Schmitz Cargobull Danmark A/S

Europavej 1, DK-6330 Padborg

Annual Report for
1 April 2022 - 31 March 2023

CVR No. 13 68 43 75

The Annual Report was presented and adopted at the Annual General Meeting of the company on 8/9 2023

Stefan Robert KettelerEising
Chairman of the general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Schmitz Cargobull Danmark A/S for the financial year 1 April 2022 - 31 March 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2023 of the Company and of the results of the Company operations and cash flows for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Padborg, 8 September 2023

Executive Board

Flemming Laasholdt CEO	Stefan Robert Ketteler-Eising Chief Financial Officer

Board of Directors

Andreas Bernhard Busacker Chairman	Boris Billich	Leoni Nathaus

Independent Auditor's report

To the shareholder of Schmitz Cargobull Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company´s operations and cash flows for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Schmitz Cargobull Danmark A/S for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies (”the Financial Statements”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the ”Auditor’s responsibilities for the audit of the Financial Statements” section of our report. We are independent of the 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 on Management’s Review

Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management’s Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management’s Review.

Management’s responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the 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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s 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.

Trekantområdet, 8 September 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant
mne30224

Company information

The Company	Schmitz Cargobull Danmark A/S Europavej 1 DK-6330 Padborg CVR No: 13 68 43 75 Financial period: 1 April 2022 - 31 March 2023 Incorporated: 24 November 1989 Financial year: 33th financial year Municipality of reg. office: Aabenraa, Denmark
Board of Directors	Andreas Bernhard Busacker, chairman Boris Billich Leoni Nathaus
Executive Board	Flemming Laasholdt Stefan Robert Ketteler-Eising
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	564,255	402,855	398,678	484,732	543,997
Gross profit/loss	58,957	46,163	38,377	38,516	37,246
Profit/loss before financial income and expenses	21,298	10,782	7,171	5,230	11,121
Profit/loss of financial income and expenses	-1,932	-382	-705	-1,373	-1,495
Net profit/loss	15,299	10,614	5,009	5,282	4,626
Balance sheet					
Balance sheet total	202,009	178,809	188,633	211,888	234,050
Equity	71,584	56,285	45,671	40,662	35,380
Cash flows					
Cash flows from:					
- operating activities	-1,440	17,241	28,882	55,421	-39,356
- investing activities	4,553	-4,113	6,796	-16,529	-19,614
- financing activities	4,542	-10,173	-35,541	-38,423	57,890
Change in cash and cash equivalents for the year	7,655	2,955	137	469	-1,080
Number of employees	50	46	39	41	39
Ratios					
Gross margin	10.4%	11.5%	9.6%	7.9%	6.8%
Return on assets	10.5%	6.0%	3.8%	2.5%	4.8%
Solvency ratio	35.4%	31.5%	24.2%	19.2%	15.1%
Return on equity	23.9%	20.8%	11.6%	13.9%	14.0%

See the description under accounting policies.

Management's review

Key activities

The Company's main activity is to trade with new and used semi-trailers, trailers and truck-bodies as well as spare parts and service products from Schmitz Cargobull, in addition operation of own workshop.

The past year and follow-up on development expectations from last year

The income statement of the Company for 2022/23 shows a profit before tax of TDKK 19,366, and at 31 March 2023 the balance sheet of the Company shows positive equity of TDKK 71,584.

The financial year 2022/23 was again a challenging year. After the Covid-19 pandemic situation was developing to an endemic, the business year 2022/23 started under the influence of the Ukraine / Russia conflict bringing back uncertainty into the European economy development. A high inflation needed to be managed especially under long lead times between order and delivery.

Nevertheless and based on the high order backlog from 2021/22 the Danish market for trailers in the Schmitz Cargobull's core segment increased again by 32% from approx. 4,000 semitrailers in 2021/22 to more the 5,200 semitrailers in 2022/23. Schmitz Cargobull has kept its good market share and therefore increased the number of registered units according to market growth. Based on the political situation in Europe we see a small downturn in demand for new trailers in the industry, which has optimized the situation with lead times to a normal level. Still material costs are on a high level and have been increased additionally during the last year. Therefore the demand for short-term rental and used trailer was still extraordinary high, leading to empty yards for used and rental trailers.

Based on that, the turnover for Schmitz Cargobull Danmark A/S has increased from TDKK 402,855 in 2021/22 to TDKK 564,255 and the profit before tax has doubled from TDKK 10,400 in 2021/22 to TDKK 19,366.

Management's expectations for the year 2023/23 of the operative business in terms of result have been overachieved, but the very ambitious sales targets have not been reached based on material availability at the beginning of the financial year.

The current business level is high but the outlook for next financial year is still challenging as the uncertainty in the EU markets and development of inflation will lead to a postponement of demand for trailers from our customers.

Market risks

The Company is exposed to general price risks and the high inflation has also affected the Company during the year. The significant price fluctuations have only been partly recognized in the price of the goods.

Foreign exchange risks

The Company's activity abroad means that result, cash flow and equity are affected by the development in the exchange rate of Euro primarily, but with no major currency fluctuations. There are no derivate financial instruments to cover currency risks.

Targets and expectations for the year ahead

Based on the uncertainty in the market we expect a decrease in the trailer market in Denmark for the next financial year. Based on inflation and increasing business in services we are expecting a slightly decrease in turnover with a budget of TDKK 560,000 and a result before tax of TDKK 4,200 for the upcoming year 2023/24. The demand for used trailers and the utilization of the rental fleet is highly depending on the Danish economy and needs to be under focus.

The inflation on overhead costs and future investments into the market, might reduce profitability. The purchasing risk for the Schmitz Cargobull Group due to shortage of raw materials, increase pricing and interrupts of supply chains need again higher sales prices to keep current margins. The increasing interest rates will additionally increase the cost for our customers with an SCB or external vendor financing.

Statement of corporate social responsibility

Business model
Schmitz Cargobull Danmark A/S is part of Schmitz Cargobull Group. Schmitz Cargobull Danmark A/S' ultimate Parent Company is Schmitz Cargobull AG in Horstmar, Germany. Schmitz Cargobull Danmark A/S has 50 employees, and the Company operates mainly within Danish borders. The Company's principal activities is to trade with new and used semi-trailers, trailers and truck bodies as well as spare parts and service products from Schmitz Cargobull, in addition operation of own workshop.

Risk analysis
Schmitz Cargobull Danmark A/S operates in wellregulated markets where relatively clear CSR guidelines are laid down by legislation and voluntary agreements. In the Danish market, the area relating to employee conditions is, to a great extent, regulated by collective agreements between employees and employers. Danish environmental legislation sets up clear obligations and guidelines for how enterprises are to address different environmental matters, and how enterprises are to handle and treat environmental and climate issues. Moreover, the working environment is regulated by occupational health and safety legislation which also imposes specific requirements on how enterprises are to handle this area. Being a part of the UN, Denmark is subject to international human rights conventions and, consequently, the Company is also obliged to operate within the guidelines described by these conventions. Corruption and bribery are dealt with by the Danish penal code (section 122 and section 299) which states that it is illegal and a criminal offence to engage in corruption and bribery.

As it operates within the guidelines and requirements of Danish and international legislation as described above, the Company assesses that the risk of having a negative impact on environmental, climate, human rights, social and employee matters as well as the risk of corruption and bribery is very limited.

Background for not having policies for individual areas
Based on the Company's business model and based on the Company's principal activities taking place in the Danish market, no material risk is considered to exist of a negative impact on human rights requiring a policy for this area. Furthermore, the Company assesses that its business model does not imply any exposure to corruption and bribery to such an extent that a separate policy for the area is required. Based on the extensive Danish legislation on environmental matters, the Company has assessed that further policies and guidelines will not add value to neither the Company nor society. The need for a policy in the environmental and climate area is therefore considered immaterial. Finally, the Company has not found it necessary to prepare a specific policy for social and employee conditions as the many voluntary agreements and national regulations safeguard the Company's work in the area.

Statement on gender composition

Schmitz Cargobull Danmark A/S wants to be an inclusive workplace without discrimination. Schmitz Cargobull Danmark A/S pursues a diversity target to avoid a noticeably biased gender representation, among employees in general and at the top management levels.

Target figures have been defined for the Board of Directors with respect to the underrepresented gender. Schmitz Cargobull Danmark A/S operates in a male-dominated business, which reflects on the number of male and female employees at all levels. The target figures has been defined to having 33 % female members of the Board of Directors.

The underrepresented gender ratio on the Board of Directors is 33 % at 31 March 2023. The Board of Directors consists of three people, two men and one female. The Company did succed in reaching the target figure and the target figure will be maintained for the coming year.

Additionally, the Company has a policy regarding the gender balance at other executive levels. The Company aims to have the same gender balance at other executive levels as the Board of Directors. The target figure has not been achieved this year as there has been no changes in the other executive levels.

Schmitz Cargobull Danmark A/S considers it a strength to have a strong representation by both genders, and finds that this adds value to the Group's business and business development. We will ensure that, irrespective of gender, both mens and women, are subject to the same qualification requirements based on the Company's needs, including members of the Board of Directors and the other executive levels.

Management's review

Statement on data ethics

It is our assessment that all data in our records are administrated in compliance with current GDPR laws, why no formal data ethical policy is presented.

Unusual events

The financial position at 31 March 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022/23 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 April 2022 - 31 March 2023

	Note	2022/23	2021/22
		TDKK	TDKK
Revenue	1	564,255	402,855
Other operating income		21,397	19,603
Cost of goods sold		-512,833	-365,150
Other external expenses		-13,862	-11,145
Gross profit		**58,957**	**46,163**
Staff expenses	2	-29,824	-26,754
Depreciation and impairment losses of property, plant and equipment		-7,831	-8,365
Other operating expenses		-4	-262
Profit/loss before financial income and expenses		**21,298**	**10,782**
Financial income		420	106
Financial expenses	3	-2,352	-488
Profit/loss before tax		**19,366**	**10,400**
Tax on profit/loss for the year	4	-4,067	214
Net profit/loss for the year	5	**15,299**	**10,614**

Balance sheet 31 March 2023

Assets

	Note	2022/23	2021/22
		TDKK	TDKK
Land and buildings		21,639	22,294
Other fixtures and fittings, tools and equipment		28,073	34,428
Leasehold improvements		29	0
Property, plant and equipment	6	**49,741**	**56,722**
Deposits	7	62	0
Fixed asset investments		**62**	**0**
Fixed assets		**49,803**	**56,722**
Finished goods and goods for resale		55,173	35,006
Inventories		**55,173**	**35,006**
Trade receivables		75,860	68,125
Receivables from group enterprises		2,441	5,975
Other receivables		0	870
Deferred tax asset	8	6,149	7,404
Prepayments	9	825	604
Receivables		**85,275**	**82,978**
Cash at bank and in hand		**11,758**	**4,103**
Current assets		**152,206**	**122,087**
Assets		**202,009**	**178,809**

Balance sheet 31 March 2023

Liabilities and equity

	Note	2022/23	2021/22
		TDKK	TDKK
Share capital		700	700
Retained earnings		70,884	55,585
Equity		**71,584**	**56,285**
Other provisions	10	33,171	31,219
Provisions		**33,171**	**31,219**
Payables to group enterprises		8,332	10,121
Long-term debt	11	**8,332**	**10,121**
Credit institutions		12	0
Prepayments received from customers		885	0
Trade payables		27,786	17,867
Payables to group enterprises		43,595	40,810
Corporation tax		1,891	1,528
Other payables		9,988	18,576
Deferred income	12	4,765	2,403
Short-term debt		**88,922**	**81,184**
Debt		**97,254**	**91,305**
Liabilities and equity		**202,009**	**178,809**

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Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 April	700	55,585	56,285
Net profit/loss for the year	0	15,299	15,299
Equity at 31 March	**700**	**70,884**	**71,584**

Cash flow statement 1 April 2022 - 31 March 2023

	Note	2022/23	2021/22
		TDKK	TDKK
Result of the year		15,299	10,614
Adjustments	13	8,365	4,340
Change in working capital	14	-20,723	3,302
Cash flow from operations before financial items		**2,941**	**18,256**
Financial income		420	106
Financial expenses		-2,352	-487
Cash flows from ordinary activities		**1,009**	**17,875**
Corporation tax paid		-2,449	-634
Cash flows from operating activities		**-1,440**	**17,241**
Purchase of property, plant and equipment		-11,405	-23,352
Fixed asset investments made etc		-62	0
Sale of property, plant and equipment		16,020	19,239
Cash flows from investing activities		**4,553**	**-4,113**
Repayment of payables to group enterprises		0	-10,173
Raising of loans from credit institutions		12	0
Raising of payables to group enterprises		4,530	0
Cash flows from financing activities		**4,542**	**-10,173**
Change in cash and cash equivalents		**7,655**	**2,955**
Cash and cash equivalents at 1 April		4,103	1,148
Cash and cash equivalents at 31 March		**11,758**	**4,103**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		11,758	4,103
Cash and cash equivalents at 31 March		**11,758**	**4,103**

Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK

1. Revenue

	2022/23	2021/22
Geographical segments		
Revenue, Denmark	449,449	315,213
Export sales, EU	86,429	76,075
Export sales, non EU	28,377	11,567
	564,255	**402,855**
Business segments		
Sale of semi-trailers etc.	469,035	301,757
Spare parts	34,162	31,436
Full Service	37,356	45,022
Cargobull Service Center	9,852	6,088
Telematics	3,132	3,889
Rental	10,718	14,663
	564,255	**402,855**

	2022/23	2021/22
	TDKK	TDKK

2. Staff Expenses

	2022/23	2021/22
Wages and salaries	26,074	23,431
Pensions	3,449	3,059
Other social security expenses	301	264
	29,824	**26,754**

Remuneration to the Executive Board amounts to TDKK 1,609 (2021/22: TDKK 1,825) and is settled with the Company and the parent company Schmitz Cargobull AG.

	2022/23	2021/22
Average number of employees	**50**	**46**

	2022/23	2021/22
	TDKK	TDKK

3. Financial expenses

	2022/23	2021/22
Interest paid to group enterprises	1,451	413
Other financial expenses	901	75
	2,352	**488**

Notes to the Financial Statements

4. Income tax expense

	2022/23	2021/22
	TDKK	TDKK
Current tax for the year	2,812	2,414
Deferred tax for the year	1,255	-128
Adjustment of tax concerning previous years	0	-2,500
	4,067	**-214**

5. Profit allocation

	2022/23	2021/22
	TDKK	TDKK
Retained earnings	15,299	10,614
	15,299	**10,614**

6. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 1 April	38,334	54,777	0
Additions for the year	0	11,373	29
Disposals for the year	0	-21,763	0
Cost at 31 March	38,334	44,387	29
Impairment losses and depreciation at 1 April	16,040	20,348	0
Depreciation for the year	655	7,175	0
Impairment and depreciation of sold assets for the year	0	-11,209	0
Impairment losses and depreciation at 31 March	16,695	16,314	0
Carrying amount at 31 March	**21,639**	**28,073**	**29**

Notes to the Financial Statements

7. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 April	0
Additions for the year	62
Cost at 31 March	62
Carrying amount at 31 March	**62**

	2022/23	2021/22
	TDKK	TDKK

8. Deferred tax asset

Deferred tax asset at 1 April	7,404	7,277
Amounts recognised in the income statement for the year	-1,255	127
Deferred tax asset at 31 March	**6,149**	**7,404**

The recognised tax asset comprises temporary differences in provisions and is expected to be utilised within the next 3-5 years.

9. Prepayments

Prepayments consist of prepaid expenses concerning subscriptions, service costs, etc.

10. Other provisions

	2022/23	2021/22
	TDKK	TDKK
Other provisions	33,171	31,219
	33,171	**31,219**

The provisions are expected to mature as follows:

Within 1 year	21,688	18,513
Between 1 and 5 years	10,338	11,904
After 5 years	1,145	802
	33,171	**31,219**

Notes to the Financial Statements

11. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2022/23	2021/22
	TDKK	TDKK
Payables to group enterprises		
After 5 years	1,177	2,980
Between 1 and 5 years	7,155	7,141
Long-term part	8,332	10,121
Within 1 year	0	0
Other short-term debt to group enterprises	43,595	40,810
Short-term part	43,595	40,810
	51,927	**50,931**

12. Deferred income

Deferred income consists of payments received in respect of income in subsequent years, as well as outlays.

13. Cash flow statement - Adjustments

	2022/23	2021/22
	TDKK	TDKK
Financial income	-420	-106
Financial expenses	2,352	488
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,366	4,172
Tax on profit/loss for the year	4,067	-214
	8,365	**4,340**

Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK

14. Cash flow statement - Change in working capital

	2022/23	2021/22
Change in inventories	-20,167	-869
Change in receivables	-7,086	13,719
Change in other provisions	1,952	-509
Change in trade payables, etc	4,578	-9,039
	-20,723	**3,302**

	2022/23	2021/22
	TDKK	TDKK

15. Contingent assets, liabilities and other financial obligations

	2022/23	2021/22
Contingent liabilities		
The Company has entered into operationel lease regarding cars and IT. The lease runs up to 45 months and for the rest period of maturity the obligation amounts to	2,513	1,323
The Company has entered into a rent contract. The obligation constitutes over the remaining term	60	0

16. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Schmitz Cargobull AG Bahnhofstrasse 22 D-48612 Horstmar	Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Schmitz Cargobull AG	Bahnhofstrasse 22, D-48612 Horstmar

The Group Annual Report of Schmitz Cargobull AG may be obtained at the following address:

Bahnhofstrasse 22
D-48612 Horstmar

Notes to the Financial Statements

17. Fee to auditors appointed at the general meeting

	2022/23	2021/22
	TDKK	TDKK
Audit fee	122	132
Tax advisory services	82	93
Non-audit services	244	84
	448	**309**

18. Subsequent events

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

Notes to the Financial Statements

19. Accounting policies

The Annual Report of Schmitz Cargobull Danmark A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in TDKK.

A few reclassifications are made in the comparative figures. The reclassifications have had no effect on equity or balance sheet.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment information on revenue

Information on business segments and geographical segments is based on the Company´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Net sales

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

Services are recognised at the rate of completion of the service.

Rent is recognised concurrently with the term of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of goods sold

Cost of goods sold comprise the purchase price etc. for goods sold in the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Other operating income and expenses

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes to the Financial Statements

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20-30 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	3-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Company´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity