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Container Centralen A/S

Sanderumvej 16
5250 Odense SV
CVR No. 13909709

Annual report 2022

The Annual General Meeting adopted the annual report on 11.05.2023

Niels van der Plas
Chairman of the General Meeting

Contents

Entity details

Entity
Container Centralen A/S
Sanderumvej 16
5250 Odense SV

Business Registration No.: 13909709
Date of foundation: 14.12.1989
Registered office: Odense
Financial year: 01.01.2022 - 31.12.2022
Phone number: +4563142190
Fax: +4563142198
URL: www.container-centralen.com

Statutory reports on the Entity's website
Statutory report on data ethics policy: https://www.container-centralen.com/privacy-policy/

Board of Directors
Nicolaas Alfons van der Plas
Cornelis van der Meij
Matthijs Mesken

Executive Board
Roel de Jong
Arjan van der Vliet

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
P. O. Box 10
5100 Odense

Statement by Management on the annual report

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

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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

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

Odense, 11.05.2023

Executive Board

Roel de Jong **Arjan van der Vliet**

Board of Directors

Nicolaas Alfons van der Plas **Cornelis van der Meij**

Matthijs Mesken

Independent auditor's report

To the shareholders of Container Centralen A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Container Centralen A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Entity’s internal control.

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

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Odense, 11.05.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Peter Mølkjær
State Authorised Public Accountant
Identification No (MNE) mne24821

Gert Rasmussen
State Authorised Public Accountant
Identification No (MNE) mne35430

Management commentary

Financial highlights

	2022 EUR'000	2021 EUR'000	2020 EUR'000	2019 EUR'000	2018 EUR'000
Key figures					
Revenue	64,563	57,672	57,943	89,756	84,949
Gross profit/loss	15,427	18,322	21,698	36,958	31,629
Operating profit/loss	1,790	5,549	5,543	11,150	10,040
Net financials	(137)	(669)	593	(866)	(1,535)
Profit/loss for the year	1,279	20,886	8,636	7,849	6,506
Balance sheet total	136,485	78,610	148,666	134,616	123,979
Investments in property, plant and equipment	29,489	11,270	10,913	22,520	19,302
Equity	58,420	20,199	61,226	56,180	47,667
Cash flows from operating activities	18,816	5,548	26,182	23,518	11,702
Cash flows from investing activities	(22,113)	59,903	(23,750)	(21,686)	(17,442)
Cash flows from financing activities	3,240	(44,920)	0	0	(1,000)
Ratios					
Gross margin (%)	23.89	31.77	37.45	41.18	37.23
Net margin (%)	1.98	36.22	14.90	8.74	7.66
Return on equity (%)	3.25	51.30	14.71	15.12	14.45
Equity ratio (%)	42.80	25.70	41.18	41.73	38.45

A part of the group is considered as discontinued operations. The comparative figures 2018 - 2019 in the financial highlights are not restated. Profit for the year 2021 is incl. gain from discontinued operations.

Financial highlights are defined and calculated in accordance with below definitions:

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

The Company’s activities consist of purchase, sales and rental of returnable equipment for example CC Containers (flower trolleys) in an international pooling system, which also includes maintenance and administration of these products. The Company also conducts Pool Management including “optimization of logistical flows and balance clearing" between parties in the supply chain, where other products than the Company’s own are utilized.

Development in activities and finances

In 2022 sales increased by 12% to EUR 64.563k (2021: EUR 57.672k). This is primarily due to higher sales of CC Containers with contract and higher replacement & loss fees. We also see a move from short term hire (STH) towards long term hire (LTH) contracts due to conversions. This secures CC position and generates stable future cashflow through pool fees.

Result for the year after tax is a profit of EUR 1.279k (2021: EUR 20.886k). In 2021 there was a one-off effect of EUR 17.282k from the divestment of the USA and European Retail business. After adjusting for this one-off effect, the 2022 result for the year after tax is EUR 2.325 lower than prior year. This is primarily due to higher than anticipated repair- and freight costs. The repair cost increased due to higher spare parts cost, which were not fully included in the list prices for 2022. The repair cost also increased due to a one-off effect of the addition of broken stock at depots to the repair obligation. The freight increased due to higher fuel prices and longer travel distances due to repair shop allocations.

In December 2022 the company changed the valuation method of CC Containers from at cost value to fair-market -value. This is because management observed an undervaluation of assets as many units were fully depreciated to residual value, while material prices had increased, and assets were maintained in a functional state through continuous repair activities. The management is of the opinion that this revaluation provides a better disclosure of the current economic value. This revaluation had an impact of EUR 47.389k in tangible fixed assets with an offset in Equity (78%) and Deferred Tax (22%). A side effect of this revaluation is an improved equity ratio from 26% as per year-end 2021 to 43% as per year-end 2022.

In 2022 the company continued to invest in new containers to enlarge the pool to be able to fulfill increased customer utilization of our products. These investments will allow sustainable growth going forward. The company also invested in digitalization and the development of a new operational system for pool management to phase out outdated systems later in 2023. This project is called CC Digital and will bring an integrated system for order management, warehousing & logistics, balance administration, repair quota, contract management, asset management and repair management with several user portals (e.g. for customers, depots and sales). The company continued the usage of the in 2011 implemented RFID identification system to prevent copy containers entering the system to keep the system fair and affordable. The system is the world’s largest RFID system in an open logistic supply chain.

While the Covid-19 pandemic has come to an end in 2022 the world faced new challenges due to the war in the Ukraine with Russia. The majority of our 18,000 customers where in some way affected by the impact of this war with higher energy and fuel prices and trade sanctions with Russia. The impact of this war on CC over this year was fortunately not severe. Though for 2023 we see a slower start of the season as some growers have delayed orders and there is a decreased demand for containers due to lower spendable income as European markets are under pressure.

The company is co-owner of containers together with its customers and caretaker of the CC system. Therefore, it has an initiating role in improving the quality of the pool of products. After having implemented a quota system for the repair of CC shelves some years ago, management continues to investigate new product concepts to either improve the current shelf or implement a new interchangeable product. In 2022 several consultations with customers took place

Shared service support functions are being executed from the sales office in The Netherlands, where all the European customers are supported in 9 languages.

Profit/loss for the year in relation to expected developments
The Company delivered higher sales than budgeted in 2022. This was primarily due to more conversions from short-term hire to long-term hire and higher Sales of CC Containers with contract.

Some years ago, management formulated a strategy to grow faster in long-term hire contracts. We have been successful in implementing this, which will provide the company with a steadier income in the years ahead.

Due to tail effects of supply chain disruptions from Covid-19 and the war between Ukraine and Russia driving high energy prices and inflation the company experienced a strong increase in logistical and sourcing cost. The company was not able to transfer this higher cost into higher prices for their customers. This resulted in higher actual costs than budgeted and bottom line a lower profit versus budget. The company expects to recover this margin loss in 2023 by transferring the increased material and labor cost into updated pricing to customers.

With the right resources and tools CC will continue to be a value-added partner for its customers. We continue to investigate more efficient systems and processes to both reduce cost and increase sustainability. For the next year the company plans to create service hubs close to the main customer bases with a combined depot and repair activity. This will reduce the CO_2 footprint of the repair activity significantly as repairs will be carried out close to the customer and at the same location as the depot.

Description of material changes in activities and finances
Management does not project major changes in 2023.

Uncertainty relating to recognition and measurement
CC containers are revaluated at fair market end of year. This revaluation is based on prices in an active market although prices fluctuate significant and therefore it is an uncertainty related to the estimate.

Unusual circumstances affecting recognition and measurement
Market conditions in the horticultural sector have shown a substantial increase in plant and flower sales in recent years. This change was driven by positive changes in consumer behavior due to consumers spending an increasing part of their spendable income on flowers and plants. In both 2021 and 2022 we have been confronted with serious disruptions in our supply chain. These disruptions were caused by restricted sea freight capacity and related massive price increases. Global supply chain issues have improved in the second half of 2022. Many institutions provide a grim outlook for 2023 and the years thereafter due to higher energy prices and related inflation. Also, the impact of the consolidation in horticultural industry is ongoing and expected to accelerate. The company is seeing a clear trend that more business is going direct, meaning the auction is bypassed increasingly and more and more business is moving to online platforms. CC will seek opportunities to connect to some of these platforms. The market outlook in our pool management activities is strong as more and more companies are outsourcing their management of returnable transport items. CC has been successful in getting major retailers on board executing parts of their RTI flows.

Outlook

Our budgets for 2023 for our operating companies show increased results compared to 2022. The budgeted revenue for 2023 is expected to be higher than the previous year. Investments and capital needs will be financed from operations and bank loans. The Company expects to have sufficient liquidity available for 2023.

Use of financial instruments

All business activity mainly takes place in EUR and DKK currencies. The company is exposed to exchange rate risks related to GBP. No financial instruments are used to hedge this risk.

The company has a bank loan with a fixed interest rate and a credit facility with a variable interest.

Statutory report on corporate social responsibility

Business model

We operate in markets across Europe, providing containers and pool management, products and services. Our products can be rented for long- or short-term hire. Our most important products are CC containers and Euro containers. Most of our Reusable Transport Items (RTIs) can be nested, which increases the number of empty items you can fit into a vehicle. This creates return transport efficiencies. One good example is our virtual transfer by which our client may deliver containers to a depot in one part of Europe and have the corresponding quantity of containers delivered at a depot in another part of Europe. We thus avoid unnecessary transportation of empty units while optimizing the economy of transportation and minimizing CO2 emissions. Our goal is to continuously improve supply chains by moving products more efficiently. We do this by integrating RTIs into supply chains and managing their rotation throughout a multi-client pool. In doing this we consider the interests of retailers, consumers, and suppliers. We have 76 FTE across locations in 8 countries in Europe.

Our risk landscape

We do not assess that we operate in areas and locations where there are major risks related to human rights, labor rights, the environment and anti-corruption and we have not encountered any incidents of this nature. We are regularly assessing whether our partners are adhering to the standards CC is imposing on them.

The main parts of our products are assembled in Europe. To our knowledge our suppliers adhere to rules and regulations. We operate in Europe. In Europe we face a high level of regulations in relation to environment and employee relations. We are highly aware of complying with all relevant regulatory requirements across the EU market, including regarding environment and climate protection, labor rights and financial legislation.

Policies, activities and results

The company is fully aware of UN SDG's' and we strive to work in correspondence with the principles stated herein with a focus on respecting human rights, labor rights, the environment and working against corruption in all its forms, however no formal policies are implemented, as the management has assessed that there are no major risks within the company's business operations and supply chain.

CC has selected three goals; 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation) ,10 (Reduce inequality within and among countries) and 12 (Ensure sustainable consumption and production patterns) on which we will further discuss and implement individual, formalized policies in accordance with the Danish Financial Statements Act § 99a.

As a responsible company, we continuously reassess our approach and, in that way, find new ways to improve in relation to CSR. In CC we welcome this challenge as part of our overall aim of growing responsibly. Integrating CSR into our operations helps us to create transparency and clarity throughout the organization and to our stakeholders. Thus, we want CSR to become a natural part of our daily operations and code of conduct, and not just an 'add-on activity'. At CC we are committed to implementing responsible business practices, and by doing so we can reduce costs, manage risks, minimize our impact on the environment, attract and retain employees, and strengthen our brand and business overall.

The EU has published the Corporate Sustainability Reporting Directive (CSRD). The CSRD is the EU's reporting directive on sustainability which replaces the current Non-Financial Reporting Directive (NFRD) which is implemented via the Danish Financial Statements Act. The CSRD significantly expands sustainability reporting and assurance requirements. The CSRD reporting is mandatory for our company from fiscal year 2025. The company has already started with preparing itself for CSRD reporting.

Statutory report on the underrepresented gender

The board of directors has implemented a policy including targets for any gender which may underrepresented on management level within Container Centralen A/S.

The policy stipulates that in the event that candidates with sufficient industry knowledge can be found, the share of the under-represented gender (currently women) in the board of directors should increase from the current 0% to minimum 25% before 2025. The target was not met in 2022, since the best qualified candidates for the Board were men.

The company is struggling to achieve the minimum as in this sector women are very scarcely acting on senior management level. Nevertheless, the company will continue to strive for women in Executive board or Board of Directors. Since the company has less than 50 employees in Container Centralen A/S, we have not established a specific policy for the underrepresented gender in the Executive board levels.

Statutory report on data ethics policy

Statutory report on data ethics policy can be found at: https://www.container-centralen.com/privacy-policy/

In this policy, we define Container Centralen A/S approach to data ethics pursuant to section 99 d of the Danish Financial Statements Act.

Data ethics concerns the ethical considerations which we as a company must consider when we use data and new technologies globally in Container Centralen A/S. Data ethics goes beyond compliance governed by data privacy laws. We comply with all legal requirements but acknowledge and respect that our use of data (both personal data and non-personal data) may create risks for the users that applicable laws do not cover. We manage these risks by adhering to the principles described in our policy.

Events after the balance sheet date

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

Consolidated treasury shares

	Number	Nominal value EUR'000	Share of contributed capital %
Shares	3,500	4,692	50.00
Holding of treasury shares	**3,500**	**4,692**	**50.00**

Consolidated treasury shares is applicable for both consolidated and parent

Consolidated income statement for 2022

	Notes	2022 EUR'000	2021 EUR'000
Revenue	3	64,563	57,672
Other operating income		547	744
Cost of sales		(44,693)	(35,322)
Other external expenses	4	(4,990)	(4,772)
Gross profit/loss		**15,427**	**18,322**
Staff costs	5	(6,167)	(6,560)
Depreciation, amortisation and impairment losses	6	(7,470)	(6,213)
Operating profit/loss		**1,790**	**5,549**
Other financial income		163	114
Impairment losses on financial assets		0	(175)
Other financial expenses	7	(300)	(608)
Profit/loss before tax		**1,653**	**4,880**
Tax on profit/loss for the year	8	(374)	(1,276)
Profit/loss from continuing operations		**1,279**	**3,604**
Profit/loss from discontinued operations	9	**0**	**17,282**
Profit/loss for the year	10	**1,279**	**20,886**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 EUR'000	2021 EUR'000
Completed development projects	12	1,828	2,120
Acquired licences		0	0
Intangible assets	11	**1,828**	**2,120**
Plant and machinery		117,036	53,450
Other fixtures and fittings, tools and equipment		2,192	2,853
Property, plant and equipment	13	**119,228**	**56,303**
Fixed assets		**121,056**	**58,423**
Manufactured goods and goods for resale		2,694	354
Inventories		**2,694**	**354**
Trade receivables	14	9,771	4,148
Other receivables		206	163
Prepayments	15	382	13,089
Receivables		**10,359**	**17,400**
Cash		**2,376**	**2,433**
Current assets		**15,429**	**20,187**
Assets		**136,485**	**78,610**

Equity and liabilities

	Notes	2022 EUR'000	2021 EUR'000
Contributed capital		9,383	9,383
Revaluation reserve		36,963	0
Translation reserve		(649)	(628)
Retained earnings		12,723	11,444
Equity		**58,420**	**20,199**
Deferred tax	16	22,898	12,522
Other provisions	17	3,312	5,352
Provisions		**26,210**	**17,874**
Bank loans		8,974	10,261
Deferred income	21	9,364	5,048
Non-current liabilities other than provisions	19	**18,338**	**15,309**
Current portion of non-current liabilities other than provisions	19	1,282	1,282
Bank loans		10,346	5,819
Prepayments received from customers	20	46	423
Trade payables		10,509	4,001
Tax payable		10	871
Other payables		2,175	2,844
Deferred income	21	9,149	9,988
Current liabilities other than provisions		**33,517**	**25,228**
Liabilities other than provisions		**51,855**	**40,537**
Equity and liabilities		**136,485**	**78,610**
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	23		
Contingent liabilities	24		
Assets charged and collateral	25		
Transactions with related parties	26		
Subsidiaries	27		

Consolidated statement of changes in equity for 2022

	Contributed capital EUR'000	Revaluation reserve EUR'000	Translation reserve EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	9,383	0	(628)	11,444	20,199
Exchange rate adjustments	0	0	(21)	0	(21)
Revaluations for the year	0	47,389	0	0	47,389
Tax of entries on equity	0	(10,426)	0	0	(10,426)
Profit/loss for the year	0	0	0	1,279	1,279
Equity end of year	**9,383**	**36,963**	**(649)**	**12,723**	**58,420**

The share capital of the company is DKK 70,000,000, divided into shares of DKK 10,000 and multiples hereof.

Consolidated cash flow statement for 2022

	Notes	2022 EUR'000	2021 EUR'000
Operating profit/loss		1,790	5,549
Amortisation, depreciation and impairment losses		7,470	6,213
Other provisions		(2,040)	5,266
Working capital changes	22	13,604	(10,719)
Other adjustments		(3,012)	0
Cash flow from ordinary operating activities		**17,812**	**6,309**
Financial income received		19	74
Financial expenses paid		(300)	(565)
Taxes refunded/(paid)		1,285	(270)
Cash flows from operating activities		**18,816**	**5,548**
Acquisition etc. of intangible assets		(604)	(498)
Acquisition etc. of property, plant and equipment		(29,489)	(11,270)
Sale of property, plant and equipment		7,980	6,621
Disposal of enterprises		0	65,050
Cash flows from investing activities		**(22,113)**	**59,903**
Free cash flows generated from operations and investments before financing		**(3,297)**	**65,451**
Loans raised		4,527	22,000
Repayments of loans etc.		(1,287)	(4,638)
Acquisition of treasury shares		0	(62,282)
Cash flows from financing activities		**3,240**	**(44,920)**
Increase/decrease in cash and cash equivalents		**(57)**	**20,531**
Cash and cash equivalents beginning of year		2,433	(18,000)
Currency translation adjustments of cash and cash equivalents		0	(98)
Cash and cash equivalents end of year		**2,376**	**2,433**

Cash and cash equivalents at year-end are composed of:		
Cash	2,376	2,433
Cash and cash equivalents end of year	**2,376**	**2,433**

Notes to consolidated financial statements

1 Events after the balance sheet date

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

2 Uncertainty relating to recognition and measurement

CC containers are revaluated at fair market end of year. This revaluation is based on prices in an active market although prices fluctuate significant and therefore it is an uncertainty related to the estemate.

3 Revenue

The main activities of the Group are Pool Management and hiring out containers in Europe. The activities on each market including the competitive situation and risk profile are regarded as very homogeneous except for the differences in language, etc. In the light of this the Group is not seen as having different segment activities.

4 Fees to the auditor appointed by the Annual General Meeting

	2022 **EUR'000**	**2021** **EUR'000**
Statutory audit services	48	45
Tax services	6	25
Other services	18	16
	72	**86**

5 Staff costs

	2022 **EUR'000**	**2021** **EUR'000**
Wages and salaries	5,016	5,200
Pension costs	615	548
Other social security costs	386	660
Other staff costs	150	152
	6,167	**6,560**
Average number of full-time employees	**76**	**80**

	Remuneration of management 2022 EUR'000	Remuneration of management 2021 EUR'000
Executive Board	628	710
Committee of Representatives	53	53
	681	**763**

6 Depreciation, amortisation and impairment losses

	2022 EUR'000	2021 EUR'000
Amortisation of intangible assets	896	883
Depreciation on property, plant and equipment	5,901	4,559
Impairment losses on property, plant and equipment	70	(174)
Profit/loss from sale of intangible assets and property, plant and equipment	603	945
	7,470	**6,213**

7 Other financial expenses

	2022 EUR'000	2021 EUR'000
Other interest expenses	210	153
Exchange rate adjustments	0	294
Other financial expenses	90	161
	300	**608**

8 Tax on profit/loss for the year

	2022 EUR'000	2021 EUR'000
Current tax	426	1,372
Change in deferred tax	(51)	(96)
Adjustment concerning previous years	(1)	0
	374	**1,276**

9 Discontinued operations

	2021 EUR'000
Revenue	2,086
Cost of sales	(1,082)
Other external expenses	(548)
Staff costs	(396)
Depreciation, amortisation and impairment losses	(514)
Other financial expenses	(267)
Profit/loss for the period	**(721)**
Profit/loss from disposal of operations etc.	22,689
Pre-tax profit/loss from discontinued operations	**21,968**
Tax on profit/loss from discontinued operations	(4,686)
Post-tax profit/loss from discontinued operations	**17,282**

10 Proposed distribution of profit/loss

	2022 EUR'000	2021 EUR'000
Retained earnings	1,279	20,886
	1,279	**20,886**

11 Intangible assets

	Completed development projects EUR'000	Acquired licences EUR'000
Cost beginning of year	18,074	139
Additions	604	0
Cost end of year	**18,678**	**139**
Amortisation and impairment losses beginning of year	(15,954)	(139)
Amortisation for the year	(896)	0
Amortisation and impairment losses end of year	**(16,850)**	**(139)**
Carrying amount end of year	**1,828**	**0**

12 Development projects

During 2022, CC mainly invested in the operational and financial systems under the project name CC Digital.

Completed development consist of software supporting the business which is completed and in use. Additions mainly comprise of investments in Financial system, Scanner software and extra Loglink & RFID functionality.

13 Property, plant and equipment

	Plant and machinery EUR'000	Other fixtures and fittings, tools and equipment EUR'000
Cost beginning of year	146,807	15,327
Exchange rate adjustments	1	0
Additions	28,803	686
Disposals	(10,850)	0
Cost end of year	**164,761**	**16,013**
Revaluations for the year	47,389	0
Revaluations end of year	**47,389**	**0**
Depreciation and impairment losses beginning of year	(93,357)	(12,474)
Exchange rate adjustments	(3)	0
Impairment losses for the year	(70)	0
Depreciation for the year	(4,554)	(1,347)
Reversal regarding disposals	2,870	0
Depreciation and impairment losses end of year	**(95,114)**	**(13,821)**
Carrying amount end of year	**117,036**	**2,192**
Carrying amount if asset had not been revalued	69,647	2,192

For the CC Container there is an active parallel market of so-called DC Containers. The abbreviation “DC” stands for “Deense Container”. Non-original DC Containers are available in the market from other suppliers than Container Centralen. These suppliers offer DC Containers in different qualities, both new and used. Therefore the market price also fluctuates. This results in an active market for ‘CC like’ containers with market prices which can be used as a basis for fair value accounting of CC Containers. The market price is based on an average and finally reduced with a general hair cut of 25%.

14 Trade receivables

Receivables include receivables that are due only after one year with EUR 155k.

15 Prepayments

Prepayments comprise prepaid expenses regarding services, rent, insurance premiums, subscriptions etc.

16 Deferred tax

	2022 EUR'000	2021 EUR'000
Intangible assets	402	466
Property, plant and equipment	26,160	12,293
Provisions	(848)	(237)
Tax losses carried forward	(2,816)	0
Deferred tax	**22,898**	**12,522**

Changes during the year	2022 EUR'000	2021 EUR'000
Beginning of year	12,522	7,700
Recognised in the income statement	(51)	(96)
Recognised directly in equity	10,426	0
Other changes	1	2
Discontinued operations	0	4,916
End of year	**22,898**	**12,522**

17 Other provisions

Other provisions relates to guarantees for containers at customers where there is a risk of loss and to a repair obligation for defect containers at depots and repair centers.

18 Deferred income

Deferred income (none-current) contains of prepaid long term hire contracts on containers mentioned under property, plant and equipment.

19 Non-current liabilities other than provisions

	Due within 12 months 2022 EUR'000	Due within 12 months 2021 EUR'000	Due after more than 12 months 2022 EUR'000	Outstanding after 5 years 2022 EUR'000
Bank loans	1,282	1,282	8,974	3,846
Deferred income	0	0	9,364	0
	1,282	**1,282**	**18,338**	**3,846**

20 Prepayments received from customers

Received prepayments from customers can primarily be attributed to deposits.

21 Deferred income

Deferred income (current) contains of prepaid short term hire contracts, pool fee and current portion of long term hire contract on containers mentioned under property, plant and equipment.

22 Changes in working capital

	2022 EUR'000	2021 EUR'000
Increase/decrease in inventories	(2,340)	(11,219)
Increase/decrease in receivables	7,041	14,988
Increase/decrease in trade payables etc.	8,903	(14,488)
	13,604	**(10,719)**

23 Unrecognised rental and lease commitments

	2022 EUR'000	2021 EUR'000
Total liabilities under rental or lease agreements until maturity	**1,331**	1,446

24 Contingent liabilities

Container Centralen Benelux B.V. has provided security and EUR 221k for the tenacy on a tied account.

25 Assets charged and collateral

Bank loans are secured by way of a floating charge of nominal DKK 250 m. (approx. EUR 33m) on goodwill, operating equipment, inventories and trade receivables.

The carrying amount of mortgaged other fixtures and fillings, tools and equipment 2,192k EUR.

The carrying amount of mortgaged plant and machinery 117,036k EUR.

The carrying amount of mortgaged inventories/containers for rent 2,694k EUR.

The carrying amount of mortgaged trade receivables 9,771k EUR

26 Transactions with related parties

Transactions with related parties are not disclosed with reference to the Danish Financial Statements Act § 98c paragraph. 3.

27 Subsidiaries

	Registered in	Ownership %
Container Centralen GmbH	Germany	100.00
Container Centralen Iberica S.L.U.	Spain	100.00
Container Centralen France Sarl	France	100.00
Container Centralen Limited	United Kingdom	100.00
Container Centralen Polska Sp. zo.o.	Poland	100.00
Container Centralen Benelux B.V.	The Netherlands	100.00
Container Centralen Italia S.r.l.)	Italy	100.00

Parent income statement for 2022

	Notes	2022 EUR'000	2021 EUR'000
Revenue	3	52,666	47,392
Other operating income		546	744
Cost of sales		(41,647)	(33,470)
Other external expenses		(2,898)	(3,112)
Gross profit/loss		**8,667**	**11,554**
Staff costs	4	(1,137)	(1,169)
Depreciation, amortisation and impairment losses	5	(7,347)	(6,089)
Operating profit/loss		**183**	**4,296**
Income from investments in group enterprises		1,429	23,146
Other financial income	6	19	114
Impairment losses on financial assets		0	(175)
Other financial expenses	7	(420)	(757)
Profit/loss before tax		**1,211**	**26,624**
Tax on profit/loss for the year	8	68	(5,738)
Profit/loss for the year	9	**1,279**	**20,886**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 EUR'000	2021 EUR'000
Completed development projects	11	1,829	2,120
Acquired licences		0	0
Intangible assets	10	**1,829**	**2,120**
Plant and machinery		117,036	53,452
Other fixtures and fittings, tools and equipment		1,876	2,414
Property, plant and equipment	12	**118,912**	**55,866**
Investments in group enterprises		9,726	9,017
Financial assets	13	**9,726**	**9,017**
Fixed assets		**130,467**	**67,003**
Manufactured goods and goods for resale		2,694	353
Inventories		**2,694**	**353**
Trade receivables	14	6,692	140
Receivables from group enterprises		68	190
Other receivables		345	313
Tax receivable		36	0
Prepayments	15	267	13,189
Receivables		**7,408**	**13,832**
Cash		**998**	**638**
Current assets		**11,100**	**14,823**
Assets		**141,567**	**81,826**

Equity and liabilities

	Notes	2022 EUR'000	2021 EUR'000
Contributed capital		9,383	9,383
Revaluation reserve		36,963	0
Translation reserve		(649)	(627)
Reserve for development costs		1,426	1,654
Retained earnings		11,297	9,790
Equity		**58,420**	**20,200**
Deferred tax	16	22,898	12,523
Other provisions	17	3,312	5,352
Provisions		**26,210**	**17,875**
Bank loans		8,974	10,261
Deferred income	18	3,141	1,975
Non-current liabilities other than provisions	19	**12,115**	**12,236**
Current portion of non-current liabilities other than provisions	19	1,282	1,282
Bank loans		10,346	5,819
Prepayments received from customers	20	9	399
Trade payables		9,769	3,490
Payables to group enterprises		18,628	15,847
Tax payable		0	724
Other payables		2,121	1,792
Deferred income	21	2,667	2,162
Current liabilities other than provisions		**44,822**	**31,515**
Liabilities other than provisions		**56,937**	**43,751**
Equity and liabilities		**141,567**	**81,826**
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	22		
Contingent liabilities	23		
Assets charged and collateral	24		
Transactions with related parties	25		

Parent statement of changes in equity for 2022

	Contributed capital EUR'000	Revaluation reserve EUR'000	Translation reserve EUR'000	Reserve for development costs EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	9,383	0	(629)	1,654	9,790	20,198
Exchange rate adjustments	0	0	(20)	0	0	(20)
Revaluations for the year	0	47,389	0	0	0	47,389
Tax of entries on equity	0	(10,426)	0	0	0	(10,426)
Transfer to reserves	0	0	0	(228)	228	0
Profit/loss for the year	0	0	0	0	1,279	1,279
Equity end of year	**9,383**	**36,963**	**(649)**	**1,426**	**11,297**	**58,420**

The share capital of the company is DKK 70,000,000, divided into shares of DKK 10,000 and multiples hereof.

Notes to parent financial statements

1 Events after the balance sheet date

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

2 Uncertainty relating to recognition and measurement

CC containers are revaluated at fair market end of year. This revaluation is based on prices in an active market although prices fluctuate significant and therefore it is an uncertainty related to the estemate.

3 Revenue

The main activities of the Group are Pool Management and hiring out containers in Europe. The activities on each market including the competitive situation and risk profile are regarded as very homogeneous except for the differences in language, etc. In the light of this the Group is not seen as having different segment activities.

4 Staff costs

	2022 EUR'000	2021 EUR'000
Wages and salaries	933	956
Pension costs	144	136
Other staff costs	60	77
	1,137	**1,169**

Average number of full-time employees	**8**	**10**

	Remuneration of Manage-ment 2022 EUR'000	Remuneration of Manage-ment 2021 EUR'000
Executive Board	338	388
Committee of Representatives	53	52
	391	**440**

5 Depreciation, amortisation and impairment losses

	2022 EUR'000	2021 EUR'000
Amortisation of intangible assets	896	883
Depreciation on property, plant and equipment	5,778	4,526
Impairment losses on property, plant and equipment	70	(174)
Profit/loss from sale of intangible assets and property, plant and equipment	603	854
	7,347	**6,089**

6 Other financial income

	2022 EUR'000	2021 EUR'000
Financial income from group enterprises	0	114
Other interest income	19	0
	19	**114**

7 Other financial expenses

	2022 EUR'000	2021 EUR'000
Financial expenses from group enterprises	306	276
Other interest expenses	210	149
Exchange rate adjustments	(149)	234
Other financial expenses	53	98
	420	**757**

8 Tax on profit/loss for the year

	2022 EUR'000	2021 EUR'000
Current tax	0	918
Change in deferred tax	(51)	4,820
Adjustment concerning previous years	(17)	0
	(68)	**5,738**

9 Proposed distribution of profit and loss

	2022 EUR'000	2021 EUR'000
Retained earnings	1,279	20,886
	1,279	**20,886**

10 Intangible assets

	Completed development projects EUR'000	Acquired licences EUR'000
Cost beginning of year	18,074	139
Additions	604	0
Cost end of year	**18,678**	**139**
Amortisation and impairment losses beginning of year	(15,953)	(139)
Amortisation for the year	(896)	0
Amortisation and impairment losses end of year	**(16,849)**	**(139)**
Carrying amount end of year	**1,829**	**0**

11 Development projects

During 2022, CC mainly invested in the operational and financial systems under the project name CC Digital.

Completed development consist of software supporting the business which is completed and in use. Additions mainly comprise of investments in Financial system, Scanner software and extra Loglink & RFID functionality.

12 Property, plant and equipment

	Plant and machinery EUR'000	Other fixtures and fittings, tools and equipment EUR'000
Cost beginning of year	146,808	14,473
Exchange rate adjustments	(2)	0
Additions	28,803	686
Disposals	(10,850)	0
Cost end of year	**164,759**	**15,159**
Revaluations for the year	47,389	0
Revaluations end of year	**47,389**	**0**
Depreciation and impairment losses beginning of year	(93,357)	(12,059)
Exchange rate adjustments	(1)	0
Impairment losses for the year	(70)	0
Depreciation for the year	(4,554)	(1,224)
Reversal regarding disposals	2,870	0
Depreciation and impairment losses end of year	**(95,112)**	**(13,283)**
Carrying amount end of year	**117,036**	**1,876**
Carrying amount if asset had not been revalued	69,647	1,876

For the CC Container there is an active parallel market of so-called DC Containers. The abbreviation "DC" stands for "Deense Container". Non-original DC Containers are available in the market from other suppliers than Container Centralen. These suppliers offer DC Containers in different qualities, both new and used.
Therefore the market price also fluctuates. This results in an active market for 'CC like' containers with market prices which can be used as a basis for fair value accounting of CC Containers. The market price is based on an average and finally reduced with a general hair cut of 25%.

13 Financial assets

	Investments in group enterprises EUR'000
Cost beginning of year	65,997
Disposals	(62,282)
Cost end of year	**3,715**
Revaluations beginning of year	(56,979)
Exchange rate adjustments	(98)
Share of profit/loss for the year	1,429
Dividend	(243)
Reversal regarding disposals	61,902
Revaluations end of year	**6,011**
Carrying amount end of year	**9,726**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

14 Trade receivables

Receivables include receivables that are due only after one year with EUR 87k.

15 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions etc.

16 Deferred tax

	2022 EUR'000	2021 EUR'000
Intangible assets	402	466
Property, plant and equipment	26,160	12,293
Provisions	(848)	(236)
Tax losses carried forward	(2,816)	0
Deferred tax	**22,898**	**12,523**

Changes during the year	2022 EUR'000	2021 EUR'000
Beginning of year	12,523	7,699
Recognised in the income statement	(51)	4,820
Recognised directly in equity	10,426	0
Other changes	0	4
End of year	**22,898**	**12,523**

17 Other provisions

Other provisions relates to guarantees for containers at customers where there is a risk of loss and to a repair obligation for defect containers at depots and repair centers.

18 Deferred income

Deferred income (none-current) contains of prepaid long term hire contracts on containers mentioned under property, plant and equipment.

19 Non-current liabilities other than provisions

	Due within 12 months 2022 EUR'000	Due within 12 months 2021 EUR'000	Due after more than 12 months 2022 EUR'000	Outstanding after 5 years 2022 EUR'000
Bank loans	1,282	1,282	8,974	3,846
Deferred income	0	0	3,141	0
	1,282	**1,282**	**12,115**	**3,846**

The prepaid hire concerns the containers mentioned under property, plant and equipment.

20 Prepayments received from customers

Received prepayments from customers can primarily be attributed to deposits.

21 Deferred income

Deferred income (current) contains of prepaid short term hire contracts, pool fee and current portion of long term hire contract on containers mentioned under property, plant and equipment.

22 Unrecognised rental and lease commitments

	2022 EUR'000	2021 EUR'000
Total liabilities under rental or lease agreements until maturity	**115**	**113**

23 Contingent liabilities

Container Centralen A/S has provided security for the liabilities of the subsidiaries in the Netherlands under art. 2:396. Paragraph 7 of the Netherlands Civil Code.

24 Assets charged and collateral

Bank loans are secured by way of a floating charge of nominal DKK 250 m. (approx. EUR 33m) on goodwill, operating equipment, inventories and trade receivables.

The carrying amount of mortgaged other fixtures and fillings, tools and equipment 1,876k EUR.

The carrying amount of mortgaged plant and machinery 117,036k EUR.

The carrying amount of mortgaged inventories/containers for rent 2,694k EUR.

The carrying amount of mortgaged trade receivables 6,692k EUR

25 Transactions with related parties

Transactions with related parties are not disclosed with reference to the Danish Financial Statements Act § 98c paragraph. 3.

Accounting policies

Reporting class

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

Changes in accounting policies

The Group and the Parent have changed their accounting policies with regard to valuation of CC containers (Plant and Machinery) to fair market value. Revaluation is calculated on the basis of regular, independent fair value measurements.

For the Parent and Group, the change in accounting policies has led to an increase in assets of EUR 47,389K. For the Parent and Group, tax for the year incumbent on the change in accounting policies, consisting of an adjustment of deferred tax, amounts to EUR 10,426K, after which its equity increases by EUR 36,963 at 31.12.2022.

The comparative figures have not been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Discontinued operations

Discontinued operations are material business areas or geographical areas planned, or decided, to be disposed of, discontinued or abandoned and which may be separated from the Entity's other operations.

Results from discontinued operations are presented in the income statement as a separate item consisting of profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Assets relating to the discontinued operations are presented separately in the balance sheet as assets related to discontinued operations. Liabilities related to the discontinued operations are presented separately in the balance sheet as liabilities related to discontinued operations.

The comparative figures in the income statement and the balance sheet are not restated.

Foreign currency translation

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

Income statement

Revenue

New rental is normally based on short term (from day hire to period) till long term (five-year) agreements, according to which the full rental amount is paid as a lump sum and taken to income, deferred over time depending on the contract type. Apart from that CC generates service income related to pool management.

Sale of containers on service agreements

The sales amount is taken to income at the closure of the contract.

Pool fee

Income from repair and maintenance agreements is stated on an accrual basis for each month, so that, based on the prudence concept, a provision is made to meet the expected direct repair and maintenance costs during the rest of the period which the invoiced fees concern.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Other external costs are recognised together with insurance costs, costs regarding development projects that do not comply with the criteria for recognition in the balance sheet and amortisation of development projects recognised.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies etc.

Impairment losses on financial assets
Impairment losses on financial assets comprises impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities etc.

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

Balance sheet

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

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Development costs are measured at cost.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is usually tree to six years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

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

Property, plant and equipment
Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost plus revaluation, less accumulated depreciation and impairment losses. Revaluation is calculated on the basis of regular, independent fair value measurements.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

	Useful life
CC Containers, European pool	10 years
Other equipment	5-10 years

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

Profits and losses from the sale of plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation and impairment losses.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.
Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally ten years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Cost consists of purchase price plus delivery costs.

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

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

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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

Cash
Cash comprises cash in hand and bank deposits.

Treasury shares
Acquisition and selling prices and dividends of treasury shares are classified directly as equity under retained earnings. Gains and losses from sale are not recognised in the income statement.

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

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

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.