



Conaxess Trade Denmark A/S

Stamholmen 151, 4.
2650 Hvidovre
CVR No. 16015512

Annual report 2020

The Annual General Meeting adopted the
annual report on 16.04.2021

Jacob Schilling

Chairman of the General Meeting

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Entity details

Entity

Conaxess Trade Denmark A/S

Stamholmen 151, 4.

2650 Hvidovre

CVR No.: 16015512

Date of foundation: 10.06.1966

Registered office: Hvidovre

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Nils Holger Haase, Chairman

Jacob Schilling

Uwe Thellmann

Executive Board

Torben Bank Jensen

Jacob Schilling

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Conaxess Trade Denmark A/S for the financial year 01.01.2020 - 31.12.2020.

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 Company's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Hvidovre, 16.04.2021

Executive Board

Torben Bank Jensen

Jacob Schilling

Board of Directors

Nils Holger Haase
Chairman

Jacob Schilling

Uwe Thellmann

Independent auditor's report

To the shareholder of Conaxess Trade Denmark A/S

Opinion

We have audited the financial statements of Conaxess Trade Denmark A/S for the financial year 01.01.2020 - 31.12.2020, 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 Company's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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 Company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark,

we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

Copenhagen, 16.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant

Identification No (MNE) mne10944

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Revenue	492,608	600,466	636,899	729,842	753,087
Gross profit/loss	58,542	72,999	73,294	72,413	100,750
Operating profit/loss	(3,380)	2,417	(14,654)	(925)	(925)
Net financials	(4,777)	(2,988)	(1,936)	(3,083)	(485)
Profit/loss for the year	3,546	6,076	(7,564)	(25,505)	4,379
Total assets	379,357	374,041	373,602	434,734*	431,990*
Investments in property, plant and equipment	3,732	4,829	1,706	2,938	1,444
Equity	121,728	118,182	112,106	119,670	145,173
Ratios					
Gross margin (%)	11.88	12.16	11.51	9.92	13.38
EBIT margin (%)	(0.69)	0.40	(2.30)	(0.13)	(0.12)
Return on equity (%)	2.96	5.28	(6.53)	(19.26)	3.06
Equity ratio (%)	32.09	31.60	30.01	27.53*	33.61*

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

* In 2019, the Company changed its presentation of factoring receivables and liabilities including comparative figures for 2018, which has been reflected in the equity ratio for 2018-2020, but not for 2016-2017 as allowed by section 101(3) of the Danish Financial Statements Act.

Gross margin (%):

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

EBIT margin (%):

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

Return on equity (%):

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

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Ratios reflect

Gross margin (%)

The portion of the revenue that the Company retains after incurring the direct costs associated with the goods sold

EBIT margin (%)

The Company's operating profitability

Return on equity

The Company's return on capital invested in the Company by the owners

Equity ratio

The financial strength of the Company

Primary activities

Conaxess Trade Denmark A/S is a sales and marketing company whose principal activity is sales of branded convenience goods to the Danish market, with main emphasis on food, confectionery and personal hygiene.

Other activities include sales and distribution of confectionery in travel markets, primarily in the Nordic region.

Development in activities and finances

In 2020, the Company's revenue amounts to DKK 492,608 thousand against DKK 600,466 thousand last year. The income statement for 2020 shows a profit of DKK 3,546 thousand against a profit of DKK 6,076 thousand last year, and the balance sheet at 31 December 2020 shows an equity of DKK 121,728 thousand.

Results from ordinary activities are considered satisfactory and a result of a strong focus on the turnaround of the Company. EBIT has decreased by DKK 5,797 thousand compared with last year.

Due to further structural portfolio changes, revenue was lower compared to last year's level. The profit for the year was positively affected by income from subsidiary totaling DKK 4,049 thousand and income from associate totaling DKK 7,164 thousand.

A profit of DKK 3,546 thousand (2019: DKK 6,076 thousand) was in line with Management's expectations.

Uncertainty relating to recognition and measurement

There have been no uncertainties as to recognition or measurement in 2020.

Unusual circumstances affecting recognition and measurement

None.

Outlook

Results for 2021 are expected to be higher than for 2020 as Management expects income for 2021 be normalized compared to 2020 which was affected by the COVID-19 pandemic. Revenue, earnings and capital resources were expected to develop favorably in the years ahead, although 2021 would still be with focus on increasing earnings, adding principals and optimizing capital resources. To the extent possible, the Company is using the help and relief packages from the Government to lower costs and improve cash flows. Due to the ongoing COVID-19 pandemic there is significant uncertainty about the 2021 results that any quantification of the 2021 expectation would not be meaningful.

Due to the uncertainty of the impact of COVID-19, naturally there will be a high focus on mitigating potential impact of COVID-19 in 2021.

Particular risks

Operating risks:

The constant competition from other providers are always present, but the Company has a wide customer base, and there is no risk that termination of the individual major customers or trading partners may threaten the Company's existence.

Financial risks:

The Company's net interest bearing debt was DKK 0 thousand (2019: DKK 0 thousand) at year-end since the interest bearing receivables exceed the interest bearing debt.

Exchange rate risks:

The Company's operation is not affected significantly by currency fluctuations, due to income as well as expenses relating to the Company's activity mainly are settled in Danish kroner.

Interest rate risks:

The Company's cash and bank loans yield interest at current floating interest rates and the Company is, therefore, exposed to fluctuations in interest rates.

The Company monitors the interest rate risk, and assess the need to apply hedging instruments on a regular basis.

Credit risks:

The Company's credit risks relate primarily to the trade receivables. The maximum credit risk associated with financial assets corresponds to the values recognized on the balance sheet.

The Company is not exposed to any significant risks relating to individual customers or trading partners. All customers are credit rated initially and on a test basis in connection with the ongoing evaluation of credit limits.

Intellectual capital resources

It is essential for the Company's continued growth to maintain and develop as well as attract skilled and dedicated staff with industry knowledge. Key employees participate in a bonus scheme, which is considered significant in relation to the retention of employees as well as for the sake of continued optimisation of the Company's business concepts, etc.

The average number of employees was 111 in 2020 (2019: 133). The average number of employees in 2021 is expected to be lower, due to restructuring.

Environmental performance

The Company makes active and forward-looking commitments to the environment and works actively with environmental management.

Research and development activities

None.

Statutory report on corporate social responsibility***Business model***

The sale and distribution of branded convenience goods to the Danish market take place considering the Company's Code of Conduct from 2017 and work is being done actively on this. The Company is acting on a desire to:

- Minimise the use of resources and their negative impact on our environment
- Ensure equality, dialogue, respect, health and safety regarding social conditions and employee relations
- Respect human rights, including labor rights
- Fighting corruption and bribery

Environmental policy, including to reduce climate impact

Every time the Company uses resources, if there are more options, the activity that uses the least resources must be selected.

In 2018, minimum orders were introduced to reduce logistics costs and thus reduce the environmental impact.

Policy for social conditions and employee relations

All employees must treat each other with respect and consideration. We do not accept harassment, discrimination or bullying and a safe working environment is a must.

In connection with ensuring that the Company complies with the EU General Data Protection Regulation (GDPR) and the Company's policy on anti-money laundering and anti-terrorist financing, a whistleblower scheme has been established.

No incidents have been registered in 2020.

Human rights policy

The Company has joined the UN Universal Declaration of Human Rights, which states, among other things, that all people are born free and equal in dignity and rights.

The established whistleblower scheme can also be used if human rights are violated.

No incidents have been registered in 2020.

Anti-corruption and bribery policy

The Company only offers, provides and accepts gifts, remuneration, invitations and services that are within the framework of regular hospitality.

At the same time as the establishment of the policy for money laundering and terrorist financing in 2018, a whistleblower scheme has been established.

There are no registered offers or request, which can be assumed to affect business-related transactions in 2020.

Statutory report on the underrepresented gender

Management's goal is still to include one woman on the Board at the latest in 2021. The Board currently consists of 3 men and 0 women.

As part of the Company's personnel policy, it is sought to promote equal career opportunities. The personnel policy supports the gender composition by individual career plans.

Furthermore, the Company seeks at least one representative of each gender among the final three candidates for a position in the Company's Management.

In 2019, the proportion of women in top management was 44 %. Mid-level group consists of 35 % women. In 2020, the proportion of women in top management is kept at 44 % and on mid-level at 35 % which is considered satisfactory with a target for both groups at 30 % or above.

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.

Income statement for 2020

	Notes	2020 DKK'000	2019 DKK '000
Revenue	1	492,608	600,466
Cost of sales		(402,287)	(491,420)
Other external expenses	2	(31,779)	(36,047)
Gross profit/loss		58,542	72,999
Staff costs	3	(59,919)	(69,096)
Depreciation, amortisation and impairment losses		(2,003)	(1,486)
Operating profit/loss		(3,380)	2,417
Income from investments in group enterprises		4,049	4,340
Income from investments in associates		7,164	2,353
Other financial income	4	7,031	5,741
Other financial expenses	5	(11,808)	(8,729)
Profit/loss before tax		3,056	6,122
Tax on profit/loss for the year	6	490	(46)
Profit/loss for the year	7	3,546	6,076

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Acquired intangible assets		220	563
Intangible assets	8	220	563
Other fixtures and fittings, tools and equipment		1,034	1,835
Leasehold improvements		2,698	2,994
Property, plant and equipment	9	3,732	4,829
Investments in group enterprises		18,249	14,200
Investments in associates		40,112	37,893
Other receivables		250	250
Deferred tax	11	12,285	11,795
Financial assets	10	70,896	64,138
Fixed assets		74,848	69,530
Manufactured goods and goods for resale		58,709	59,015
Inventories		58,709	59,015
Trade receivables	12	23,697	43,476
Receivables from group enterprises		208,738	188,453
Other receivables		13,365	13,017
Receivables		245,800	244,946
Cash		0	550
Current assets		304,509	304,511
Assets		379,357	374,041

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		43,000	43,000
Reserve for net revaluation according to the equity method		52,702	46,434
Retained earnings		16,026	28,748
Proposed dividend		10,000	0
Equity		121,728	118,182
Other payables		5,931	2,490
Non-current liabilities other than provisions		5,931	2,490
Bank loans		53,911	60,862
Trade payables		51,546	61,264
Payables to group enterprises		97,922	89,930
Other payables		48,319	41,313
Current liabilities other than provisions		251,698	253,369
Liabilities other than provisions		257,629	255,859
Equity and liabilities		379,357	374,041
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Related parties with controlling interest	16		
Group relations	17		

Statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	43,000	46,434	28,748	0	118,182
Profit/loss for the year	0	6,268	(12,722)	10,000	3,546
Equity end of year	43,000	52,702	16,026	10,000	121,728

Notes

1 Revenue

Information of revenue split into activities and geographical markets has been omitted with reference to the Danish Financial Statements Act § 96, because the information is assessed to do significant harm to the Company.

2 Fees to the auditor appointed by the Annual General Meeting

	2020	2019
	DKK'000	DKK'000
Statutory audit services	299	299
Other assurance engagements	57	629
Other services	61	26
	417	954

3 Staff costs

	2020	2019
	DKK'000	DKK'000
Wages and salaries	49,961	57,121
Pension costs	3,977	5,405
Other social security costs	814	876
Other staff costs	5,167	5,694
	59,919	69,096

Average number of full-time employees	111	133
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	Remuneration of management 2020 DKK'000	Remuneration of management 2019 DKK'000
Executive Board	2,821	1,960
	2,821	1,960

The Board of Directors has not received remuneration in 2020 and 2019.

4 Other financial income

	2020	2019
	DKK'000	DKK'000
Financial income from group enterprises	6,829	5,514
Other interest income	202	227
	7,031	5,741

5 Other financial expenses

	2020	2019
	DKK'000	DKK'000
Financial expenses from group enterprises	3,307	2,081
Other financial expenses	8,501	6,648
	11,808	8,729

6 Tax on profit/loss for the year

	2020	2019
	DKK'000	DKK'000
Change in deferred tax	(490)	267
Adjustment concerning previous years	0	(221)
	(490)	46

7 Proposed distribution of profit and loss

	2020	2019
	DKK'000	DKK'000
Ordinary dividend for the financial year	10,000	0
Retained earnings	(6,454)	6,076
	3,546	6,076

8 Intangible assets

	Acquired intangible assets DKK'000
Cost beginning of year	1,385
Cost end of year	1,385
Amortisation and impairment losses beginning of year	(822)
Amortisation for the year	(343)
Amortisation and impairment losses end of year	(1,165)
Carrying amount end of year	220

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	7,256	5,441
Additions	19	543
Cost end of year	7,275	5,984
Depreciation and impairment losses beginning of year	(5,421)	(2,447)
Depreciation for the year	(820)	(839)
Depreciation and impairment losses end of year	(6,241)	(3,286)
Carrying amount end of year	1,034	2,698

10 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Other receivables DKK'000
Cost beginning of year	4,239	1,420	250
Cost end of year	4,239	1,420	250
Revaluations beginning of year	9,961	36,473	0
Share of profit/loss for the year	4,049	7,164	0
Dividend	0	(4,945)	0
Revaluations end of year	14,010	38,692	0
Carrying amount end of year	18,249	40,112	250

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Conaxess Trade Denmark Beverages A/S	Hvidovre	Aktieselskab	75.0

Investments in associates	Registered in	Corporate form	Equity interest %
Borup Kemi A/S	Borup	Aktieselskab	44.95

11 Deferred tax

	2020 DKK'000	2019 DKK'000
Intangible assets	(49)	72
Property, plant and equipment	1,410	1,006
Inventories	308	99
Tax losses carried forward	10,616	10,618
Deferred tax	12,285	11,795

	2020 DKK'000
Changes during the year	
Beginning of year	11,795
Change in deferred tax	490
End of year	12,285

In the calculation of deferred tax, a tax rate of 22.0% was applied (2019: 22.0%).

12 Trade receivables

Out of the total trade receivables amounting to DKK 23,697 thousand, DKK 11,211 thousand comprise factored trade receivables. The factored trade receivables as well as the liability to the factoring bank, are derecognized when the factoring bank receives payment from the debtor.

13 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Liabilities under rental or lease agreements until maturity in total	24,835	24,031

14 Contingent liabilities

The Company serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company 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 these entities.

15 Assets charged and collateral

The Company has provided security in the form of cash funds of DKK 250 thousand at 31 December 2020 for Dansk Retursystem for recycling disposable beverage packaging made of plastic, aluminum and glass included in the Danish deposits and return system.

As collateral for bank loans that amount to DKK 63,911 thousand, floating charge amounting to DKK 75,000 thousand has been provided in the Company's inventory with a book value of DKK 58,709 thousand.

The Company has restricted cash of DKK 22,323 thousand on behalf of a related entity, which has been included in receivables from group enterprises.

16 Related parties with controlling interest

Conaxess Trade Holding AB, Lofströms allé 5, 172 66 Sundbyberg, Sweden owns 100% of the shares of the Company.

Conaxess Trade Holding AB, Lofströms allé 5, 172 66 Sundbyberg, Sweden is owned 100% by:

Conaxess Holding Sweden AB, Lofströms allé 5, 172 66 Sundbyberg, Sweden

which is owned 100% by:

Aurelius Gamma Invest GmbH, Ludwig-Ganghof-Straße 6, 82031 Grünwald, Germany

which is owned 100% by:

Aurelius Equity Opportunities SE & Co. KgaA, Ludwig-Ganghof-Straße 6, 82031 Grünwald, Germany

Thus the above mentioned entities have control over the Conaxess Trade Denmark A/S.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Aurelius Equity Opportunities SE & Co. KgaA, Ludwig-Ganghof-Straße 6, 82031 Grünwald, Germany

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Conaxess Trade Holding AB, Lofströms allé 5, 172 66 Sundbyberg, Sweden

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 presentation

The Company has changed the presentation of income from fees. The Company's revenue for 2020 which amounts to DKK 492,608 thousand contains fees amounting to DKK 21,706 thousand, which prior year was presented as other operating income. The change in presentation is due to Management assess that income from fees is part of the Company's ordinary operations. Comparative figures have been adjusted accordingly.

In addition, the Company has changed its classification of certain balance sheet and expense items. Comparative figures have been adjusted accordingly.

The changes have not had impact on the profit/loss for the year.

Consolidated financial statements

Referring to section 112(2) 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 Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company 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 Company, 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.

Income statement

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made and risk has passed to the buyer, and revenue from fees is recognised in the income statement when the service is performed.

Revenue is recognised net of VAT, and duties and is measured at fair value of the consideration fixed.

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 Company's ordinary activities, including expenses for distribution, logistics, premises, marketing costs, IT-costs and corporate costs. This item also includes write-downs of receivables recognized in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for 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, 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 property, 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 intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and currency gains.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and currency losses.

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 Company 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

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised over the term of the agreement.

Intellectual property rights etc are 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	5-8 years
Leasehold improvements	5-8 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.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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.

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

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

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

Receivables

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

Deferred tax

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

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

Bank loan includes a factoring credit. Factoring credit is recognized as the share to which the factoring bank has recourse right, and is derecognized when the factoring bank receives payment from the debtor.

Cash flow statement

Cash flow statement has not been prepared for the Company as the cash flow is included in the cash flow statement of the consolidated financial statements of the ultimate parent company cf. the Danish Financial Statements Act § 86 (4).