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SCANDINAVIAN PRINT GROUP A/S
P.O. PEDERSENS VEJ 26, 8200 AARHUS N
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 9 June 2020

Esben Mols Kabell

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COMPANY DETAILS

Company	Scandinavian Print Group A/S P.O. Pedersens Vej 26 8200 Aarhus N
	CVR No.: 21 68 64 33
	Established: 5 May 1999
	Registered Office: Aarhus
	Financial Year: 1 January - 31 December
Board of Directors	Christian Würst Dirk Anton Josef Müller, chairman Esben Mols Kabell
Board of Executives	Esben Mols Kabell Anders Grønborg
Auditor	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C
Bank	Danske Bank Åboulevarden 69 8000 Aarhus C
Law Firm	DELACOUR Åboulevarden 13 8000 Aarhus

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Scandinavian Print Group A/S for the financial year 1 January - 31 December 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's financial position at 31 December 2019 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Aarhus, 28 May 2020

Board of Executives

Esben Mols Kabell

Anders Grønberg

Board of Directors

Christian Würst

Dirk Anton Josef Müller
Chairman

Esben Mols Kabell

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Scandinavian Print Group A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Scandinavian Print Group A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2019 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and the Parent Company 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 the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the 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 the Parent Company Financial Statements unless Management either intends to liquidate the Group or 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 the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the 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 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 the Parent Company Financial Statements.

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the 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 the 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 the 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the 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 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the 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 the 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 and the 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 the Parent Company 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 Management's Review.

INDEPENDENT AUDITOR'S REPORT

Aarhus, 28 May 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Morten Trap Olesen
State Authorised Public Accountant
MNE no. mne35625

FINANCIAL HIGHLIGHTS OF THE GROUP

	2019 DKK '000	2018 DKK '000	2017 DKK '000
Income statement			
Net revenue.....	516.432	426.318	398.700
Gross profit.....	268.709	214.632	193.028
Operating profit.....	55.818	35.923	20.672
Financial income and expenses, net.....	-1.539	-2.276	-1.885
Profit for the year.....	40.843	27.121	19.956
Balance sheet			
Balance sheet total.....	265.551	230.228	257.310
Equity.....	65.073	69.391	92.618
Cash flows			
Cash flows from operating activities.....	81.980	67.685	68.315
Cash flows from investment-related activities.....	-53.926	-26.818	-47.773
Cash flows from financing activities.....	-33.097	-37.736	1.423
Total cash flows.....	-5.043	3.131	21.965
Investment in tangible fixed assets.....	-11.417	-11.440	-46.012
Average number of full-time employees.....	435	404	406
Ratios			
Solvency ratio.....	24.5	30.1	36.0
Return on equity.....	60.7	33.5	28.7

As the company is subject to the exemption provisions in §110 of the Danish Financial Statements Act, and thus has not previously submitted consolidated accounts, key ratios are only shown for two comparative year.

The ratios stated in the list of key figures and ratios have been calculated as follows:

Solvency ratio:
$$\frac{\text{Equity ex minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity:
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

The company's principal activities are printing, distribution, marketing and related activities.

Development in activities and financial position

The company's results and financial development has been positive. The results for the year have fulfilled the expectations that Management had at the beginning of the year and are therefore considered satisfactory.

The results for 2019 show a profit of DKK ('000) 40,843 for the group and a profit of DKK ('000) 40,843 for the parent company.

Profit for the year compared to future expectations

It was Management's expectation that the results for 2019 were above the results realized in 2018. The result for 2019 is as expected and is considered satisfying.

Significant events after the end of the financial year

In March 2020 the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic, and the effect of this pandemic may impact the results and financial condition of the Company's customers, as well as the Company and the Group.

In addition, as of the date the financial statements were available to be issued, there is uncertainty with respect to the extent or impact of restrictions or other measures that have been and may be implemented by local, state, federal or foreign governments or other parties, and how those measures may impact the Company, the Group and its customers. The ultimate impact of these matters to the Company and its financial condition is presently unknown.

Furthermore, the Company is reliant on the impact on the Group, where the final effect of the aforementioned circumstances is also unknown at this time. The accompanying financial statements as of and for the year ended December 31, 2019 do not reflect the effects of these subsequent events and the natural operating risk regarding the changing situation globally.

Special risks

Business risks

Scandinavian Print group A/S is not subject to any special business risk. The company's sales cover quite many product groups, and the largest customers constitute less than 2% of revenue.

Financial risks

Scandinavian Print Group's exports, among others, to Norway and Sweden, which totals approx. 15% of Scandinavian Print Group. A decrease in these currencies may have a negative impact on earnings and revenue.

Scandinavian print Group produces about 20% of its revenue in Poland and an increase in the currency may have a negative impact on the earnings.

The main part of the company's debt is subject to a fixed interest.

Knowledge resources

Scandinavian Print Group has today a size where all functions are spread out on several persons, so the company is not at risk of substantial loss of knowledge resources. By far the main part of the company's processes and IT is well-documented.

Research and development activities

Scandinavian print Group has today approx. 15 people employed within development of IT, products and production processes. Management considers this necessary to continue to keep the business at the forefront as regards product program and production efficiency.

MANAGEMENT'S REVIEW

Future expectations

It is the Management's expectation that the results for 2020 will be about DKK 5-10M. for the group and the parent company as a result of the outbreak of COVID-19 pandemic.

Corporate social responsibility

The company wants to develop its business and meet its strategic challenges in an economically and socially responsible way through compliance with the legislation and activities and initiatives of a socially responsible nature.

The company has introduced policies containing internal guidelines and strategies, after which goal-oriented efforts are made to ensure a safe and healthy working environment, and that the environment and climate conditions are considered in the company's processes, so that environmentally sound operations are ensured.

Scandinavian Print Group formulated in 2014 a new CSR strategy and policy, which has been published on the company's website (https://www.lasertryk.dk/content/dat/miljo_csr.htmlx). Scandinavian Print Group has cooperated with external advisors with regard to higher CSR efforts and this has resulted in a large number of positive initiatives, which were also described in several national medias. This strategy has been followed in 2019.

Scandinavian Print Group has an ambition to be among the most environmentally friendly businesses in the sector and it continues to offer eco-labelled printed matters.

Scandinavian Print Group A/S has accepted Grafisk CSR code (<https://www.grakom.dk/services/din-virksomhed/csr/csr-kodeks>) and is a Nordic Swan Ecolabel printing company and also has the FSC label.

Target figures and policies for the underrepresented gender

The company has a target to increase the number of female leaders. The target is to increase the female leaders with 33% or 1 member before 2022. In 2019 there are 0 female leaders.

The printing business is a male dominated business and we have historically found it difficult to identify female leaders with the right knowledge to the business.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent company	
	Note	2019	2018	2019	2018
		DKK	DKK	DKK	DKK
NET REVENUE	1	516.431.819	426.317.569	427.005.863	361.840.788
Cost of sales.....		-198.623.363	-163.479.381	-241.491.729	-202.110.838
Other operating income.....	2	1.343.654	235.608	19.502	169.608
Other external expenses.....	3	-50.442.741	-48.441.837	-34.793.996	-32.961.430
GROSS PROFIT/LOSS		268.709.369	214.631.959	150.739.640	126.938.128
Staff costs.....	4	-168.732.050	-139.397.571	-97.257.149	-85.744.900
Depreciation, amortisation and impairment.....		-43.227.070	-37.101.748	-23.100.159	-22.377.467
Other operating expenses.....	5	-932.273	-2.209.914	-1.154.161	-753.994
OPERATING PROFIT		55.817.976	35.922.726	29.228.171	18.061.767
Result of equity investments in group and associates.....	6	-585.000	109.375	18.699.845	13.264.752
Other financial income.....	7	786.755	467.074	1.248.034	668.177
Other financial expenses.....	8	-2.325.470	-2.743.180	-2.146.263	-2.924.206
PROFIT BEFORE TAX.....		53.694.261	33.755.995	47.029.787	29.070.490
Tax on profit/loss for the year.....	9	-12.851.531	-6.635.191	-6.187.057	-3.944.082
PROFIT FOR THE YEAR.....	10	40.842.730	27.120.804	40.842.730	25.126.408

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Software.....		621.889	1.816.971	343.317	1.816.971
Trademarks.....		14.509.250	0	4.180.000	0
Goodwill.....		37.273.658	26.266.832	4.810.816	407.437
Development projects, in progress		1.696.192	0	1.696.192	0
Intangible fixed assets.....	11	54.100.989	28.083.803	11.030.325	2.224.408
Production plant and machinery...		72.467.869	79.703.346	65.229.595	73.961.615
Other plant, machinery, tools and equipment.....		3.308.015	2.761.234	2.348.075	1.330.727
Leasehold improvements.....		3.346.242	3.303.342	604.958	563.212
Tangible fixed assets.....	12	79.122.126	85.767.922	68.182.628	75.855.554
Equity investments in group enterprises.....		0	0	80.047.299	53.698.194
Equity investments in associated enterprises.....		1.552.258	2.624.981	1.552.257	2.624.981
Rent deposit and other receivables.....		4.219.230	4.334.568	710.867	948.711
Fixed asset investments.....	13	5.771.488	6.959.549	82.310.423	57.271.886
FIXED ASSETS.....		138.994.603	120.811.274	161.523.376	135.351.848
Raw materials and consumables...		17.754.038	14.791.997	7.574.223	6.630.973
Work in progress.....		5.496.614	3.079.347	4.741.644	2.601.176
Finished goods and goods for resale.....		2.020.356	1.376.139	1.503.920	587.661
Inventories.....		25.271.008	19.247.483	13.819.787	9.819.810
Trade receivables.....		63.272.132	45.753.242	31.421.933	22.355.070
Receivables from group enterprises.....		220.755	1.339.268	19.224.855	17.144.039
Receivables from associated enterprises.....		2.257.427	5.020.620	2.257.428	4.963.622
Provision for deferred tax.....	14	2.471.298	6.322.137	0	1.232.592
Other receivables.....		5.343.260	1.824.563	1.348.111	591.021
Prepayments and accrued income..	15	5.887.544	4.377.602	4.251.127	3.661.939
Receivables.....		79.452.416	64.637.432	58.503.454	49.948.283
Cash and cash equivalents.....		21.832.976	25.531.765	11.457.238	17.568.490
CURRENT ASSETS.....		126.556.400	109.416.680	83.780.479	77.336.583
ASSETS.....		265.551.003	230.227.954	245.303.855	212.688.431

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Share capital.....	16	537.634	537.634	537.634	537.634
Reserve for net revaluation according to equity value method.		0	0	29.976.466	11.276.621
Retained earnings.....		64.303.772	23.853.741	34.327.306	12.577.120
Proposed dividend.....		0	45.000.000	0	45.000.000
Minority shareholders.....		231.616	0	0	0
EQUITY.....		65.073.022	69.391.375	64.841.406	69.391.375
Provision for deferred tax.....	14	0	0	1.258.005	0
PROVISION FOR LIABILITIES.....		0	0	1.258.005	0
Mortgage debt.....		657.550	0	0	0
Other liabilities.....		13.639.221	7.412.747	5.594.927	1.737.747
Lease liabilities.....		34.786.622	44.420.047	34.776.806	43.708.978
Long-term liabilities.....	17	49.083.393	51.832.794	40.371.733	45.446.725
Short-term portion of long-term liabilities.....	17	19.114.943	16.726.200	15.521.159	12.728.050
Bank debt.....		1.433.168	87.960	1.414.388	70.640
Prepayments received from customers.....		1.021.806	677.194	555.057	175.077
Trade payables.....		46.022.356	37.812.677	35.824.647	33.445.721
Payables to group enterprises.....		34.580.336	18.492.575	61.025.030	31.996.135
Payables to associated enterprises.....		0	79.046	0	0
Corporation tax.....		11.591.178	6.037.553	6.860.430	4.100.328
Other liabilities.....		37.283.887	28.817.246	17.632.000	15.334.380
Accruals and deferred income.....		346.914	273.334	0	0
Current liabilities.....		151.394.588	109.003.785	138.832.711	97.850.331
LIABILITIES.....		200.477.981	160.836.579	179.204.444	143.297.056
EQUITY AND LIABILITIES.....		265.551.003	230.227.954	245.303.855	212.688.431
Contingencies etc.	19				
Related parties	20				
Significant events after the end of the financial year	21				
Consolidated financial statements	22				

EQUITY

	Group				
	Share capital	Retained earnings	Proposed dividend	Minority shareholders	Total
Equity at 1 January 2019.....	537.634	23.853.741	45.000.000	0	69.391.375
Additions/disposals relating to equity by mergers and acquisitions.....				133.280	133.280
Dividend paid.....			-45.000.000		-45.000.000
Value adjustments of equity.....		-392.699			-392.699
Proposed distribution of profit.....		40.744.394		98.336	40.842.730
Equity at 31 December 2019.....	537.634	64.205.436	0	231.616	64.974.686

	Parent company				
	Share capital	Reserve for net revaluation according to equity value	Retained profit	Proposed dividend	Total
Equity at 1 January 2019.....	537.634	11.276.621	12.577.120	45.000.000	69.391.375
Dividend paid.....				-45.000.000	-45.000.000
Value adjustments of equity.....			-392.699		-392.699
Proposed distribution of profit.....		18.699.845	22.142.885		40.842.730
Equity at 31 December 2019.....	537.634	29.976.466	34.327.306	0	64.841.406

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2019 DKK	2018 DKK
Profit for the year.....	40.842.730	27.120.804
Reversed depreciation of the year.....	43.227.070	37.101.748
Reversed realization gains.....	-411.378	825.797
Profit from associates.....	585.000	-109.375
Reversed tax on profit for the year.....	12.851.531	6.635.191
Corporation tax paid.....	-7.520.446	-3.204.515
Change in inventory.....	-6.023.525	-262.148
Change in receivables.....	-18.665.823	-6.006.040
Change in current liabilities (ex bank and tax).....	17.094.509	5.583.060
CASH FLOWS FROM OPERATING ACTIVITY.....	81.979.668	67.684.522
Purchase of intangible fixed assets.....	-41.311.493	-14.684.527
Purchase of tangible fixed assets.....	-11.417.436	-11.439.514
Sale of tangible fixed assets.....	4.615.284	2.193.461
Purchase of financial assets.....	-5.889.436	-2.945.736
Sale of financial assets.....	0	57.988
Other cash flows from investing activities.....	76.630	0
CASH FLOWS FROM INVESTING ACTIVITY.....	-53.926.451	-26.818.328
Proceeds from long-term borrowing.....	26.648.761	25.391.640
Repayments of loans.....	-14.745.975	-13.627.862
Dividend paid in the financial year.....	-45.000.000	-50.000.000
Other cash flows from financing activities.....	0	500.000
CASH FLOWS FROM FINANCING ACTIVITY.....	-33.097.214	-37.736.222
CHANGE IN CASH AND CASH EQUIVALENTS.....	-5.043.997	3.129.972
Cash and cash equivalents at 1. januar.....	25.443.805	22.313.833
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	20.399.808	25.443.805
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents.....	21.832.976	25.531.765
Bank debt.....	-1.433.168	-87.960
CASH AND CASH EQUIVALENTS, NET DEBT.....	20.399.808	25.443.805

NOTES

	Group		Parent company		Note
	2019 DKK	2018 DKK	2019 DKK	2018 DKK	
Net revenue					1
Segment details (geography)					
Denmark.....	410.428.850	355.682.187	364.132.948	286.042.402	
Abroad.....	106.002.969	70.635.382	62.872.915	75.798.386	
	516.431.819	426.317.569	427.005.863	361.840.788	
Segment details (activities)					
Printing, distribution and marketing	516.431.819	426.317.569	427.005.863	361.840.788	
	516.431.819	426.317.569	427.005.863	361.840.788	
Other operating income					2
Other operating income.....	1.302.535	205.608	0	0	
Realisation profits.....	41.119	30.000	19.502	169.608	
	1.343.654	235.608	19.502	169.608	
Fee to statutory auditors					3
Total fee:					
Fee to independent auditor.....	380.062	424.690	264.952	253.200	
Auditors of foreign subsidiaries.....	245.474	183.494	0	0	
	625.536	608.184	264.952	253.200	
Specification of fee:					
Statutory audit.....	224.092	216.754	152.555	74.760	
Assurance engagements.....	336.137	325.130	0	112.140	
Tax consultancy.....	4.175	6.900	27.645	6.900	
Other services.....	61.132	59.400	84.752	59.400	
	625.536	608.184	264.952	253.200	
Staff costs					4
Average number of employees					
Group: 435 (2018: 404)					
Parent company: 231 (2018: 212)					
Wages and salaries.....	156.131.363	120.942.628	84.939.060	75.287.854	
Pensions.....	5.552.941	9.706.843	8.186.266	6.849.916	
Social security costs.....	5.669.898	6.094.671	2.374.993	1.989.333	
Other staff costs.....	1.377.848	2.653.429	1.756.830	1.617.797	
	168.732.050	139.397.571	97.257.149	85.744.900	
Remuneration of management.....	2.880.000	2.880.000	2.880.000	2.880.000	
	2.880.000	2.880.000	2.880.000	2.880.000	

NOTES

	Group		Parent company		Note
	2019 DKK	2018 DKK	2019 DKK	2018 DKK	
Other operating expenses					5
Other operating expenses.....	0	1.354.117	221.888	493.109	
Realisation losses.....	932.273	855.797	932.273	260.885	
	932.273	2.209.914	1.154.161	753.994	
Result of equity investments in group and associates					6
Result of equity investments in group enterprises.....	0	0	19.284.845	13.155.377	
Result of equity investments in associated enterprises.....	-585.000	109.375	-585.000	109.375	
	-585.000	109.375	18.699.845	13.264.752	
Other financial income					7
Group enterprises.....	0	0	646.816	545.791	
Other interest income.....	786.755	467.074	601.218	122.386	
	786.755	467.074	1.248.034	668.177	
Other financial expenses					8
Group enterprises.....	621.497	632.974	875.637	1.129.059	
Other interest expenses.....	1.703.973	2.110.206	1.270.626	1.795.147	
	2.325.470	2.743.180	2.146.263	2.924.206	
Tax on profit/loss for the year					9
Calculated tax on taxable income of the year.....	12.624.364	7.132.164	6.860.430	4.100.328	
Adjustment of tax in previous years.	-22.102	-36.563	-22.102	-15.166	
Adjustment of deferred tax.....	249.269	-460.410	-651.271	-141.080	
	12.851.531	6.635.191	6.187.057	3.944.082	
Proposed distribution of profit					10
Proposed dividend for the year.....	0	45.000.000	0	45.000.000	
Allocation to reserve for net revaluation according to the equity value method.....	0	0	18.699.845	13.264.752	
Retained earnings.....	40.744.394	-17.879.196	22.142.885	-33.138.344	
Minoritetsinteressernes andel af dattervirksomheders resultat.....	98.336	0	0	0	
	40.842.730	27.120.804	40.842.730	25.126.408	

NOTES

Note

Intangible fixed assets

11

	Group	
	Software	Trademarks
Cost at 1 January 2019.....	3.348.328	0
Transfers to/from other items.....	-1.044.618	0
Additions.....	149.870	16.799.000
Addition from merger and acquisition of company.....	287.858	0
Disposals.....	0	0
Cost at 31 December 2019.....	2.741.438	16.799.000
Amortisation at 1 January 2019.....	1.531.267	0
Transferred.....	-1.545	0
Reversal of amortisation of assets disposed of	0	0
Amortisation of the year.....	589.827	2.289.750
Additions at merger.....	0	0
Amortisation at 31 December 2019.....	2.119.549	2.289.750
Carrying amount at 31 December 2019.....	621.889	14.509.250

	Group	
	Goodwill	Development projects, in progress
Cost at 1 January 2019.....	62.311.546	0
Transfers to/from other items.....	0	1.025.980
Additions.....	27.930.091	670.212
Addition from mergers and acquisition of company.....	7.487.888	0
Disposals.....	-7.368.090	0
Cost at 31 December 2019.....	90.361.435	1.696.192
Amortisation at 1 January 2019.....	36.044.714	
Reversal of amortisation of assets disposed of	-4.772.522	
Amortisation for the year.....	17.043.063	
Amortisation and impairment from mergers and acquisitions....	4.772.522	
Amortisation at 31 December 2019.....	53.087.777	
Carrying amount at 31 December 2019.....	37.273.658	1.696.192

NOTES

Note

Intangible fixed assets (continued)

11

	Parent company	
	Software	Trademarks
Cost at 1 January 2019.....	3.348.238	0
Transfers to/from other items.....	-1.044.527	0
Additions.....	149.870	4.560.000
Cost at 31 December 2019.....	2.453.581	4.560.000
Amortisation at 1 January 2019.....	1.531.267	0
Transfers to/from other items.....	-1.544	0
Amortisation for the year.....	580.541	380.000
Amortisation at 31 December 2019.....	2.110.264	380.000
Carrying amount at 31 December 2019.....	343.317	4.180.000
	Parent company	
	Goodwill	Development projects, in progress
Cost at 1 January 2019.....	16.712.880	0
Transfers to/from other items.....	0	1.025.980
Additions.....	3.988.200	670.212
Addition from mergers and acquisition of company.....	9.898.115	0
Cost at 31 December 2019.....	30.599.195	1.696.192
Amortisation at 1 January 2019.....	16.305.443	
Amortisation for the year.....	2.934.440	
Amortisation and impairment from mergers and acquisitions....	6.548.496	
Amortisation at 31 December 2019.....	25.788.379	
Carrying amount at 31 December 2019.....	4.810.816	1.696.192

NOTES

Note

Tangible fixed assets

12

	Group		
	Production plant and machinery	Other plant, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2019.....	152.206.762	8.359.631	5.544.592
Exchange adjustment.....	9.578	630	31.061
Transferred.....	0	68.547	-50.000
Additions.....	8.076.987	2.627.267	713.181
Addition from mergers and acquisition of company.....	9.034.093	196.341	0
Disposals.....	-4.753.564	-1.381.852	-1.404
Cost at 31 December 2019.....	164.573.856	9.870.564	6.237.430
Depreciation and impairment losses at 1 January 2019.....	72.503.416	5.600.584	2.241.250
Exchange adjustment.....	3.193	222	0
Transferred.....	0	2.933	122
Reversal of depreciation of assets disposed of..	-1.501.031	-497.059	0
Depreciation for the year.....	21.100.409	1.455.869	649.816
Depreciation and impairment losses at 31 December 2019.....	92.105.987	6.562.549	2.891.188
Carrying amount at 31 December 2019.....	72.467.869	3.308.015	3.346.242
Finance lease assets.....	41.875.419	868.827	

NOTES

Note

Tangible fixed assets (continued)

12

	Parent company		
	Production plant and machinery	Other plant, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2019.....	130.371.836	5.413.681	1.864.140
Transferred.....	0	68.547	-50.000
Additions.....	11.428.858	1.916.629	164.824
Addition from mergers and acquisition of company.....	12.203.682	733.512	872.943
Disposals.....	-9.694.563	-778.315	0
Cost at 31 December 2019.....	144.309.813	7.354.054	2.851.907
Depreciation and impairment losses at 1 January 2019.....	56.410.221	4.082.954	1.300.928
Transferred.....	0	2.933	-1.388
Reversal of depreciation of assets disposed of..	-5.318.649	-419.379	0
Depreciation for the year.....	17.878.265	957.688	341.309
Depreciation and impairment from mergers and acquisitions.....	10.110.381	381.783	606.100
Depreciation and impairment losses at 31 December 2019.....	79.080.218	5.005.979	2.246.949
Carrying amount at 31 December 2019.....	65.229.595	2.348.075	604.958
Finance lease assets.....	41.875.419	337.700	

Fixed asset investments

13

	Group	
	Equity investments in associated enterprises	Rent deposit and other receivables
Cost at 1 January 2019.....	2.500.000	4.330.098
Additions.....	0	529.795
Disposals.....	0	-640.663
Cost at 31 December 2019.....	2.500.000	4.219.230
Revaluation at 1 January 2019.....	124.981	0
Profit/loss for the year.....	-585.000	0
Other adjustments.....	-487.723	0
Revaluation at 31 December 2019.....	-947.742	0
Carrying amount at 31 December 2019.....	1.552.258	4.219.230

NOTES

Note

Fixed asset investments (continued)

13

	Parent company		
	Equity investments in group enterprises	Equity investments in associated enterprises	Rent deposit and other receivables
Cost at 1 January 2019.....	42.546.554	2.500.000	948.711
Additions.....	30.790.489	0	168.000
Disposals.....	-11.491.598	0	-405.844
Cost at 31 December 2019.....	61.845.445	2.500.000	710.867
Revaluation at 1 January 2019.....	24.983.016	124.981	0
Exchange adjustment.....	94.042	0	0
Dividend.....	-17.444.472	0	0
Profit/loss for the year.....	25.205.192	-585.000	0
Reversals of the year on disposals.....	370.208	0	0
Other adjustments.....	1.251	-487.724	0
Revaluation at 31 December 2019.....	33.209.237	-947.743	0
Impairment losses and amortisation of goodwill at 1 January 2019.....	13.831.373	0	0
Amortisation of goodwill.....	5.948.532	0	0
Reversed amortisation of goodwill on disposal..	-4.772.522	0	0
Impairment losses and amortisation of goodwill at 31 December 2019.....	15.007.383	0	0
Carrying amount at 31 December 2019.....	80.047.299	1.552.257	710.867

NOTES

Note

Fixed asset investments (continued)

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Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit/loss for the year	Ownership
Lasertrykk.no AS, Oslo	5.390.672	3.571.739	100 %
Lasertryck.se AB, Stockholm.....	11.120.486	3.947.450	100 %
Lasertryk.de GmbH, Bremen.....	4.147.976	1.414.910	100 %
Lasertryk.co.uk Limited, London.....	422.591	33.193	100 %
Novagraf - Grafisk Trykcenter - Knudtzon			
Graphic A/S, Vallensbæk.....	7.690.694	3.690.690	100 %
Eurographic A/S, Vallensbæk.....	6.201.936	5.956.980	100 %
AKA-print A/S, Aarhus N.....	2.968.406	1.968.407	100 %
SPG Polska SP Z.O.O. W, Poland.....	5.795.836	2.396.357	100 %
Frederiksberg Bogtrykkeri A/S, Vallensbæk.....	3.525.416	2.525.416	100 %
Zorse Media ApS, Aarhus N.....	609.735	-144.163	100 %
AJ - E Print AB, Stockholm.....	2.144.129	-390.808	100 %
Östertälje Trykeri AB, Stockholm.....	3.731.257	198.955	100 %

Investments in associates (DKK)

Name and registered office	Equity	Profit for the year	Ownership
Jørn Thomsen Elbo A/S, Kolding.....	5.812.886	-2.736.149	25 %

NOTES

Note

Provision for deferred tax

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Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	Group		Parent company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
Deferred tax concerns:				
Intangible fixed assets.....	-82.771	1.498.824	-2.179.233	217.392
Tangible fixed assets.....	1.074.639	361.648	311.453	443.248
Finance lease assets.....	596.726	553.903	609.775	571.952
Remaining unused losses.....	882.704	3.907.762	0	0
	2.471.298	6.322.137	-1.258.005	1.232.592
Deferred tax, beginning of year.....	6.322.137	5.861.727	1.232.592	1.076.346
Deferred tax of the year, income statement.....	-249.269	460.410	651.271	156.246
Addition from merger and acquisition of company.....	-3.601.570	0	-3.141.868	0
Provision for deferred tax 31 December 2019.....	2.471.298	6.322.137	-1.258.005	1.232.592

The group's deferred tax assets are recognised in the Balance Sheet at DKK ('000) 2,471. The tax asset relates primarily to tangible fixed assets and unutilised tax losses. The tax asset is recognised on the basis of the expectations to the positive tax profits for the next couple of years, and the tax losses are then expected to be fully utilised. The assessments are based on the group's budgets for the next years. The budgets have been prepared according to the group's usual budget procedure. Through various launched efficiency measures and increase in market share the group expects improved earnings in the years to come.

	Group		Parent company	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
Prepayments and accrued income				
Costs.....	5.887.544	4.377.602	4.251.127	3.661.939
	5.887.544	4.377.602	4.251.127	3.661.939

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Prepayments and accrued income include prepaid expenses, primarily insurances and membership fees relating to the following financial year.

NOTES

	2019 DKK	2018 DKK	Note
Share capital			16
Specification of the share capital:			
Shares, 537.634 in the denomination of 1 DKK.....	537.634	537.634	
	537.634	537.634	

Long-term liabilities 17

Group					
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Mortgage debt.....	997.554	340.004	0	0	0
Other liabilities.....	21.698.133	8.058.912	0	12.887.262	5.474.515
Lease liabilities.....	45.502.649	10.716.027	0	55.671.732	11.251.685
	68.198.336	19.114.943	0	68.558.994	16.726.200

Parent company					
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Other liabilities.....	10.908.064	5.313.137	0	5.098.262	3.360.515
Lease liabilities.....	44.984.828	10.208.022	0	53.076.513	9.367.535
	55.892.892	15.521.159	0	58.174.775	12.728.050

Accruals and deferred income 18

Accruals and deferred income recognised as liabilities include income for recognition in the following financial year. Accruals and deferred income are measured at cost.

NOTES

Note

Contingencies etc.

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Contingent liabilities

	Group		Parent company	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
Liabilities according to tenancy contracts until expiry:.....	54.310.478	50.753.311	14.151.654	1.065.338
Liabilities according to tenancy contracts with group enterprises until expiry:.....	21.560.073	22.033.148	13.793.970	17.554.448
Other liabilities.....	1.002.161	5.000	0	0

The companies of the group is jointly liable for the group's bank facility of a total 245.000 t.EUR.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of OP DK Holding ApS, which serves as management company for the joint taxation.

Related parties

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The Company's related parties include:

Controlling interest

Related Parties with controlling Interest:

OP DK Holding ApS, P.O. Pedersens Vej 26, 8200 Aarhus N

Onlineprinters Holding GmbH, Rudolf-Diesel-Str. 10, 91413, Neustadt A.D.Aisch, Bayern, Germany

OP AcquiCO GmbH, Rudolf-Diesel-Str. 10, 91413, Neustadt A.D.Aisch, Bayern, Germany

OP HoldCo GmbH, Rudolf-Diesel-Str. 10, 91413, Neustadt A.D.Aisch, Bayern, Germany

Postulo S.á.r.l, Route D'arlon 19-21, 8009 Strassen, Luxembourg

Begal Unternehmerkapital General Partner Limited, Windward House 2nd Floor, La Route de la Liberation, St Helier, Jersey JE2 3QB is the ultimate parent company.

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any substantial transactions that were not concluded on market conditions.

NOTES**Note****Significant events after the end of the financial year****21**

In March 2020 the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic, and the effect of this pandemic may impact the results and financial condition of the Company's customers, as well as the Company and the Group.

In addition, as of the date the financial statements were available to be issued, there is uncertainty with respect to the extent or impact of restrictions or other measures that have been and may be implemented by local, state, federal or foreign governments or other parties, and how those measures may impact the Company, the Group and its customers. The ultimate impact of these matters to the Company and its financial condition is presently unknown.

Furthermore, the Company is reliant on the impact on the Group, where the final effect of the aforementioned circumstances is also unknown at this time. The accompanying financial statements as of and for the year ended December 31, 2019 do not reflect the effects of these subsequent events and the natural operating risk regarding the changing situation globally.

Consolidated financial statements**22**

The company is included in the consolidated financial statements of OP AcquiCo GmbH, Germany, and in the consolidated financial statements of OP HoldCo GmbH, Germany, which is the highest level in the group where consolidated financial statements are prepared.

Requisitioning of the parent companies' consolidated financial statements:
Rudolf-Diesel-Str. 10, 91413, Neustadt a.d.Aisch, Bayern Germany

ACCOUNTING POLICIES

The Annual Report of Scandinavian Print Group A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles used last year.

Consolidated financial statements

The consolidated financial statements include the parent company Scandinavian Print Group A/S and its subsidiaries in which Scandinavian Print Group A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

The date of acquisition is the date at which the Group gains actual control over the acquired business.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Investments in subsidiaries and associates

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

The income statement of the owner company recognises the proportional share of the results of each associate after proportional elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Software are measured at the lower of cost less accumulated amortisation or the recoverable amount. Software are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 8 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Tangible fixed assets

Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery.....	3-10 years	0-40%
Other plant, fixtures and equipment.....	3-10 years	0%
Leasehold improvements.....	3-8 years	0%

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Lease contracts

Lease contracts relating to tangible fixed assets where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

Where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

ACCOUNTING POLICIES

Fixed asset investments

Investments in subsidiaries and associates are measured in the company's balance sheet under the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, using on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's and associates' deficit.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.