LTP Group A/S

Bryghuspladsen 8
1473 København K
CVR No. 17974246

Annual report 2021

The Annual General Meeting adopted the annual report on 09.05.2022

Jeannett Hvidkjær
Chairman of the General Meeting

Contents

Entity details

Entity

LTP Group A/S

Bryghuspladsen 8

1473 København K

Business Registration No.: 17974246

Registered office: København

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Jan Jakobsen, chairman

Astrid Haug

Jon Skovhus Knudsen

Peter Midtgaard

Morten Østergaard

Executive Board

Jeannett Hvidkjær, chief executive officer

Henrik Holmgaard Olsson, director

Camilla Deichmann, director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Papirfabrikken 26

8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of LTP Group A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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.

Copenhagen, 09.05.2022

Executive Board

Jeannett Hvidkjær
chief executive officer

Henrik Holmgaard Olsson
director

Camilla Deichmann
director

Board of Directors

Jan Jakobsen
chairman

Astrid Haug

Jon Skovhus Knudsen

Peter Midtgaard

Morten Østergaard

Independent auditor's report

To the shareholders of LTP Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of LTP Group A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

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

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

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Silkeborg, 09.05.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Heidi Julitta Østergaard Jensen
State Authorised Public Accountant
Identification No (MNE) mne34163

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	831,067	600,227	726,353	614,121	510,202
Gross profit/loss	252,166	192,527	205,330	174,514	150,563
Operating profit/loss	70,364	47,950	55,966	47,643	44,128
Net financials	2,937	14,613	9,560	1,290	7,918
Profit/loss for the year	69,660	44,467	61,693	49,939	40,142
Balance sheet total	469,641	385,602	358,398	353,786	272,486
Investments in property, plant and equipment	16,864	4,759	11,030	37,104	15,441
Equity	300,270	278,281	255,653	214,194	188,613
Average invested capital incl. goodwill	165,040	172,723	193,777	156,862	131,579
Ratios					
Gross margin (%)	30.34	32.08	28.27	28.42	29.51
Net margin (%)	8.38	7.41	8.49	8.13	7.87
Return on invested capital incl. goodwill (%)	42.21	25.74	31.84	31.84	30.51
Return on equity (%)	24.08	16.66	26.26	24.80	23.28
Equity ratio (%)	63.94	72.17	71.33	60.54	69.22

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

Gross margin (%):

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

Net margin (%):

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

Return on invested capital incl. goodwill (%):

$$\frac{\text{Profit/loss for the year} * 100}{\text{Average invested capital incl. goodwill}}$$

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

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

Primary activities

2021 has been a year impacted by various diverted consequences of the continued global pandemic as well as changes in the global supply chain, caused by inventory and material shortages as well as logistic challenges. Health and wellbeing were at risk the world over, and as in 2020 our main focus remained the health and wellbeing of our employees. The global supply chain challenges have driven up the cost of logistics and raw materials and in the last quarter of 2021 significantly increases in utility cost were also a reality.

LTP Group has been able to remain and act as a reliable and stable partner towards customers, suppliers, and manufacturing partners, showing strength and flexibility even though 2021 did its best to challenge our determination and resilience. We have constantly been seeking solutions to be able to secure, fulfill our deliveries and meet our customer's changing needs. The dialog with our customers has become more directed to a holistic partnership model to ensure the capacity, the supply chain and at the same time balancing the financing risk.

LTP Group managed to deliver its highest ever revenue of DKK 830 million regardless of these conditions in 2021. This corresponds to a growth of 38% compared to 2020.

LTP Group has continued to invest, prioritize, and accelerate on shared strategic focus areas strengthening the foundation, which include **People & Culture, Digitalization** and **Sustainability**, all seen as imperatives for continued growth:

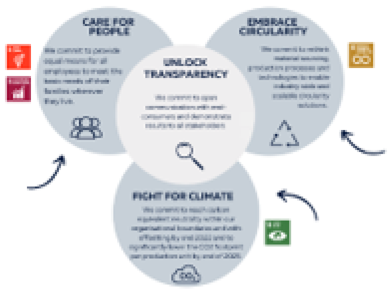
People – it is people and their work that make LTP Group what it is. The employees of LTP are key to the success, their performance, well-being and knowledge significantly impacts the customer and business partner satisfaction, and in the end the financial performance. We strive to maintain and nurse a strong culture which ensure room for diversities and development.

In 2021 LTP Group welcomed a new country to the global footprint, establishing furniture manufacturing in Saltillo, Mexico, thus LTP Group now operates in 6 countries.

Every day more than 2,000 employees go to work to create value for our business partners. The employees in LTP Group have once again shown the strength of a strong culture in which the challenges are faced as a team. Local management teams and all employees in LTP Group has delivered an incredible effort this year.

Digitalization – we are building a strong digital foundation which will enable us to support a continued growth and scale of the LTP Group business. More use of data and advanced analytics in everything we do is a must. We will continue to introduce digital solutions to the benefit of all partners of LTP Group.

Sustainability - LTP Consciously Crafted® is our commitment to drive sustainable manufacturing, with environmental and ethical accountability determining our choices in producing durable, purposeful, premium products. To anchor our commitment, it is essential that sustainability becomes an integrated part of our operations, values, and culture. Therefore, we have made sustainability one of our corporate strategic pillars. In 2021 we carried out a materiality assessment to identify our priorities towards 2025, which resulted in 4 commitments themes: **Care for People; Embrace Circularity; Fight for Climate; Unlock Transparency.** For more information refer to LTP Group Sustainability report for 2021.



LTP Group is a leading manufacturer for demanding clothing and furniture brands. We are specialists in handling textiles for many different products. Together with our customers we continuously keep a focus in strengthening the sustainable offering of technically complex production capabilities and services.

LTP Group is a key production partner for more than 100 premium leading brands having the main markets in Northern Europe and Scandinavia.

The production sites are in 3 countries in Europe, 1 in Asia and 1 in North America and count 10 modern factories.

In beginning of 2022, LTP Group divested its shareholding in Theca A/S to Actona Group A/S.

LTP Garment is a global manufacturer with regional innovation centers in Europe and Asia, and with experts in each product category developing more than 1.500 new styles every year. LTP Garment operates in 6 product categories: Active Sport, Cycling, Outdoor, Athleisure, Urban Performance and Sustainable Fashion & Lifestyle.

LTP Garment's value proposition resides in its global and sophisticated R&D setup, highly competitive production with the newest technology and own factories specialised in high-end quality, well-suited for handling production of smaller batches. LTP Garment also offer its brand customers a strong suite of Value-Added services Together with the brand partners we move industry boundaries. LTP Garment work with 3-D CLO to co-develop the garments of tomorrow in a sustainable way. It also offers a 360◦ Innovation book sharing industry insight on the latest materials and trims development. Design & Development Innovation and Creation brings new a strong international design network to the forefront of co-creation.

The division employ more than 1.600 employees and deliver an output of more than 2,8 million pcs. per year of finished garment, manufactured from 5 fully owned locations and by trusted sub-contracting partners. The factories are located in 4 different countries and are approved by the highest certifications including Bluesign and GOTS certification and FairWear Foundation audits initiated by brand customers. The Division also work with the HIGG Index. There is a strong focus to collaborate with brand customers on increasing transparency- LTP Garment remains focused on a small exclusive group of approximately 60 premium brands served from our specialized high-end production setup. The geographical footprint of the customer base is expanding with new additions in Asia Pacific and North America.

LTP Furniture is a trusted production partner and serve as a 100% OEM partner by working with the most professional and demanding brands in the industry. Skills are evolved in an area where it is a must to be an expert in handling 1.000s variants.

Partnering with LTP gives access to numerous value-added services, partners and experts. LTP Furniture offers a total supply chain solution, including full assembly, packaging and logistics.

The division operates in two main product categories – Contract& Design Furniture and Bed & Sofa Covers and serve more than 30 brands in suppling within the product range of: sofas, poufs, lounges, mattress covers, sofa

covers, headboards, bed frames, dining chairs, office chairs, conference chairs, bar stools, acoustic panels and numerous variants of sewn accessories.
The dedicated team of more than 600 employees handles great volume and flexibility emphasised by the fact that every 15 seconds a new furniture item is finished at LTP.

From one of the 4 factories in Lithuania more than 2.000.000 pcs are produced every year. The production is lean and efficient designed and powered to handle short lead times and large number of variances. All European manufacturing sites are ISO-9001 & ISO-14001 certified to ensure the highest quality and environmental standards. To secure transparency in the Supply Chain STEP certifications was initiated 2021 and during 2022 several sites will comply with this new standard.

In October 2021, a new location in Lithuania, of more than 4.000 square meter for production within textile solutions was ready to serve our current and new customers within the Bed & Sofa Cover segment

In November 2021 LTP Furniture opened its first furniture production facility in Mexico. The facility will from March 2022 support customers with sustainable manufacturing and easy access to the largest furniture market in the world: North America. The new production facility counts 4.000 square meters, having an option to extend with additional 3.000 square meters, and is located in Saltillo, which is an optimal logistic hub to reach the border of the United States.

Development in activities and finances

LTP Group performance during the year was strong. The sales have increased overall by 38% and concluded at DKK 831,067k compared to DKK 600,227k in 2020. Operating profit margin shows 8,4% slightly up from 2020.

Profit/loss for the year in relation to expected developments

Profit before tax of DKK 79,755k versus DKK 50,887k in 2020. This is considered a very satisfactory result, and it exceed our expectations for the year.

Outlook

Initial expectations were for a good year in 2022 with strong demand providing a base for higher revenue, although turbulent supply chains, high material prices and high cost of energy will continue to be a challenge.

However, the current war in Ukraine and the international sanctions has brought renewed uncertainty. LTP Group has a fully owned production in Lviv, Ukraine and from the beginning of the war our focus has been to support our colleagues in Lviv to the best of our capabilities. Our Ukrainian colleagues has voluntarily maintained production, while taking all measures thinkable for ensuring safety.

LTP Group has donated contributions to the humanitarian efforts in Ukraine trough Red Cross, UNHCR and UNICEF as well as supported local employee initiatives and co-worked with customers to support local humanitarian organizations in Ukraine.

The situation in Ukraine brings LTP Groups capacity safety in Europe at risk, and consequently LTP Group has decided to restructure the production capacity in Europe. The establishment of new and more capacity include acquisitions, as well as third-party manufacturing partnerships.

Vigilance is called for, and LTP Group Management will stay focused to evaluate the situation and adjust our actions with consideration of all our stakeholders, from employees to customers. The production capacity in Europe is high on the 2022 agenda.

In 2022, based on the situation and the estimated uncertainty, management expect negative impact to the activities and cost levels in Europe, while activities in Asia and North America is assessed to grow, yet also impacted by increased prices. Overall, an estimated profit of DKK 65-70 mill. is expected.

Both divisions have a solid position and continuously strong momentum in their market segments, which allow LTP Group to continue to serve and support current and future customers growth journey.

The outlook for 2022 assumes the currency exchange rates, especially the US dollar and VND against the EUR and DKK, will remain at the current rate.

Management has not found any need to change the carrying value of receivables despite the financial impact on the customers, and the production equipment and tools are kept at carrying value without further impairment needs.

Risk management
The Pandemic and the war in Ukraine have highlighted the importance of LTP Group's ability to manage crises and use the learnings to become even stronger and maintain a resilient organization.

As a global manufacturer, LTP Group is exposed to a variety of general and specific commercial and financial risks which may have impact on LTP Group's future growth, activities, financial position, and results.

Risks are a natural and integral part of LTP Groups business activities. The risk landscape is changing continuously and LTP Group aim to mitigate the risks and reduce them to an acceptable level trough risk management.

LTP Groups risk management framework is based on a structured risk identification, analysis and reporting process providing the basis for risk assessments and subsequent mitigating actions.

Management in LTP Group entities conduct a risk review within their areas of responsibility at least once a year. The risks are discussed, described, scored for severity and likelihood. The risks which are identified to have the largest potential impact on LTP's business are described below. The risks are not ranked in any order of priority.

Attract and retain employees
Employees are a vital resource for LTP Group. The business success depends on highly qualified management teams and employees with technical and operational qualifications at all organisational levels. It is critical for the capability of handling extraordinary situations like the pandemic and the war in Ukraine.

Failure to attract new talents or retaining existing, experienced key employees can potentially have long-term consequences for the operational and strategic development of LTP Group.

LTP Group strive to ensure the company to be an attractive place to work. This includes a good and safe physical environment and a focus on developing individual employees, on career development and on delegating responsibility to the employees. The local People & Culture organizations are strengthened to enhance focus on key positions and succession planning as well as attracting digital, operational, and functional talents to support the business strategic priorities.

All employees are regulated by contracts to ensure their rights as employees, and the terms offered to the employees are competitive.

Financial affairs
The result and equity of LTP Group are impacted by several financial risks, including foreign exchange risks, interest rate risks, liquidity risks and credit risks as well as by the risk that the conditions of the international trade are changed. LTP Group does not engage in speculative transactions.

The credit risk policy includes an ongoing credit assessment, and credit insurance are established on a case-by-case basis.

LTP Group's credit facilities carry floating interest rate. The development in interest is linked to Cibor 3 months.

Currency exposure is mainly managed in matching income and liabilities in same currencies. Some exposure is present between VND/USD and EUR/USD. No forward cover has been entered into.

IT systems
IT systems, networks and related processes are essential for LTP Groups day-to-day operations. By increase of digitalization of business processes, cyber-attack or non-availability of IT systems can have significant financial consequence.

The majority of the operation and maintenance of networks and servers, back-up, access and firewalls has been outsourced to an external partner. The outsourcing ensures an on-going update of security software and limits the risk of breakdowns. In 2021 the performance of IT platforms and security systems has been stable despite the continued increased number of employees working from home.
LTP Group's IT objectives comprises a continued effort to increase the protection against attempts to penetrate LTP Groups IT infrastructure. The focus on heightening and strengthening the security position include reduction of the number of applications used through group wide standardization and harmonisation as well as a cross-organisational approach and systematic methods and processes to address exposure.

Compliance
At all levels in LTP Group and in the countries operated in a commitment to conduct honest and ethical business practice is a must. As a result of performing global operations, LTP Group is subject to extensive international regulatory requirements. In particular regulations related to customs, VAT, tax and data privacy.

Non-compliance may carry a long-term impact on the relationships with customers and stakeholders as well as leading to fines, claims etc.

The internal procedures, systems and employee training programmes are established to ensure compliance relevant legislation and LTP Groups Code of Conduct.

Significant compliance-related risks are monitored and managed from Group level in close corporation with the local business units.

Statutory report on corporate social responsibility

Our sustainability activities and progress are presented in LTP Sustainable Report for 2021, which constitutes the group’s statutory reports on corporate social responsibility. The LTP Sustainable report for 2021 can be found on the company's website: https://www.ltpgroup.com/care/compliance-reports

Statutory report on the underrepresented gender

Pursuant to the Danish Companies Act, the Board has set a target for the proportion of General Meeting elected female board members of at least 20% (corresponding to 1 female in the Board of directors with 5 members elected at the general meeting). The present proportion og General Meeting-elected female board members is 1 female and 4 males. For other layers of management, no policies have been set as there are less than 50 employees in the Danish Company and there is not any requirements for policies for the under-represented gender in foreign subsidiaries.

Statutory report on data ethics policy

In 2021, guidelines on data ethics were implemented in accordance with the Danish Financial Statement Act section 99d. The guidelines describe how data ethics shall be considered and included in the use of data as well as the design and implementation of technologized used for processing data within LTP Group. Data ethics principles will be implemented through the Data Ethics Policy to ensure data management standards. LTP Group has carried out a review of internal procedures and improvements were identified and in process of being implemented. These reviews and assessments of the adequacy of data ethics will be conducted on an annual basis.

Events after the balance sheet date

We refer to note 1 for description of events after the balance sheet date.

Consolidated income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue	2	831,067,098	600,226,629
Other operating income		1,310,400	1,058,860
Cost of sales		(536,831,315)	(381,200,544)
Other external expenses	3	(43,380,387)	(27,558,079)
Gross profit/loss		**252,165,796**	**192,526,866**
Staff costs	4	(167,033,079)	(134,035,486)
Depreciation, amortisation and impairment losses	5	(12,888,432)	(10,354,051)
Other operating expenses		(1,880,412)	(187,378)
Operating profit/loss		**70,363,873**	**47,949,951**
Income from investments in associates		7,136,996	9,167,018
Other financial income		8,517,512	4,286,737
Other financial expenses		(6,263,661)	(10,516,973)
Profit/loss before tax		**79,754,720**	**50,886,733**
Tax on profit/loss for the year	6	(10,095,204)	(6,419,578)
Profit/loss for the year	7	**69,659,516**	**44,467,155**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	9	1,243,259	1,090,810
Acquired intangible assets		16,887,627	19,245,419
Goodwill		753,703	942,129
Intangible assets	8	**18,884,589**	**21,278,358**
Land and buildings		46,798,535	47,618,743
Plant and machinery		2,508,652	2,315,076
Other fixtures and fittings, tools and equipment		23,712,983	16,301,841
Leasehold improvements		6,232,819	4,925,467
Property, plant and equipment in progress		145,757	33,064
Property, plant and equipment	10	**79,398,746**	**71,194,191**
Investments in associates		35,351,231	38,215,658
Other receivables		1,385,204	1,270,748
Financial assets	11	**36,736,435**	**39,486,406**
Fixed assets		**135,019,770**	**131,958,955**
Raw materials and consumables		121,260,277	76,673,462
Work in progress		72,004,923	31,429,577
Manufactured goods and goods for resale		5,731,962	3,144,726
Prepayments for goods		13,635,790	8,476,685
Inventories		**212,632,952**	**119,724,450**
Trade receivables		81,962,501	65,092,386
Deferred tax	12	2,285,747	1,708,024
Other receivables		10,247,198	7,614,306
Tax receivable		293,430	91,455
Prepayments	13	4,323,105	1,245,940
Receivables		**99,111,981**	**75,752,111**
Cash		**22,876,208**	**58,166,734**

Current assets	**334,621,141**	**253,643,295**
Assets	**469,640,911**	**385,602,250**

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	14	500,000	500,000
Reserve for net revaluation according to equity method		34,684,565	37,548,992
Other statutory reserves		548,320	548,320
Retained earnings		264,537,165	239,684,165
Equity		**300,270,050**	**278,281,477**
Deferred tax	12	186,215	271,076
Provisions		**186,215**	**271,076**
Mortgage debt		12,291,441	16,763,815
Other payables		0	668,215
Non-current liabilities other than provisions	15	**12,291,441**	**17,432,030**
Current portion of non-current liabilities other than provisions	15	4,466,064	2,997,562
Bank loans		5,076,939	88,073
Prepayments received from customers		50,671,258	23,426,138
Trade payables		65,738,594	45,774,457
Tax payable		3,460,845	695,106
Other payables		26,805,642	16,543,250
Deferred income	16	673,863	93,081
Current liabilities other than provisions		**156,893,205**	**89,617,667**
Liabilities other than provisions		**169,184,646**	**107,049,697**
Equity and liabilities		**469,640,911**	**385,602,250**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	18		
Assets charged and collateral	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Other statutory reserves DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	500,000	37,548,992	548,320	239,684,165	0
Extraordinary dividend paid	0	0	0	0	(50,000,000)
Exchange rate adjustments	0	(1,423)	0	2,330,480	0
Dividends from associates	0	(10,000,000)	0	10,000,000	0
Profit/loss for the year	0	7,136,996	0	12,522,520	50,000,000
Equity end of year	**500,000**	**34,684,565**	**548,320**	**264,537,165**	**0**

	Total DKK
Equity beginning of year	278,281,477
Extraordinary dividend paid	(50,000,000)
Exchange rate adjustments	2,329,057
Dividends from associates	0
Profit/loss for the year	69,659,516
Equity end of year	**300,270,050**

Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		70,363,873	47,949,951
Amortisation, depreciation and impairment losses		12,888,432	10,354,051
Working capital changes	17	(56,899,419)	1,760,239
Other adjustments		(1,396,768)	0
Cash flow from ordinary operating activities		**24,956,118**	**60,064,241**
Financial income received		8,517,512	4,286,733
Financial expenses paid		(6,263,661)	(10,516,973)
Taxes refunded/(paid)		(8,194,024)	(8,225,760)
Cash flows from operating activities		**19,015,945**	**45,608,241**
Acquisition etc. of intangible assets		(1,133,153)	(4,404,001)
Acquisition etc. of property, plant and equipment		(16,864,381)	(197,321)
Sale of property, plant and equipment		1,706,069	0
Dividends received from associates		10,000,000	5,000,000
Cash flows from investing activities		**(6,291,465)**	**398,678**
Free cash flows generated from operations and investments before financing		**12,724,480**	**46,006,919**
Repayments of loans etc.		(3,003,872)	(4,070,396)
Dividend paid		(50,000,000)	(20,000,000)
Short-term deb to banks		4,988,866	88,073
Cash flows from financing activities		**(48,015,006)**	**(23,982,323)**
Increase/decrease in cash and cash equivalents		**(35,290,526)**	**22,024,596**
Cash and cash equivalents beginning of year		58,166,734	36,142,138
Cash and cash equivalents end of year		**22,876,208**	**58,166,734**

Cash and cash equivalents at year-end are composed of:		
Cash	22,876,208	58,166,734
Cash and cash equivalents end of year	**22,876,208**	**58,166,734**

Notes to consolidated financial statements

1 Events after the balance sheet date

With a part of LTP Group's business in Ukraine and Belarus, LTP Group is impacted by Russia's invasion of the sovereign state of Ukraine.

LTP Group has decided to stop all corporation with third party manufacturing partners in Belarus, and are in transition to finalize current orders. LTP Group has decided to restructure the production capacity in Europe.

Apart from uncertainty related to LTP groups Ukrainian and Belarusian activities there have been no events since 31 December 2021 which could significantly affect the evaluation of the Group's financial position and revenues at 31 December 2021.

In January, LTP Group completed the divestment of the 33% shareholding in Theca A/S. Theca A/S was fully acquired by Actona Company A/S, a company in Lars Larsen Group.

2 Revenue

Pursuant to the derogations in section 96 (1) of the Danish Financial Statements Act the Company has not disclosed distribution of revenue across segments as Management estimates that the specification could cause significant damage to the Company.

3 Fees to the auditor appointed by the Annual General Meeting

	2021 **DKK**	**2020** **DKK**
Statutory audit services	61,500	58,000
Other assurance engagements	287,056	283,838
Tax services	41,236	48,956
Other services	240,622	236,637
	630,414	**627,431**

Fees to foreign auditors not appointed by the Annual General Meeting included in above amount to DKK 321k relating to other assurance engagements (DKK 323k in 2020) and DKK 31k to tax services (DKK 39k in 2020).

4 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	159,695,656	128,492,588
Pension costs	2,037,807	1,179,135
Other social security costs	5,299,616	4,363,763
	167,033,079	**134,035,486**

Average number of full-time employees	**2,058**	**1,834**

	Remuneration of management 2021 DKK	Remuneration of management 2020 DKK
Executive Board	5,299,983	4,669,711
Board of Directors	845,000	756,667
	6,144,983	**5,426,378**

Special incentive programmes
LTP Group has established a warrant program for members of the Executive Management. The warrant are granted in accordance with the authorizations given to the Board of Directors by the shareholders. The Board of Directors has fixed the terms of and the size of the grants of warrants, taking into account authorizations from the shareholders, and an assessment of expectations of the Group´s growth. Grant takes place as of January 1, 2023. Exercise of warrants is by default subject to continuing employment with LTP Group.

5 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	3,535,281	1,421,444
Depreciation on property, plant and equipment	9,353,151	8,932,607
	12,888,432	**10,354,051**

6 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	10,509,573	6,711,720
Change in deferred tax	(276,132)	(319,698)
Adjustment concerning previous years	(138,237)	27,556
	10,095,204	**6,419,578**

7 Proposed distribution of profit/loss

	2021 DKK	2020 DKK
Extraordinary dividend distributed in the financial year	50,000,000	20,000,000
Retained earnings	19,659,516	24,467,155
	69,659,516	**44,467,155**

8 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	2,895,377	23,215,614	1,177,661
Exchange rate adjustments	0	54,362	0
Additions	405,602	727,551	0
Disposals	0	(1,970,249)	0
Cost end of year	**3,300,979**	**22,027,278**	**1,177,661**
Amortisation and impairment losses beginning of year	(1,804,567)	(3,970,195)	(235,532)
Exchange rate adjustments	0	(45,988)	0
Amortisation for the year	(253,153)	(3,093,702)	(188,426)
Reversal regarding disposals	0	1,970,234	0
Amortisation and impairment losses end of year	**(2,057,720)**	**(5,139,651)**	**(423,958)**
Carrying amount end of year	**1,243,259**	**16,887,627**	**753,703**

9 Development projects

Development project comprise of new IT systems and solutions supporting BI, development of a new homepage etc. The systems creates optimization in operations across the group companies.

10 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	70,422,397	3,255,985	52,022,481	7,809,782	33,064
Exchange rate adjustments	106,431	437,951	1,117,210	478,373	(20,622)
Additions	2,007,855	608,976	12,140,982	1,968,261	138,307
Disposals	(682,589)	(284,762)	(3,402,818)	0	(4,992)
Cost end of year	**71,854,094**	**4,018,150**	**61,877,855**	**10,256,416**	**145,757**
Depreciation and impairment losses beginning of year	(22,803,654)	(940,909)	(35,720,640)	(2,884,315)	0
Exchange rate adjustments	(18,993)	(145,158)	(820,064)	(133,520)	0
Depreciation for the year	(2,839,820)	(500,349)	(5,007,220)	(1,005,762)	0
Reversal regarding disposals	606,908	76,918	3,383,052	0	0
Depreciation and impairment losses end of year	**(25,055,559)**	**(1,509,498)**	**(38,164,872)**	**(4,023,597)**	**0**
Carrying amount end of year	**46,798,535**	**2,508,652**	**23,712,983**	**6,232,819**	**145,757**

11 Financial assets

	Investments in associates DKK	Other receivables DKK
Cost beginning of year	666,667	1,270,748
Exchange rate adjustments	0	110,448
Additions	0	4,108
Disposals	0	(100)
Cost end of year	**666,667**	**1,385,204**
Revaluations beginning of year	37,548,991	0
Exchange rate adjustments	(1,423)	0
Share of profit/loss for the year	7,136,996	0
Dividend	(10,000,000)	0
Revaluations end of year	**34,684,564**	**0**
Carrying amount end of year	**35,351,231**	**1,385,204**

Theca A/S i sold at the beginning of 2022.

Associates	Registered in	Ownership %
Theca A/S	Aarhus	33,3

12 Deferred tax

	2021 DKK	2020 DKK
Intangible assets	(274,000)	0
Property, plant and equipment	(115,215)	(595,838)
Inventories	111,548	111,589
Liabilities other than provisions	1,432,917	1,029,458
Tax losses carried forward	944,282	891,739
Deferred tax	**2,099,532**	**1,436,948**

Changes during the year	2021 DKK	2020 DKK
Beginning of year	1,436,948	1,117,250
Recognised in the income statement	662,584	292,134
Other Changes	0	27,564
End of year	**2,099,532**	**1,436,948**

Deferred tax has been recognised in the balance sheet as follows	2021 DKK	2020 DKK
Deferred tax assets	2,285,747	1,708,024
Deferred tax liabilities	(186,215)	(271,076)
	2,099,532	**1,436,948**

Deferred tax assets

Deferred tax asset is expected to be actualised in future earnings in the Group over the next 3-5 years.

13 Prepayments

Prepayments under current assets relate to costs in subsequent periods.

14 Contributed capital

	Number	Par value DKK	Nominal value DKK
Share capital	50	10,000.00	500,000
	50		**500,000**

15 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK
Mortgage debt	4,466,064	2,997,562	12,291,441
	4,466,064	**2,997,562**	**12,291,441**

16 Deferred income

Deferred income contains income in subsequent periods.

17 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in inventories	(92,908,502)	(11,955,029)
Increase/decrease in receivables	(21,375,133)	3,469,634
Increase/decrease in trade payables etc.	57,384,216	10,245,634
	(56,899,419)	**1,760,239**

18 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Total liabilities under rental or lease agreements until maturity	13,022,593	14,997,624

19 Assets charged and collateral

Mortgage debt is secured by way of mortgages on properties. The carrying amount of mortgaged properties is TDKK 45.734.

20 Subsidiaries

	Registered in	Ownership %
UAB LTP TexDan	Kedaniniai, Lithaunia	100.00
UAB LTP	Kaunas, Lithaunia	100.00
UAB JMJ Baltic	Kaunas, Lithaunia	100.00
LTP Belvit	Vitebsk, Belarus	100.00
LTP Orlit	Vitebsk, Belarus	100.00
LTP Vietnam Company Limited	Ho Chi Minh City, Vietnam	100.00
LTP Ukraine LLC	Lviv, Ukraine	100.00
LTP Furniture Mexico	Saltillo, Mexico	100.00

Parent income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue		18,695,331	13,572,463
Other external expenses		(5,948,629)	(2,430,351)
Gross profit/loss		**12,746,702**	**11,142,112**
Staff costs	2	(12,659,350)	(11,643,482)
Depreciation, amortisation and impairment losses	3	(280,983)	(213,942)
Operating profit/loss		**(193,631)**	**(715,312)**
Income from investments in group enterprises		60,880,370	37,476,719
Income from investments in associates		7,136,996	9,167,018
Other financial income	4	2,576,344	549,722
Other financial expenses		(117,563)	(2,618,992)
Profit/loss before tax		**70,282,516**	**43,859,155**
Tax on profit/loss for the year	5	(623,000)	608,000
Profit/loss for the year	6	**69,659,516**	**44,467,155**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	8	1,243,259	1,090,810
Intangible assets	7	**1,243,259**	**1,090,810**
Leasehold improvements		2,323	30,153
Property, plant and equipment	9	**2,323**	**30,153**
Investments in group enterprises		229,893,076	212,310,716
Investments in associates		35,351,231	38,215,658
Other receivables		161,780	157,772
Financial assets	10	**265,406,087**	**250,684,146**
Fixed assets		**266,651,669**	**251,805,109**
Trade receivables		0	1,996
Receivables from group enterprises		38,805,181	21,960,478
Deferred tax	11	0	567,000
Other receivables		319,132	113,778
Tax receivable		59,000	39,000
Prepayments	12	1,092,233	145,489
Receivables		**40,275,546**	**22,827,741**
Cash		**610,693**	**7,855,066**
Current assets		**40,886,239**	**30,682,807**
Assets		**307,537,908**	**282,487,916**

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		500,000	500,000
Reserve for net revaluation according to equity method		233,220,430	224,183,860
Reserve for development costs		969,742	850,831
Retained earnings		65,579,878	52,746,788
Equity		**300,270,050**	**278,281,479**
Deferred tax	11	56,000	0
Provisions		**56,000**	**0**
Other payables	13	0	668,215
Non-current liabilities other than provisions		**0**	**668,215**
Bank loans		2,493,365	88,073
Trade payables		1,501,399	582,302
Other payables		3,217,094	2,867,847
Current liabilities other than provisions		**7,211,858**	**3,538,222**
Liabilities other than provisions		**7,211,858**	**4,206,437**
Equity and liabilities		**307,537,908**	**282,487,916**

Events after the balance sheet date	1
Contingent liabilities	14
Assets charged and collateral	15
Related parties with controlling interest	16

Parent statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development costs DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	500,000	224,183,860	850,831	52,746,788	0
Extraordinary dividend paid	0	0	0	0	(50,000,000)
Exchange rate adjustments	0	2,329,055	0	0	0
Dividends from group enterprises	0	(52,059,830)	0	52,059,830	0
Dividends from associates	0	(10,000,000)	0	10,000,000	0
Transfer to reserves	0	0	118,911	(118,911)	0
Profit/loss for the year	0	68,767,345	0	(49,107,829)	50,000,000
Equity end of year	**500,000**	**233,220,430**	**969,742**	**65,579,878**	**0**

	Total DKK
Equity beginning of year	278,281,479
Extraordinary dividend paid	(50,000,000)
Exchange rate adjustments	2,329,055
Dividends from group enterprises	0
Dividends from associates	0
Transfer to reserves	0
Profit/loss for the year	69,659,516
Equity end of year	**300,270,050**

Notes to parent financial statements

1 Events after the balance sheet date

With a part of LTP Group's business in Ukraine and Belarus, LTP Group is impacted by Russia's invasion of the sovereign state of Ukraine.

LTP Group has decided to stop all corporation with third party manufacturing partners in Belarus, and are in transition to finalize current orders. LTP Group has decided to restructure the production capacity in Europe.

Apart from uncertainty related to LTP groups Ukrainian and Belarusian activities there have been no events since 31 December 2021 which could significantly affect the evaluation of the Group's financial position and revenues at 31 December 2021.

In January, LTP Group completed the divestment of the 33% shareholding in Theca A/S. Theca A/S was fully acquired by Actona Company A/S, a company in Lars Larsen Group.

2 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	10,554,377	10,411,320
Pension costs	2,037,807	1,179,135
Other social security costs	67,166	53,027
	12,659,350	**11,643,482**

Average number of full-time employees	**9**	**7**

	Remuneration of Management 2021 DKK	Remuneration of Management 2020 DKK
Executive Board	5,299,983	4,669,711
Board of Directors	845,000	756,667
	6,144,983	**5,426,378**

Special incentive programmes

LTP Group has established a warrant program for members of the Executive Management. The warrant are granted in accordance with the authorizations given to the Board of Directors by the shareholders. The Board of Directors has fixed the terms of and the size of the grants of warrants, taking into account authorizations from the shareholders, and an assessment of expectations of the Group´s growth. Grant takes place as of January 1, 2023. Exercise of warrants is by default subject to continuing employment with LTP Group.

3 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	253,153	186,110
Depreciation on property, plant and equipment	27,830	27,832
	280,983	**213,942**

4 Other financial income

	2021 DKK	2020 DKK
Financial income from group enterprises	366,944	459,914
Other interest income	2,209,400	89,808
	2,576,344	**549,722**

5 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Change in deferred tax	623,000	(608,000)
	623,000	**(608,000)**

6 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Extraordinary dividend distributed in the financial year	50,000,000	20,000,000
Retained earnings	19,659,516	24,467,155
	69,659,516	**44,467,155**

7 Intangible assets

	Completed development projects DKK
Cost beginning of year	2,895,377
Additions	405,602
Cost end of year	**3,300,979**
Amortisation and impairment losses beginning of year	(1,804,567)
Amortisation for the year	(253,153)
Amortisation and impairment losses end of year	**(2,057,720)**
Carrying amount end of year	**1,243,259**

8 Development projects

Development project comprise of new IT systems and solutions supporting BI, development of a new homepage etc. The systems creates optimization in operations across the group companies.

9 Property, plant and equipment

	Leasehold improvements DKK
Cost beginning of year	83,493
Cost end of year	**83,493**
Depreciation and impairment losses beginning of year	(53,340)
Depreciation for the year	(27,830)
Depreciation and impairment losses end of year	**(81,170)**
Carrying amount end of year	**2,323**

10 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Other receivables DKK
Cost beginning of year	24,600,762	666,667	157,772
Additions	6,431,337	0	4,108
Disposals	0	0	(100)
Cost end of year	**31,032,099**	**666,667**	**161,780**
Revaluations beginning of year	187,709,954	37,548,991	0
Exchange rate adjustments	2,330,479	(1,423)	0
Amortisation of goodwill	(188,426)	0	0
Share of profit/loss for the year	61,068,800	7,136,996	0
Dividend	(52,059,830)	(10,000,000)	0
Revaluations end of year	**198,860,977**	**34,684,564**	**0**
Carrying amount end of year	**229,893,076**	**35,351,231**	**161,780**

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

Theca A/S is sold at the beginning of 2022.

Investments in associates	Registered in	Corporate form	Ownership %
Theca A/S	Aarhus	Limited liability company	33,3

11 Deferred tax

	2021 DKK	2020 DKK
Intangible assets	(274,000)	(40,000)
Property, plant and equipment	15,000	12,000
Tax losses carried forward	203,000	595,000
Deferred tax	**(56,000)**	**567,000**

Changes during the year	2021 DKK	2020 DKK
Beginning of year	567,000	(41,000)
Recognised in the income statement	(623,000)	608,000
End of year	**(56,000)**	**567,000**

Deferred tax assets
The tax losses carried forward is expected to be used within the next 3-5 years.

12 Prepayments
Prepayments under current assets relate to costs in subsequent periods.

13 Other payables

	2021 DKK	2020 DKK
Holiday pay obligation	0	668,215
	0	**668,215**

14 Contingent liabilities
Liabilities under rental or lease agreements until maturity in total 139.766 DKK.

15 Assets charged and collateral
The Entity has guaranteed the subsidiaries' debt to Sydbank. The subsidiaries' bank debt amounts to DKK 2.583.574 as of 31.12.2021.

16 Related parties with controlling interest
The Entity did not carry out any substantial transactions with related parties that were not concluded on market conditions. According to Section 98c (7) of the Danish Financial Statements Act, information is provided only about transactions that have not been concluded on commen market conditions.

Accounting policies

Reporting class

The consolidated financial statements have been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large). The parent financial statements have been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies

The Group and the Parent have changed their accounting policies with regard to a interpretation from the Danish Business Authority which states that deductions from the company's overdraft facility are classified as cash flows from financing activities. Previously it was classified as cash and cash equivalents in the cash flow statement. The change entails a positive effect on cash flows from financing activities of 5,1 mio.DKK in 2021 and an increase in cash and cash equivalents of the same amount.

The comparative figures have been restated following the change in accounting policies.

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

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

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

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

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

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

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

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

Income statement

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

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

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

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

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

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

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

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

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

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

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

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

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

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

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

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis 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
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. For self-constructed assets, cost comprises direct and #indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

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:

Buildings	10-20 years
Plant and machinery	2-10 years
Leasehold improvements	2-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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 in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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 will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

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

Associates with negative equity value are measured at DKK 0. Any receivables from these associates 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 will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

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

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

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

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

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

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

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

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

Cash
Cash comprises cash in hand and bank deposits.

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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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

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

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

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

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

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

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

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

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