.22	223,003
Impairment losses as at 01.01.22	-205,465
Impairment losses as at 31.12.22	-205,465
Carrying amount as at 31.12.22	17,538

12. Other non-current financial assets - continued -

Figures in DKK '000	Other receivables
Parent:	
Cost as at 01.01.22	223,539
Disposals during the year	-1,603
Cost as at 31.12.22	221,936
Impairment losses as at 01.01.22	-205,465
Impairment losses as at 31.12.22	-205,465
Carrying amount as at 31.12.22	16,471

	Group		Parent	
	31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000
13. Work in progress for third parties				
Work in progress for third parties	68,031	47,692	0	0
On-account invoicing	-60,959	-73,447	0	0
Total work in progress for third parties	7,072	-25,755	0	0
Work in progress for third parties	48,515	23,129	0	0
Prepayments received from work in progress for third parties, short-term payables	-41,443	-48,884	0	0
Total	7,072	-25,755	0	0

	Group		Parent	
	31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000

14. Prepayments

Prepaid insurance premiums	0	94	0	0
Prepayments consist of paments received from customers on long term projects	5,484	1,603	0	0
Total	5,484	1,697	0	0

15. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share class A	1,000	1,000
Share class B	4,000	4,000
Total		5,000

	Group		Parent	
	31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000

16. Non-controlling interests

Non-controlling interests, beginning of year	6,149	7,249	0	0
Foreign currency translation adjustment of foreign enterprises	-15	73	0	0
Dividend paid	-2,170	-2,294	0	0
Net profit/loss for the year (distribution of net profit)	-227	1,121	0	0
Total	3,737	6,149	0	0

17. Provisions for pensions and similar obligations

The provision for pension obligations only concerns the group companies in Poland as the other pension plans are defined contribution plans where the pension obligation is incumbent on the individual insurance company and where the group does not have obligations towards the employees when they leave the group.

18. Deferred tax

Provisions for deferred tax as at 01.01.22	12,266	9,607	19,682	19,927
Deferred tax recognised in the income statement	451	2,821	5,041	-245
Deferred tax recognised in equity	-343	-163	0	0
Provisions for deferred tax as at 31.12.22	12,374	12,265	24,723	19,682
Deferred tax is recognized in the balance sheet as:				
Deferred tax asset	13,992	13,545	24,723	19,682
Provisions for deferred tax	-1,618	-1,280	0	0
Total	12,374	12,265	24,723	19,682

The parent company has per 31.12.22 recognized a deferred tax asset of t.DKK 24,723, which primarily can be attributed to tax losses carried forward. The deferred tax asset is recognized on the basis of expectations of positive operating results for the coming years. For the group, deferred tax on investment properties included in the joint taxation has been set off with t.DKK 5,842 as well as corporation tax in the joint taxation.

19. Other provisions

Figures in DKK '000	Warranty commitments
Group:	
Provisions as at 01.01.22	2,644
Applied during the year	-1,614
Provisions during the year	584
Provisions as at 31.12.22	1,614

	31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000
Other provisions are expected to be distributed as follows:				
Non-current liabilities	861	1,866	0	0
Current liabilities	753	778	0	0
Total	1,614	2,644	0	0

Other provisions consist only of warranty commitments.

20. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Group:				
Mortgage debt	819	64,587	68,865	94,529
Payables to other credit institutions	3,459	0	3,459	4,319
Other payables	0	0	3,758	0
Deferred income	50	1,711	1,959	0
Total	4,328	66,298	78,041	98,848
Parent:				
Mortgage debt	59	684	910	966
Total	59	684	910	966

Deferred income consists of a public subsidy received for a development project.

21. Fair value information

Figures in DKK '000	Investment properties	Derivative financial instruments	Total
Group:			
Fair value as at 31.12.22	143,740	2,391	146,131
Unrealised changes of fair value recognised in the income statement for the year	-1,984	2,133	149
Parent:			
Fair value as at 31.12.22	2,290	0	2,290
Unrealised changes of fair value recognised in the income statement for the year	0	0	0

The company uses the normal earnings method to determine the fair value of the investment property.

Determination of fair value is based on an expected normalized operating profit and a required return of 5,00-6,25 %. The required rate of return is determined taking into account the property's location, age, state of maintenance and degree of occupancy, including terms and conditions in leases.

On the balance sheet date, leases have been entered into on all leases. Leases are entered into on the usual terms of the Lease Act. Operating costs are estimated based on the costs that are expected to be incurred for the operation of the investment property in a normal year, including costs for repairs and maintenance to maintain the property in its current state of maintenance.

No external appraiser has been used in determining the fair value of the investment property.

Currency forward contracts are valued according to generally accepted valuation techniques based on relevant observable swap curves and exchange rates. Both externally calculated fair values based on discounting of future cash flows are used. The statement does not include own credit risk, as it is assessed to be neutral for the report.

22. Derivative financial instruments

Group:

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial nstruments. The enterprise concludes contracts for the sole purpose of hedging the currency risk on the future sale/purchase of goods in foreign currency (PLN, USD, EUR, GBP). Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

Group companies: 012 months gross amount of forward exchange contracts DKK 34.9 Mill.

23. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of total DKK 2.2 Mill.

Guarantee commitments

The group has provided usual guarantee on repair on sold equipment. Guarantee cost are charged to the profit and loss account as incured.

Parent:

Guarantee commitments

The company has provided a guarantee for the the subsidaries mortage debt. The guarantee towards the subsidaries is at DKK 57,925 Mill. At the balance sheet date the total debt amounts to DKK 57,697 Mill.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The group is involved in a tax case with the Danish tax authorities. The Danish tax authorities have increased the group's Danish income. The group has appealed the decision. The management does not expect that the tax case will have a significant impact on the total tax payment in the group, but in order to avoid interest surcharges on any Danish increase, the tax on the increases has been paid.

24. Charges and security

Group:

The group has issued mortgage deeds registered to the mortgagor in the total amount of DKK 68,921 Mill secured upon investment properties with a carrying amount of DKK 143,740 Mill.

Parent:

The company has issued mortgage deeds registered to the mortgagor in the total amount of DKK 0,965 Mill secured upon investment properties with a carrying amount of DKK 2,290 Mill.

25. Related parties

Controlling influence	Basis of influence
Hans Christian Hansen, Freeport, The Bahamas	Kapitalejer
Jesper Bjørn Hansen, Freeport, The Bahamas	Kapitalejer
Christian Pihl Hansen, Florida, USA	Kapitalejer
Mathias Pihl Hansen, California USA	Kapitalejer

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

26. Adjustments for the cash flow statement

Other operating income	-115	-38
Depreciation and impairments losses of property, plant and equipment	5,954	6,976
Fair value adjustment of investment properties	1,984	-48
Financial income	-41,773	-9,072
Financial expenses	6,444	4,185
Tax on profit or loss for the year	10,371	4,377
Other adjustments	3,819	5,435
Total	-13,316	11,815

27. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Change in accounting policies

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

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.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

27. Accounting policies - continued -

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

In the acquired company (2020), the investment property is measured at fair value at the time of acquisition. Reference is made to the company's accounting practices in the section "Investment properties"

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis based on the actual ownership interest in the acquired equity investments.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets to the extent that an existing enterprise (activity) is acquired. Where the acquisition is effected by the acquisition of equity investments in another enterprise, goodwill is recognised under intangible assets in the consolidated financial statements and under equity investments in subsidiaries in the parent's balance sheet. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

27. Accounting policies - continued -

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

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

27. Accounting policies - continued -

LEASES

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

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

INCOME STATEMENT

Revenue

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

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

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

27. Accounting policies - continued -

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Property costs

Property costs comprise costs relating to property management, including repair and maintenance costs, real property taxes, insurance, overhead costs and other costs.

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
Completed development projects	3-10	
Acquired rights	3-10	
Goodwill	3-10	
Buildings	30	0-70
Leasehold improvements	3-10	
Other plant, fixtures and fittings, tools and equipment	3-10	0-10

Land is not depreciated.

Investment properties are not depreciated.

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

27. Accounting policies - continued -

the 'Impairment losses on fixed assets' section.

Write-downs of current assets exceeding normal write-downs

Write-downs of current assets exceeding normal write-downs comprise write-downs of inventories, trade receivables and other current assets that due to their nature or size or otherwise due to the affairs of the enterprise are considered to exceed normal write-downs.

Fair value adjustment of investment properties

Unrealised value adjustments of investment properties and realised gains and losses on the sale of assets are recognised in the fair value adjustment of investment properties.

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 entreprises and associates

For equity investments in subsidiaries that in the parent are 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 and associates 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, gains and losses on other securities and equity investments etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Dividends from other equity investments are recognised as income in the financial year in which the dividend is declared.

27. Accounting policies - continued -

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. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

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

Intangible assets

Completed development projects

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation and impairment losses’ section.

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation and impairment losses’ section.

27. Accounting policies - continued -

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of intangible assets

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

Property, plant and equipment

Investment properties

Investment properties comprise investments in land and buildings for the purpose of earning a return on such investments in the form of regular operating income and capital gains on sale. Investment properties are recognised at cost at the date of acquisition. Cost comprises the purchase price plus expenses resulting directly from the purchase until the asset is ready for use. Investment properties are subsequently measured at fair value with value adjustments in the income statement. The fair value is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has not been used to determine the fair value.

Other property, plant and equipment

Other property, plant and equipment comprise land and buildings, leasehold improvements as well as other fixtures and fittings, tools and equipment.

Other property, plant and equipment are measured in the balance sheet at cost, for land and buildings with revaluation at fair value recognised under the revaluation reserve in equity, however, and less accumulated depreciation and impairment losses. The fair value for land and buildings is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has not been used to determine the fair value.

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.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

27. Accounting policies - continued -

Other 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.

Prepayments for property, plant and equipment

Prepayments for property, plant and equipment comprise prepayments to suppliers.

Gains and losses on the disposal of property, plant and equipment

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 entreprises

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

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

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. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On 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.

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.

27. Accounting policies - continued -

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.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

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.

27. 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.

Other investments

Other securities are measured at fair value, equivalent to the market value at the balance sheet date.

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost. Other equity investments classified as current assets are written down to the lower of cost and net realisable value. Other equity investments that are traded in an active market are measured at fair value, equivalent to the market value at the balance sheet date.

Cash

Cash includes deposits in bank accounts as well as operating cash.

27. **Accounting policies** - continued -

Equity

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

Revaluation reserve comprises in the financial statements of the parent revaluation of land and buildings at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent 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 reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Provisions

Pension obligations are measured in the balance sheet on the basis of actuarial computations to the extent that such obligations are not covered by insurance (defined benefit plans). Actuarial gains and losses on defined benefit plans are recognised directly in equity under retained earnings.

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of

27. Accounting policies - continued -

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

Deposits recognised under liabilities comprise deposits received from lessees under the company's leases.

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.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent

27. Accounting policies - continued -

financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

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