



## Geia Food A/S

Fuglevænget 9  
9000 Aalborg  
CVR No. 14983007

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 19.05.2020

---

**Gudmund Schlytter Killi**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019	10
Balance sheet at 31.12.2019	11
Statement of changes in equity for 2019	13
Notes	14
Accounting policies	20

# Entity details

## Entity

Geia Food A/S  
Fuglevænget 9  
9000 Aalborg

CVR No.: 14983007

Registered office: Aalborg

Financial year: 01.01.2019 - 31.12.2019

## Statutory reports on the entity's website

Statutory report on corporate social responsibility: [www.geiafood.dk/media/89666/geia\\_csr-2019.pdf](http://www.geiafood.dk/media/89666/geia_csr-2019.pdf)

## Board of Directors

Gudmund Schlytter Killi  
Wilhelm Mohn  
Jens Junge Mortensen  
Claus Juel Jensen  
Maria Elisabet Green Karlsson  
Jon Martin Klafstad

## Executive Board

Claus Ulrik Ravnsbo

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Østre Havnepromenade 26, 4th floor  
9000 Aalborg

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Geia Food A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Aalborg, 19.05.2020

## Executive Board

**Claus Ulrik Ravnsbo**

## Board of Directors

**Gudmund Schlytter Killi**

**Wilhelm Mohn**

**Jens Junge Mortensen**

**Claus Juel Jensen**

**Maria Elisabet Green Karlsson**

**Jon Martin Klafstad**

# Independent auditor's report

## To the shareholders of Geia Food A/S

### Opinion

We have audited the financial statements of Geia Food A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Aalborg, 19.05.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Lars Birner Sørensen**

State Authorised Public Accountant  
Identification No (MNE) mne11671

# Management commentary

## Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
<b>Key figures</b>					
Revenue	1,327,931	1,230,361	1,117,914	1,075,482	1,086,388
Gross profit/loss	89,933	87,170	72,300	76,332	64,466
Operating profit/loss	37,342	42,064	31,714	37,926	29,237
Net financials	914	1,383	1,196	1,773	7,226
Profit/loss for the year	29,724	37,988	28,752	32,266	27,275
Total assets	260,931	218,732	201,375	212,392	241,408
Equity	49,862	56,322	55,678	80,316	99,122
<b>Ratios</b>					
Gross margin (%)	6,8	7,1	6,5	7,1	5,9
Net margin (%)	2,2	3,1	2,6	3,0	2,5

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

### Gross margin (%):

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

### Net margin (%):

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



### Primary activities

Geia Food is a leading independent food concept provider offering both customers and suppliers a one-point-of-entry platform into the Scandinavian market. We are specialized in supplying value-added conceptual category offerings and have strong partnerships with all well-known retailers in Scandinavia. Geia Food is active in more than 10 different product categories and have an extensive network of suppliers around the globe. With local offices in Denmark, Norway, Sweden and Finland we are close to our main customers and can respond to local needs and consumer tastes.

### Development in activities and finances

Geia Food generated a net profit of t.DKK 29,724 in the financial year. The profit for the year is considered satisfactory by the Board of Directors.

The expected net profit of 35-40 m.DKK stated in the outlook of the annual report from 2018 has not been realized due to higher investments in future growth and lower income from group enterprises.

### Uncertainty relating to recognition and measurement

There are no uncertainties relating to recognition and measurement.

### Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement.

### Outlook

Geia Food expects an increase in revenue and profit in the financial year 2020 as sales development in Denmark as well as on the foreign markets continues to be positive, with an expected profit for the year in the range of 35-40 m.DKK. Furthermore, Geia Food expects to develop its current business areas and to develop new ones.

### Particular risks

#### **Business risks**

Geia Food's most significant business risk relates to the quality and food safety of the products distributed.

#### **Financial risks**

As a consequence of its operations, investments and financing, Geia Food is exposed to changes in the level of interest and exchange rates. Geia Food pursues a fiscal policy operating with a low risk profile so that currency risks, interest risks and credit risks only arise based on commercial matters.

#### **Currency risks**

Where possible, Geia Food's currency exposure is hedged through matching of payments received and made in the same currency and by using forward exchange contracts and currency options. At the end of the financial year 2019, the notional value of Geia Food's forward exchange contracts and currency options for meeting future currency risks amounted to positive t.DKK 950.

Forward exchange contracts and currency options consist of hedging of activities in EUR, USD, NOK and SEK with a term up to 24 months.

### Research and development activities

Geia Food has not incurred any research and development expenses.

### **Foreign branches**

Geia Food is represented in Sweden through the subsidiary Geia Food AB and Tilab International AB, in Norway through the subsidiary Geia Food Norge AS and Geia Food AS and in Finland through the subsidiary Geia Food OY.

### **Statutory report on corporate social responsibility**

The 2019 Corporate Social Responsibility report contains Geia Food's policies regarding CSR, animal welfare and environmental performance.

The 2019 Corporate Social Responsibility report is available on the following link:

[https://www.geiafood.dk/media/89666/geia\\_csr-2019.pdf](https://www.geiafood.dk/media/89666/geia_csr-2019.pdf)

### **Statutory report on the underrepresented gender**

The Board of Directors have reflected the gender distribution prevailing in the business where Geia Food operates for which reason it is characterized by an under-representation of women.

The Board of Directors consist of 5 males and 1 female. The target is that by the end of 2023, 2 females will be a part of the Board of Directors.

At other management levels, there is gender equality.

Moreover, Geia Food's policy is to fill in vacant positions in the management, administration and Board of Directors with the most competent employees regardless of gender.

### **Events after the balance sheet date**

To this date no events have occurred after the balance sheet date besides Covid-19, which would influence the evaluation of this annual report.

Geia Food expect that Covid-19 will have a minor impact on the business and the financial result in 2020.

# Income statement for 2019

	Notes	2019 DKK'000	2018 DKK '000
Revenue	1	1,327,931	1,230,361
Other operating income		100	0
Cost of sales		(1,224,375)	(1,130,123)
Other external expenses		(13,723)	(13,068)
<b>Gross profit/loss</b>		<b>89,933</b>	<b>87,170</b>
Staff costs	2	(41,631)	(35,903)
Depreciation, amortisation and impairment losses	3	(10,960)	(9,082)
Other operating expenses		0	(121)
<b>Operating profit/loss</b>		<b>37,342</b>	<b>42,064</b>
Income from investments in group enterprises		1,873	5,006
Other financial income	4	1,209	1,708
Other financial expenses	5	(295)	(325)
<b>Profit/loss before tax</b>		<b>40,129</b>	<b>48,453</b>
Tax on profit/loss for the year	6	(10,405)	(10,465)
<b>Profit/loss for the year</b>	7	<b>29,724</b>	<b>37,988</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK'000	2018 DKK'000
Goodwill		45,232	33,891
<b>Intangible assets</b>	8	<b>45,232</b>	<b>33,891</b>
Other fixtures and fittings, tools and equipment		7,207	4,279
<b>Property, plant and equipment</b>	9	<b>7,207</b>	<b>4,279</b>
Investments in group enterprises		21,061	24,313
Deposits		1,078	1,005
Deferred tax	11	3,334	0
<b>Other financial assets</b>	10	<b>25,473</b>	<b>25,318</b>
<b>Fixed assets</b>		<b>77,912</b>	<b>63,488</b>
Manufactured goods and goods for resale		60,582	45,081
<b>Inventories</b>		<b>60,582</b>	<b>45,081</b>
Trade receivables		87,515	73,369
Receivables from group enterprises		19,038	22,932
Other receivables		5,180	5,683
Prepayments	12	304	590
<b>Receivables</b>		<b>112,037</b>	<b>102,574</b>
<b>Cash</b>		<b>10,400</b>	<b>7,589</b>
<b>Current assets</b>		<b>183,019</b>	<b>155,244</b>
<b>Assets</b>		<b>260,931</b>	<b>218,732</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
Contributed capital	13	769	769
Reserve for net revaluation according to the equity method		0	3,051
Retained earnings		49,093	52,502
<b>Equity</b>		<b>49,862</b>	<b>56,322</b>
Deferred tax	11	0	346
Other provisions	14	0	183
<b>Provisions</b>		<b>0</b>	<b>529</b>
Finance lease liabilities		1,594	467
Other payables		3,350	1,393
<b>Non-current liabilities other than provisions</b>	<b>15</b>	<b>4,944</b>	<b>1,860</b>
Current portion of non-current liabilities other than provisions	15	2,438	2,032
Bank loans		9	3
Trade payables		150,732	116,269
Payables to group enterprises		528	0
Income tax payable		14,961	11,571
Other payables	16	37,203	30,140
Deferred income	17	254	6
<b>Current liabilities other than provisions</b>		<b>206,125</b>	<b>160,021</b>
<b>Liabilities other than provisions</b>		<b>211,069</b>	<b>161,881</b>
<b>Equity and liabilities</b>		<b>260,931</b>	<b>218,732</b>
Financial instruments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Non-arm's length related party transactions	22		
Group relations	23		

# Statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000	Total DKK'000
Equity beginning of year	769	3,051	52,502	0	56,322
Extraordinary dividend paid	0	0	0	(35,000)	(35,000)
Exchange rate adjustments	0	(202)	0	0	(202)
Value adjustments	0	0	(1,020)	0	(1,020)
Other entries on equity	0	(187)	0	0	(187)
Tax of entries on equity	0	0	225	0	225
Transfer to reserves	0	(4,534)	4,534	0	0
Profit/loss for the year	0	1,872	(7,148)	35,000	29,724
<b>Equity end of year</b>	<b>769</b>	<b>0</b>	<b>49,093</b>	<b>0</b>	<b>49,862</b>

# Notes

## 1 Revenue

	<b>2019</b>
	<b>DKK'000</b>
Denmark	1,133,825
Other Scandinavian countries	147,276
Other countries	46,830
<b>Total revenue by geographical market</b>	<b>1,327,931</b>

## 2 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	35,601	31,435
Pension costs	3,879	3,293
Other staff costs	2,151	1,175
	<b>41,631</b>	<b>35,903</b>
Average number of full-time employees	<b>64</b>	<b>56</b>

	<b>Remuneration of management 2019 DKK'000</b>
Total amount for management categories	2,975
	<b>2,975</b>

Management categories has incentive programmes based on the financial result.

Management categories consist of both management and Board of Directors.

With reference to The Danish Financial Statements Act §86b (3) information about remuneration of management for 2018 has not been given.

**3 Depreciation, amortisation and impairment losses**

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Amortisation of intangible assets	8,153	6,778
Depreciation of property, plant and equipment	2,807	2,304
	<b>10,960</b>	<b>9,082</b>

**4 Other financial income**

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial income from group enterprises	280	258
Other financial income	929	1,450
	<b>1,209</b>	<b>1,708</b>

**5 Other financial expenses**

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Other interest expenses	295	325
	<b>295</b>	<b>325</b>

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

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	13,898	10,631
Change in deferred tax	(3,493)	(166)
	<b>10,405</b>	<b>10,465</b>

**7 Proposed distribution of profit and loss**

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Extraordinary dividend distributed in the financial year	35,000	38,750
Retained earnings	(5,276)	(762)
	<b>29,724</b>	<b>37,988</b>



## 8 Intangible assets

	<b>Goodwill DKK'000</b>
Cost beginning of year	67,781
Additions	19,494
<b>Cost end of year</b>	<b>87,275</b>
Amortisation and impairment losses beginning of year	(33,890)
Amortisation for the year	(8,153)
<b>Amortisation and impairment losses end of year</b>	<b>(42,043)</b>
<b>Carrying amount end of year</b>	<b>45,232</b>

## 9 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>
Cost beginning of year	9,303
Addition through business combinations etc	952
Additions	7,369
Disposals	(4,306)
<b>Cost end of year</b>	<b>13,318</b>
Depreciation and impairment losses beginning of year	(5,024)
Transfers	(400)
Depreciation for the year	(1,986)
Depreciation and impairment losses on assets disposed of	(938)
Reversal regarding disposals	2,237
<b>Depreciation and impairment losses end of year</b>	<b>(6,111)</b>
<b>Carrying amount end of year</b>	<b>7,207</b>

Depreciation for disposal property, plant and equipment is t.DKK 938.

## 10 Financial assets

	<b>Investments in group enterprises DKK'000</b>	<b>Deposits DKK'000</b>
Cost beginning of year	21,262	1,005
Additions	22,032	73
Disposals	(20,900)	0
<b>Cost end of year</b>	<b>22,394</b>	<b>1,078</b>
Revaluations beginning of year	3,051	0
Exchange rate adjustments	(202)	0
Adjustments on equity	(187)	0
Amortisation of goodwill	457	0
Share of profit/loss for the year	2,252	0
Dividend	(3,549)	0
Reversal regarding disposals	(3,155)	0
<b>Revaluations end of year</b>	<b>(1,333)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>21,061</b>	<b>1,078</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Geia Food OY	Vantaa, Finland	OY	100
Geia Food AB	Karlstad, Sweden	AB	95
Tilab International AB	Karlstad, Sweden	AB	100
Geia Food Norge AS	Oslo, Norway	AS	77,2
Geia Food AS	Oslo, Norway	AS	100

## 11 Deferred tax

	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
Intangible assets	3,456	0
Property, plant and equipment	(734)	(373)
Financial assets	(209)	(434)
Receivables	(66)	(129)
Provisions	0	40
Liabilities other than provisions	887	550
<b>Deferred tax</b>	<b>3,334</b>	<b>(346)</b>

<b>Changes during the year</b>	<b>2019 DKK'000</b>
Beginning of year	(346)
Recognised in the income statement	3,493
Recognised directly in equity	187
<b>End of year</b>	<b>3,334</b>

## 12 Prepayments

Prepayments consists of rent and insurance costs.

## 13 Share capital

	<b>Number</b>	<b>Par value DKK'000</b>	<b>Nominal value DKK'000</b>
Shares	769	1	769
	<b>769</b>		<b>769</b>

Par value is mentioned in DKK and not in thousands. Par value is 1,0 DKK.

## 14 Other provisions

Other provisions concerns supplier compensations.

## 15 Non-current liabilities other than provisions

	<b>Due within 12 months 2019 DKK'000</b>	<b>Due within 12 months 2018 DKK'000</b>	<b>Due after more than 12 months 2019 DKK'000</b>
Finance lease liabilities	2,438	2,032	1,594
Other payables	0	0	3,350
	<b>2,438</b>	<b>2,032</b>	<b>4,944</b>

## 16 Other payables

	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
VAT and duties	23,130	19,322
Wages and salaries, personal income taxes, social security costs, etc payable	77	52
Holiday pay obligation	2,077	3,073
Derivative financial instruments	613	1,610
Other costs payable	11,306	6,083
	<b>37,203</b>	<b>30,140</b>

### 17 Deferred income

Deferred income consists of freight charges.

### 18 Financial instruments

The Company hedges currency risks on expected transactions in EUR, NOK and SEK with forward exchange contracts. Forward exchange contracts relates to purchase of goods. Value adjustments are recognized in the equity and are expected to be carried out and recognized in the income statement after the balance sheet day.

Beyond 97% of the forward exchange contracts are hedging towards currency risks relating to EUR/DKK.

Period	Fair value	Contractual value
	DKK'000	DK'000
0-6 months	1.778	360.427
6-12 months	172	95.228
6-12 months	(1.000)	701.115
	<b>950</b>	<b>1.156.770</b>

### 19 Contingent liabilities

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

The entity has entered agreements of rented premises. The Contracts are irredeemable for 7.5 years. The annual rent is 2.463 t.DKK.

### 20 Assets charged and collateral

Mortgage debt is secured by way of company charges. The Company charge comprises stocks, goodwill and receivables, limited to 50,000 t.DKK. The book value of secured assets is t.DKK 200,536.

Furthermore, the Company guarantees bank debt in group enterprises. Bank debt amounts at 31 December to t.DKK 8,238.

### 21 Related parties with controlling interest

- Cena Partnerskab Holding ApS, 9000 Aalborg

### 22 Non-arm's length related party transactions

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

### 23 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
- Cena Partnerskab Holding ApS, 9000 Aalborg

# 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).

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

## Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## 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.

## Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

### 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.

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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

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.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

### Income statement

#### Revenue

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

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

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

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

**Other operating expenses**

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

**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 intra-group profits or losses.

**Other financial income**

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

**Other financial expenses**

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

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

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

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

## Balance sheet

### Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Other fixtures and fittings, tools and equipment	3-5 years
--	-----------

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 value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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 in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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



**Deferred tax**

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

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

**Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value. Cost consists of purchase price plus delivery costs.

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.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

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.

**Finance lease liabilities**

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**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.

**Income tax receivable or payable**

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

**Deferred income**

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

**Cash flow statement**

The entity has not been given information about the cash flow statement with reference to the one that will be presented in the consolidated annual report for Cena Partnerskab Holding ApS, CVR-nr. 38929852.