BEIERHOLM
VI SKABER BALANCE

NOVENCO Building & Industry A/S

Industrivej 22, 4700 Næstved

CVR no. 16 92 66 47

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 12.05.23

Lars Erik Knaack
Dirigent

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Group information etc.

The company

NOVENCO Building & Industry A/S
Industrivej 22
4700 Næstved
Tel.: 70 77 88 99
Website: www.novenco-building.com
Registered office: Næstved
CVR no.: 16 92 66 47
Financial year: 01.01 - 31.12

Executive Board

Lars Erik Knaack

Board of Directors

Ira Margarete Vögeli-Alber, chairman
Rainer Ferdinand Müller, vice-chairman
John Anker Boss
Lars Erik Knaack
Kristina Mortensen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Subsidiaries

NOVENCO Building & Industry B.V., Holland
NOVENCO Building & Industry UK Ltd., England
NOVENCO Building & Industry Inc., USA

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

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for NOVENCO Building & Industry A/S.

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

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

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Næstved, May 12, 2023

Executive Board

Lars Erik Knaack

Board of Directors

Ira Margarete Vögeli-Alber Chairman	Rainer Ferdinand Müller	John Anker Boss
Lars Erik Knaack	Kristina Mortensen	

Independent auditor's report

To the Shareholder of NOVENCO Building & Industry A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of NOVENCO Building & Industry A/S for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

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

Statement regarding the management's review

Management is responsible for management's review.

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

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

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

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

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

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

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

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

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

Independent auditor's report

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Næstved, May 12, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lars Pedersen

State Authorized Public Accountant
MNE-no. mne33284

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2022	2021	2020	2019	2018
Profit/loss					
Revenue	397,493	369,484	230,675	285,130	265,679
Index	150	139	87	107	100
Operating profit	11,449	29,516	-4,170	10,854	12,239
Index	94	241	-34	89	100
Total net financials	-716	-910	-802	-1,079	-1,159
Index	62	79	69	93	100
Profit for the year	9,762	27,485	-5,111	8,687	10,395
Index	94	264	-49	84	100
Balance					
Total assets	459,155	203,227	141,891	131,982	136,715
Index	336	149	104	97	100
Investments in property, plant and equipment	2,815	3,150	1,113	665	3,876
Index	73	81	29	17	100
Equity	77,167	67,807	39,914	45,391	36,613
Index	211	185	109	124	100
Cashflow					
Net cash flow:					
Operating activities	186,413	34,429	20,802	29,553	3,560
Investing activities	-11,422	-11,678	-5,924	-2,952	-3,742
Financing activities	-200	-9,990	-6,545	-17,942	-205
Cash flows for the year	174,791	12,761	8,333	8,659	-387

Ratios

	2022	2021	2020	2019	2018
Profitability					
Return on equity	13.5%	47.0%	-12.0%	21.2%	33.1%
Gross margin	23.3%	29.9%	27.1%	28.6%	29.4%
Profit margin	2.9%	8.0%	-1.8%	3.8%	4.6%
Equity ratio					
Solvency ratio	16.8%	33.4%	28.1%	34.4%	26.8%
Others					
Number of employees (average)	204	190	162	175	177

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Gross margin: $\frac{\text{Gross result x 100}}{\text{Revenue}}$

Profit margin: $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

NOVENCO Building & Industry A/S and its subsidaries (The Group), are global suppliers with own development, production and sale of ventilation fans and fan systems for industrial and building purposes.

The Group has 75 years of experience within the ventilation industry.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK 9,762k against DKK 27,485k for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 77,167k.

The earnings expectations for 2022 were a net profit of DKK 10,000k - 20,000k. The objective was met.

Outlook

The company expects a profit before tax in the level of DKK 10,000k - 20,000k.

Knowledge resources

Each year the company invests considerable resources in training and development of the company's employees at all levels of the organisation. This is based on a systematic and targeted approach in the form of both compulsory and voluntary training of the company's employees. Investments in competence development are increasing and constitute an essential pillar in the company's continued development.

Financial risks

Foreign currency risks

The general risks are tied to the global world economy as the Company has activities in large parts of Northern Europe, USA, the Middle East and Southeast Asia.

A significant part of the income consists of exports, therefore the company is sensitive to changes in exchange rates. Items are purchased primarily in DKK and EUR. Currency risks in connection with sales in foreign currency primarily relate to EUR, USD and the Scandinavian currencies.

It is the company's policy to hedge the risk by immediately converting foreign currency to DKK.

It has been assessed by the management that the company's risk is low in relation to the realization of significant exchange rate losses and that the company do not use financial instruments such as forward contracts for risk hedging.

Credit risks

It is the Group's policy to secure payment from external customers via prepayment, bank guarantee or letter of credit.

In addition, an ongoing credit assessment is made of each individual customer.

External environment

NOVENCO conducts an annual environmental survey of all the company's activities and subsequent evaluation to point out the significant environmental aspects. Evaluation is performed on the basis of the following criteria:

An environmental impact is considered significant when:

• it is covered by NOVENCO environmental permits and / or local environmental laws.

• we can minimize the risk of accidents.

• we can launch activities that increase employee motivation and training to improve overall environmental responsibility.

• we can limit resource and energy consumption. In e.g. product development, production optimization or the use of better technology

• we can contribute to re-cycling.

All approved chemicals intended for use in production or service are risk assessed and registered on an approved list.

Waste is divided into fractions so that as much as possible can be recycled. In 2021, NOVENCO had a material recycling rate of 95%.

Subsequent events

No important events have occurred after the end of the financial year.

Corporate social responsibility

We take responsibility for our actions and impact on our customers, suppliers, staff, environment, and society in which we operate.

The company has started to work with the formulation of specific and measurable environmental, social and governance targets.

Furthermore, we have started the process of establishing firm policies covering environment, health and safety, human rights, anti-corruption and bribery and employment for the NOVENCO Building & Industry Group.

Business model

NOVENCO Building & Industry are specialized in ventilation fans and all global revenue streams are linked to this core business activity.

Our core business model is to provide our customers with tailored solutions that fit their true needs and to maximize benefits regarding fan performance, low energy consumption, low life-cycle cost, and high degree of recyclable materials end of product lifetime.

It's important for us to stay innovative on relevant technology and truly understand the markets where we have activity.

We build partnerships to get knowledge and find solutions on how to improve e.g. climate impact, carbon footprint through technology.

Environmental impact

At NOVENCO Building & Industry, we want to reduce our impact on the environment. We endeavor to protect our surroundings from any negative environmental impact which arise as a result of our business activities.

The company is currently monitoring its carbon emission with a view to reducing over time. Our company has actively been working with the following activities:

- We have joined SBTi (Science Based Targets), which helps companies ensure that their climate targets meet the Paris Agreement and keep global warming below 1.5 degrees. Action plans must be drawn up and submitted to SBTI no later than 1 March 2025 for approval.

- In collaboration with Ramboll, NOVENCO Building & Industry is preparing product specific EDP's (Environmental Product Declaration) and a semi-automatic LCA/EPD solution. It is a standardized method for providing information on energy and resource consumption, waste generation and the environmental impacts from the production, use and disposal of a product.

- We have participated in Climate Ready (KlimaKlar), which is an advisory course lead by Danish Industry and Industriens Fond. It has given us an overview in the form of a report that makes our CO2 footprint visible in scope 1, 2 and 3.

Novenco Building & Industry complies with all applicable environmental laws and regulations.

Social responsibility
NOVENCO Building & Industry operates in multiple jurisdictions, and we consider it our responsibility to contribute to the societies in which we operate.

Each operation is involved in local inatiatives that supports the communities in which we operate.

We wish to support a comprehensive labour market and facilitate the training and advancement of all our employees irrespective of their personal circumstances and background.

Employee development and diversity
We care about our employees; they are considered our most important asset. We focus on safety and development for all our employees. All employees are trained in how to enforce a safe working environment including how to act in a production environment and handling dangerous substances.

NOVENCO Building & Industry wishes to promote diversity as a means of increasing the flow of new ideas, perspectives and working methods in the company. Our perspective on diversity of the workforce is that it consists of similarities and differences between employees in terms of gender, age, ethnic, and cultural background, religion, physical abilities and disabilities, and sexual orientation.

There is no tolerance for bullying and harassment, and we respect and recognize each other as colleagues.

NOVENCO Building & Industry condemns the use of child labour and does not employ any children in any aspect of our business.

Respect for human rights
NOVENCO Building & Industry follows all applicable human rights laws and regulations. We do not tolerate any form of discrimination, harassment, or similar conduct in our company.

Anti-corruption and bribery
NOVENCO Building & Industry takes its ethical and moral responsibility seriously and applies them in all business decisions.

In terms of ethical behavior, we have the same expectations of employees, suppliers, and customers.

We have a zero tolerance of bribery, corruption, fraud, and similar misconduct of any kind. NOVENCO Building & Industry will not participate in any cartel or abuse of market dominance, and we have in all parts of our company an appropriate level of transparency in procurement and commercial negotiations.

Gender diversity

Supreme management body

Board of Directors comprises 40% women and 60% men, and the gender representation is thus regarded as balanced. The gender balance is expected to be maintained in future.

Other management levels

At the other company management levels, male managers constitute 58% and female managers 42%, and the gender representation is thus regarded as balanced. The gender balance is expected to be maintained in future.

Data ethics

NOVENCO Building & Industry A/S does not have a formalized policy regarding data ethics, however it's been decided to develop and implement such a policy within 1-2 years. It can be said that the company does not register data that does not have a meaningful purpose and is related to our core business, and that fail-safe data registration methods are used to the greatest extent possible, to ensure quality in the data that is recorded.

Likewise, it is ensured via appropriate security measures that information about our collaborations and the data we jointly collaborate on is not made available to 3rd parties.

Our data is registered in several main systems (ERP, CRM, Salary, Collaboration platform, Quality system), in which access rights are controlled based on "need-to-know-only".

Income statement

Note		Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000
1	**Revenue**	**397,493**	**369,484**	**316,539**	**272,365**
	Production costs	-304,816	-259,023	-247,298	-188,547
	Gross profit	**92,677**	**110,461**	**69,241**	**83,818**
	Distribution costs	-39,613	-26,054	-24,139	-13,349
	Administration costs	-46,300	-59,372	-38,614	-50,680
	Other operating income	4,685	4,481	4,685	4,481
	Operating profit	**11,449**	**29,516**	**11,173**	**24,270**
4	Income from equity investments in group enterprises	0	0	519	4,042
	Financial income	71	0	71	0
5	Financial expenses	-787	-910	-611	-827
	Profit before tax	**10,733**	**28,606**	**11,152**	**27,485**
6	Tax on profit for the year	-971	-1,121	-1,390	0
	Profit for the year	**9,762**	**27,485**	**9,762**	**27,485**

7 Proposed appropriation account

Balance sheet

ASSETS

Note		Group 31.12.22 DKK '000	Group 31.12.21 DKK '000	Parent 31.12.22 DKK '000	Parent 31.12.21 DKK '000
	Completed development projects	20,272	4,077	20,272	4,077
	Development projects in progress	0	12,568	0	12,568
8	**Total intangible assets**	**20,272**	**16,645**	**20,272**	**16,645**
	Land and buildings	2,782	3,183	0	0
	Leasehold improvements	1,366	250	1,366	250
	Plant and machinery	4,283	4,877	4,222	4,825
	Other fixtures and fittings, tools and equipment	531	274	313	0
9	**Total property, plant and equipment**	**8,962**	**8,584**	**5,901**	**5,075**
10	Equity investments in group enterprises	0	0	29,914	30,541
11	Deposits	167	191	167	191
	Total investments	**167**	**191**	**30,081**	**30,732**
	Total non-current assets	**29,401**	**25,420**	**56,254**	**52,452**
	Raw materials and consumables	49,400	41,653	49,400	41,653
	Work in progress	25,518	21,819	25,518	21,819
	Manufactured goods and goods for resale	4,707	3,310	1,386	1,097
	Total inventories	**79,625**	**66,782**	**76,304**	**64,569**
12	Work in progress for third parties	60,668	30,371	43,776	17,503
	Trade receivables	55,205	35,131	37,063	13,208
	Receivables from group enterprises	0	0	5,931	6,562
	Deferred tax asset	2,060	1,606	0	0
	Other receivables	16,655	4,129	16,567	3,664
13	Prepayments	3,136	2,174	2,894	1,867
	Total receivables	**137,724**	**73,411**	**106,231**	**42,804**
	Cash	**212,405**	**37,614**	**195,652**	**19,057**
	Total current assets	**429,754**	**177,807**	**378,187**	**126,430**
	Total assets	**459,155**	**203,227**	**434,441**	**178,882**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000
14	Share capital	40,002	40,002	40,002	40,002
	Reserve for development costs	18,283	13,926	18,283	13,926
	Foreign currency translation reserve	-361	41	-361	41
	Retained earnings	17,743	13,838	17,743	13,838
	Proposed dividend for the financial year	1,500	0	1,500	0
	Total equity	**77,167**	**67,807**	**77,167**	**67,807**
16	Other provisions	3,659	3,119	2,504	1,848
	Total provisions	**3,659**	**3,119**	**2,504**	**1,848**
17	Lease commitments	0	295	0	295
17	Other payables	5,308	5,198	5,308	5,198
	Total long-term payables	**5,308**	**5,493**	**5,308**	**5,493**
17	Short-term part of long-term payables	295	309	295	309
12	Prepayments received from work in progress for third parties	301,594	34,474	291,360	26,140
	Trade payables	53,715	54,564	46,317	47,391
	Payables to group enterprises	0	4,384	0	4,384
	Income taxes	519	439	129	0
	Other payables	16,898	32,638	11,361	25,510
	Total short-term payables	**373,021**	**126,808**	**349,462**	**103,734**
	Total payables	**378,329**	**132,301**	**354,770**	**109,227**
	Total equity and liabilities	**459,155**	**203,227**	**434,441**	**178,882**

18 Contingent assets
19 Contingent liabilities
20 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Group:						
Statement of changes in equity for 01.01.21 - 31.12.21						
Balance as at 01.01.21	40,002	7,569	-367	-7,290	0	39,914
Foreign currency translation adjustment of foreign enterprises	0	0	408	0	0	408
Transfers to/from other reserves	0	6,357	0	-6,357	0	0
Net profit/loss for the year	0	0	0	27,485	0	27,485
Balance as at 31.12.21	40,002	13,926	41	13,838	0	67,807
Statement of changes in equity for 01.01.22 - 31.12.22						
Balance as at 01.01.22	40,002	13,926	41	13,838	0	67,807
Foreign currency translation adjustment of foreign enterprises	0	0	-402	0	0	-402
Transfers to/from other reserves	0	4,357	0	-4,357	0	0
Net profit/loss for the year	0	0	0	8,262	1,500	9,762
Balance as at 31.12.22	40,002	18,283	-361	17,743	1,500	77,167
Parent:						
Statement of changes in equity for 01.01.21 - 31.12.21						
Balance as at 01.01.21	40,002	7,569	-367	-7,290	0	39,914
Foreign currency translation adjustment of foreign enterprises	0	0	408	0	0	408
Transfers to/from other reserves	0	6,357	0	-6,357	0	0
Net profit/loss for the year	0	0	0	27,485	0	27,485
Balance as at 31.12.21	40,002	13,926	41	13,838	0	67,807
Statement of changes in equity for 01.01.22 - 31.12.22						
Balance as at 01.01.22	40,002	13,926	41	13,838	0	67,807
Foreign currency translation adjustment of foreign enterprises	0	0	-402	0	0	-402
Transfers to/from other reserves	0	4,357	0	-4,357	0	0
Net profit/loss for the year	0	0	0	8,262	1,500	9,762
Balance as at 31.12.22	40,002	18,283	-361	17,743	1,500	77,167

Consolidated cash flow statement

Note		Group 2022 DKK '000	Group 2021 DKK '000
	Profit for the year	**9,762**	**27,485**
21	Adjustments	8,707	5,852
	Change in working capital:		
	Inventories	-12,843	-37,883
	Receivables	-63,835	-2,935
	Trade payables	-850	10,119
	Other payables relating to operating activities	246,996	32,085
	Other provisions	539	1,082
	Cash flows from operating activities before net financials	**188,476**	**35,805**
	Interest income and similar income received	71	0
	Interest expenses and similar expenses paid	-787	-909
	Income tax paid	-1,347	-467
	Cash flows from operating activities	**186,413**	**34,429**
	Purchase of intangible assets	-8,891	-8,528
	Sale of intangible assets	284	0
	Purchase of property, plant and equipment	-2,815	-3,150
	Cash flows from investing activities	**-11,422**	**-11,678**
	Repayment of lease commitments	-309	-297
	Repayment of payables to group entreprises	0	-9,329
	Repayment of other long-term payables	109	-364
	Cash flows from financing activities	**-200**	**-9,990**
	Total cash flows for the year	**174,791**	**12,761**
	Cash, beginning of year	37,614	24,853
	Cash, end of year	**212,405**	**37,614**
	Cash, end of year, comprises:		
	Cash	212,405	37,614
	Total	**212,405**	**37,614**

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

1. Revenue

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

Revenue comprises the following activities:

Revenue, Product Sales	31,841	34,510	50,683	46,968
Revenue, System Sales	276,688	260,051	217,716	198,029
Revenue, OEM Sales	51,089	49,570	31,053	19,048
Revenue, Aftersales	37,875	25,353	17,087	8,320
Total	397,493	369,484	316,539	272,365

Revenue comprises the following geographical markets:

Revenue, world	397,493	369,484	316,539	272,365
Total	397,493	369,484	316,539	272,365

2. Employee aspects

Wages and salaries	101,060	82,362	85,917	68,143
Pensions	7,779	6,922	6,485	5,643
Other social security costs	5,114	3,667	2,786	1,674
Other staff costs	2,863	1,837	2,863	1,837
Total	116,816	94,788	98,051	77,297

Total staff costs comprise:

Production costs	74,411	46,191	67,115	39,907
Distribution costs	23,707	14,413	15,801	6,805
Administration costs	18,698	34,185	15,135	30,586
Total	116,816	94,789	98,051	77,298

Average number of employees during the year	204	190	159	151

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

3. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	641	627	289	275
Other services	216	34	216	34
Total	857	661	505	309

4. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	519	4,042
Total	0	0	519	4,042

5. Financial expenses

Interest, group enterprises	75	75	75	75
Other financial expenses total	712	835	536	752
Total	787	910	611	827

6. Tax on profit for the year

Tax on profit or loss for the year	129	615	129	0
Adjustment of deferred tax for the year	-419	506	0	0
Adjustment of tax in respect of previous years	1,261	0	1,261	0
Total	971	1,121	1,390	0

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

7. Proposed appropriation account

Proposed dividend for the financial year	1,500	0	1,500	0
Retained earnings	8,262	27,485	8,262	27,485
Total	9,762	27,485	9,762	27,485

8. Intangible assets

Figures in DKK '000	Completed development projects	Development projects in progress
Group:		
Cost as at 01.01.22	32,604	12,568
Additions during the year	8,891	0
Disposals during the year	-284	0
Transfers during the year to/from other items	12,568	-12,568
Cost as at 31.12.22	53,779	0
Amortisation and impairment losses as at 01.01.22	-28,528	0
Amortisation during the year	-4,984	0
Transfers during the year to/from other items	5	0
Amortisation and impairment losses as at 31.12.22	-33,507	0
Carrying amount as at 31.12.22	20,272	0

8. Intangible assets - continued -

Figures in DKK '000	Completed development projects	Development projects in progress
Parent:		
Cost as at 01.01.22	32,604	12,568
Additions during the year	8,891	0
Disposals during the year	-284	0
Transfers during the year to/from other items	12,568	-12,568
Cost as at 31.12.22	53,779	0
Amortisation and impairment losses as at 01.01.22	-28,528	0
Amortisation during the year	-4,984	0
Transfers during the year to/from other items	5	0
Amortisation and impairment losses as at 31.12.22	-33,507	0
Carrying amount as at 31.12.22	20,272	0

The company continually develops and upgrades its product portfolio and the sub-products included in the overall ventilation solutions.

Costs for this development work are activated when the conditions for this are met.

9. Property, plant and equipment

Figures in DKK '000	Land and buildings	Leasehold improve- ments	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:				
Cost as at 01.01.22	15,792	8,589	39,830	2,934
Additions during the year	149	1,428	841	398
Disposals during the year	-97	0	0	-30
Cost as at 31.12.22	15,844	10,017	40,671	3,302
Depreciation and impairment losses as at 01.01.22	-12,609	-8,339	-34,952	-2,661
Depreciation during the year	-550	-312	-1,436	-140
Reversal of depreciation of and impairment losses on disposed assets	97	0	0	30
Depreciation and impairment losses as at 31.12.22	-13,062	-8,651	-36,388	-2,771
Carrying amount as at 31.12.22	2,782	1,366	4,283	531
Parent:				
Cost as at 01.01.22	0	8,589	38,490	917
Additions during the year	0	1,428	811	361
Cost as at 31.12.22	0	10,017	39,301	1,278
Depreciation and impairment losses as at 01.01.22	0	-8,339	-33,665	-917
Depreciation during the year	0	-312	-1,414	-48
Depreciation and impairment losses as at 31.12.22	0	-8,651	-35,079	-965
Carrying amount as at 31.12.22	0	1,366	4,222	313
Carrying amount of assets held under finance leases as at 31.12.22	0	0	1,216	0

10. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Parent:	
Cost as at 01.01.22	40,544
Cost as at 31.12.22	40,544
Depreciation and impairment losses as at 01.01.22	-10,003
Foreign currency translation adjustment of foreign enterprises	-402
Net profit/loss from equity investments	519
Dividend relating to equity investments	-744
Depreciation and impairment losses as at 31.12.22	-10,630
Carrying amount as at 31.12.22	29,914

Name and registered office:	Ownership interest
Subsidiaries:	
NOVENCO Building & Industry B.V., Holland	100%
NOVENCO Building & Industry UK Ltd., England	100%
NOVENCO Building & Industry Inc., USA	100%

11. Other non-current financial assets

Figures in DKK '000	Deposits
Group:	
Cost as at 01.01.22	191
Disposals during the year	-24
Cost as at 31.12.22	167
Carrying amount as at 31.12.22	167
Parent:	
Cost as at 01.01.22	191
Disposals during the year	-24
Cost as at 31.12.22	167
Carrying amount as at 31.12.22	167

	Group		Parent	
	31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000
12. Work in progress for third parties				
Work in progress for third parties	-240,925	-4,103	-247,583	-8,637
Work in progress for third parties	60,668	30,371	43,776	17,503
Prepayments received from work in progress for third parties, short-term payables	-301,594	-34,474	-291,360	-26,140
Total	-240,926	-4,103	-247,584	-8,637

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

13. Prepayments

Prepaid insurance premiums	89	818	89	818
Prepaid membership fees and subscriptions	913	1,356	671	1,049
Other prepayments	2,134	0	2,134	0
Total	3,136	2,174	2,894	1,867

14. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share capital	40,002	40,002

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

15. Deferred tax

Provisions for deferred tax as at 01.01.22	1,606	2,113	0	0
Deferred tax recognised in the income statement	454	-506	0	0
Deferred tax recognised in equity	0	-1	0	0
Provisions for deferred tax as at 31.12.22	2,060	1,606	0	0

As at 31.12.22, the Group has recognised a deferred tax asset of DKK 2,060k, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

16. Other provisions

Figures in DKK '000	Warranty commitments	Other provisions
Group:		
Provisions as at 01.01.22	2,791	327
Foreign currency translation adjustment	-4	0
Applied during the year	-1,324	-37
Provisions during the year	1,906	0
Provisions as at 31.12.22	3,369	290
Parent:		
Provisions as at 01.01.22	1,848	0
Applied during the year	-1,250	0
Provisions during the year	1,906	0
Provisions as at 31.12.22	2,504	0

	31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000
Other provisions are expected to be distributed as follows:				
Non-current liabilities	290	327	0	0
Current liabilities	3,369	2,792	2,504	1,848
Total	3,659	3,119	2,504	1,848

17. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Group:				
Lease commitments	295	0	295	604
Other payables	0	4,406	5,308	5,198
Total	295	4,406	5,603	5,802
Parent:				
Lease commitments	295	0	295	604
Other payables	0	4,406	5,308	5,198
Total	295	4,406	5,603	5,802

18. Contingent assets

The group has a deferred tax asset of DKK 7,314k, which has not been recognised in the balance sheet. The tax asset can be attributed to tax losses carried forward and can be carried forward indefinitely.

As it has been uncertain when the tax asset could be utilized, it has so far not been recognized in the balance sheet. Management has chosen to maintain this assessment in the current financial year.

Parent:

The company has a deferred tax asset of DKK 7,314k, which has not been recognised in the balance sheet. The tax asset can be attributed to tax losses carried forward and can be carried forward indefinitely.

As it has been uncertain when the tax asset could be utilized, it has so far not been recognized in the balance sheet. Management has chosen to maintain this assessment in the current financial year.

19. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 3 - 180 months and total lease payments of DKK 153,696k.

Guarantee commitments

The group has provided a guarantee of DKK 620k to credit institute.

Parent:

Lease commitments

The company has concluded lease agreements with terms to maturity of 6 - 180 months and total lease payments of DKK 151,233k.

20. Related parties

Controlling influence	Basis of influence
Schako KG, Messkirch, DE	Capital owner

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

21. Adjustments for the cash flow statement

	Group 2022 DKK '000	Group 2021 DKK '000
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	7,422	3,414
Financial income	-71	0
Financial expenses	787	909
Tax on profit or loss for the year	971	1,121
Other adjustments	-402	408
Total	8,707	5,852

22. Accounting policies

GENERAL

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

The accounting policies have been applied consistently with previous years.

Change in accounting estimates

The company has changed its accounting estimates in the following areas:

Changed allocation key for costs

In connection with the implementation of a new financial system, the group has, with effect as of 01.01.22, changed allocation key for allocation of costs between production, distribution and administration costs.

These accounting items are thus not directly comparable with 2021.

Profit and equity are not affected by the changed allocation, which in the management's opinion better gives a fairer picture of the group cost base.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

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

22. Accounting policies - continued -

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

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

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

22. Accounting policies - continued -

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

INCOME STATEMENT

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

22. Accounting policies - continued -

Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

Other operating income

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

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK '000
Completed development projects	5	
Buildings	15 - 30	0
Leasehold improvements	5 - 10	0
Plant and machinery	4 - 12	0
Other plant, fixtures and fittings, tools and equipment	3 - 12	0

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of

22. Accounting policies - continued -

unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

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

Development projects in progress are transferred to completed development projects when the asset is ready for use.

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

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

22. Accounting policies - continued -

Gains and losses on the disposal of intangible assets

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

Property, plant and equipment

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

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

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

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

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

Equity investments in group entreprises

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

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments,

22. Accounting policies - continued -

where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

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

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

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

22. Accounting policies - continued -

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

22. Accounting policies - continued -

Cash

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

Equity

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

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Provisions

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

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

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised

22. Accounting policies - continued -

on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

CASH FLOW STATEMENT

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

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

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

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

22. Accounting policies - continued -

Cash and cash equivalents at the beginning and end of the year comprise cash.

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