



## Probeco A/S

Bornholmsvej 2  
9670 Løgstør  
CVR No. 26535735

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 06.05.2021

---

**Kim Berg**  
Conductor

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020	9
Balance sheet at 31.12.2020	10
Statement of changes in equity for 2020	12
Cash flow statement for 2020	13
Notes	14
Accounting policies	19

# Entity details

## Entity

Probeco A/S

Bornholmsvej 2

9670 Løgstør

CVR No.: 26535735

Registered office: Vesthimmerland

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Kim Fuglsang Berg Steffensen

Hans Arne Lyhr

Guy Marcel Georges Raynaud

## Executive Board

Kim Fuglsang Berg Steffensen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

# Statement by Management

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

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Løgstør, 06.05.2021

## Executive Board

**Kim Fuglsang Berg Steffensen**

## Board of Directors

**Kim Fuglsang Berg Steffensen**

**Hans Arne Lyhr**

**Guy Marcel Georges Raynaud**

# Independent auditor's report

## To the shareholders of Probeco A/S

### Opinion

We have audited the financial statements of Probeco A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

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

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

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

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

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

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

Management is responsible for the management commentary.

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

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

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

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

Aalborg, 06.05.2021

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Claus Bjørnlund**

State Authorised Public Accountant  
Identification No (MNE) mne33216

# Management commentary

## Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Gross profit/loss	39,878	38,230	36,120	34,060	33,220
Operating profit/loss	6,699	5,762	4,656	4,611	5,819
Net financials	(499)	(688)	(650)	(649)	(584)
Profit/loss for the year	4,833	3,948	3,145	3,094	4,090
Total assets	52,195	49,992	53,139	44,568	45,807
Investments in property, plant and equipment	5,299	2,809	9,589	3,478	10,846
Equity	21,001	17,068	14,759	12,284	11,866
<b>Ratios</b>					
Return on equity (%)	25.39	24.81	23.26	25.62	39.67
Equity ratio (%)	40.24	34.14	27.77	27.56	25.90

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

### Return on equity (%):

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

### Equity ratio (%):

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



**Primary activities**

The Company's primary activity is to make and sell office and hobby market products for export.

**Development in activities and finances**

The Company's year saw a net gain of DKK 4,833k. This performance is regarded as satisfactory.

**Environmental performance**

Probeco A/S is an environmentally conscious company, which through its activities continuously undertakes to create positive environmental improvement, taking into consideration legal requirements, resources and other relevant provisions to which the company is subject. Moreover, the Company offers all customers ecofriendly plastic, cardboard and paper-based products. Probeco A/S will continuously reduce the amount of combustible waste through sorting and recycling.

**Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2020

	Notes	2020 DKK	2019 DKK
<b>Gross profit/loss</b>	1	<b>39,877,698</b>	<b>38,230,059</b>
Staff costs	2	(29,065,197)	(29,673,736)
Depreciation, amortisation and impairment losses	3	(4,113,688)	(2,794,294)
<b>Operating profit/loss</b>		<b>6,698,813</b>	<b>5,762,029</b>
Other financial income		19,576	6,746
Other financial expenses	4	(518,324)	(694,706)
<b>Profit/loss before tax</b>		<b>6,200,065</b>	<b>5,074,069</b>
Tax on profit/loss for the year	5	(1,366,958)	(1,126,515)
<b>Profit/loss for the year</b>	6	<b>4,833,107</b>	<b>3,947,554</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	8	216,235	311,158
<b>Intangible assets</b>	7	<b>216,235</b>	<b>311,158</b>
Plant and machinery		23,401,986	24,112,218
Other fixtures and fittings, tools and equipment		710,542	527,636
Leasehold improvements		217,376	315,206
Property, plant and equipment in progress		1,915,817	0
<b>Property, plant and equipment</b>	9	<b>26,245,721</b>	<b>24,955,060</b>
Investments in associates		115,506	0
Receivables from associates		385,134	0
Deposits		2,372,770	2,312,770
<b>Financial assets</b>	10	<b>2,873,410</b>	<b>2,312,770</b>
<b>Fixed assets</b>		<b>29,335,366</b>	<b>27,578,988</b>
Raw materials and consumables		5,417,282	7,470,547
Work in progress		2,812,370	2,772,060
Manufactured goods and goods for resale		2,044,614	966,408
Prepayments for goods		645,315	0
<b>Inventories</b>		<b>10,919,581</b>	<b>11,209,015</b>
Trade receivables		8,362,903	7,605,118
Receivables from group enterprises		1,002,348	2,699,302
Other receivables		373,654	250,033
Joint taxation contribution receivable		271,978	365,123
Prepayments	11	320,177	28,758
<b>Receivables</b>		<b>10,331,060</b>	<b>10,948,334</b>
<b>Cash</b>		<b>1,609,398</b>	<b>255,885</b>
<b>Current assets</b>		<b>22,860,039</b>	<b>22,413,234</b>
<b>Assets</b>		<b>52,195,405</b>	<b>49,992,222</b>

## Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		3,490,000	3,490,000
Reserve for development expenditure		242,703	242,703
Retained earnings		16,821,067	12,434,960
Proposed dividend		447,000	900,000
<b>Equity</b>		<b>21,000,770</b>	<b>17,067,663</b>
Deferred tax	12	1,506,000	1,426,900
<b>Provisions</b>		<b>1,506,000</b>	<b>1,426,900</b>
Lease liabilities		10,065,175	10,451,007
Other payables		2,452,039	1,096,472
<b>Non-current liabilities other than provisions</b>	13	<b>12,517,214</b>	<b>11,547,479</b>
Current portion of non-current liabilities other than provisions	13	3,666,449	3,404,697
Bank loans		1,492,172	1,275,922
Payables to other credit institutions		0	4,163,314
Trade payables		5,227,181	6,067,064
Payables to group enterprises		12,487	173,193
Tax payable		1,189,836	405,230
Other payables		5,583,296	4,460,760
<b>Current liabilities other than provisions</b>		<b>17,171,421</b>	<b>19,950,180</b>
<b>Liabilities other than provisions</b>		<b>29,688,635</b>	<b>31,497,659</b>
<b>Equity and liabilities</b>		<b>52,195,405</b>	<b>49,992,222</b>
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Non-arm's length related party transactions	19		

# Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3,490,000	242,703	12,434,960	900,000	17,067,663
Ordinary dividend paid	0	0	0	(900,000)	(900,000)
Profit/loss for the year	0	0	4,386,107	447,000	4,833,107
<b>Equity end of year</b>	<b>3,490,000</b>	<b>242,703</b>	<b>16,821,067</b>	<b>447,000</b>	<b>21,000,770</b>

# Cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		6,698,813	5,762,029
Amortisation, depreciation and impairment losses		4,113,688	2,794,294
Working capital changes	14	(3,307,815)	(2,562,307)
<b>Cash flow from ordinary operating activities</b>		<b>7,504,686</b>	<b>5,994,016</b>
Financial income received		19,576	6,746
Financial expenses paid		(518,324)	(694,705)
Taxes refunded/(paid)		(775,230)	(540,408)
<b>Cash flows from operating activities</b>		<b>6,230,708</b>	<b>4,765,649</b>
Acquisition etc of intangible assets		(10,550)	(315,540)
Acquisition etc of property, plant and equipment		(5,298,876)	(2,809,366)
Sale of property, plant and equipment		0	917,800
Acquisition of enterprises		(115,506)	0
<b>Cash flows from investing activities</b>		<b>(5,424,932)</b>	<b>(2,207,106)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>805,776</b>	<b>2,558,543</b>
Loans raised		4,340,686	2,837,824
Repayments of loans etc		(3,109,199)	(2,651,496)
Dividend paid		(900,000)	(1,639,000)
Other cash flows from financing activities		216,250	(881,252)
<b>Cash flows from financing activities</b>		<b>547,737</b>	<b>(2,333,924)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>1,353,513</b>	<b>224,619</b>
Cash and cash equivalents beginning of year		255,885	31,266
<b>Cash and cash equivalents end of year</b>		<b>1,609,398</b>	<b>255,885</b>
Cash and cash equivalents at year-end are composed of:			
Cash		1,609,398	255,885
<b>Cash and cash equivalents end of year</b>		<b>1,609,398</b>	<b>255,885</b>

# Notes

## 1 Gross profit/loss

In 2020 the company has applied for the Danish Business Authorities' compensations scheme in relation to receive compensation for salary paid during the repatriation of employees under the Danish COVID19 pandemic.

The company has in total received salary compensation amounting to DKK 2.234.206

## 2 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	25,601,045	25,936,163
Pension costs	2,067,264	2,124,203
Other social security costs	839,274	900,149
Other staff costs	557,614	713,221
	<b>29,065,197</b>	<b>29,673,736</b>
Average number of full-time employees	67	68

According to section 98B(2)no.2 of the Danish Financial Statement Act, remuneration to management has not been disclosed for 2020 and 2019, because it will lead to an individual's remuneration disclosed

## 3 Depreciation, amortisation and impairment losses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	105,473	29,266
Depreciation of property, plant and equipment	4,007,382	3,682,828
Profit/loss from sale of intangible assets and property, plant and equipment	833	(917,800)
	<b>4,113,688</b>	<b>2,794,294</b>

## 4 Other financial expenses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	412,395	583,486
Other financial expenses	105,929	111,220
	<b>518,324</b>	<b>694,706</b>

### 5 Tax on profit/loss for the year

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	1,287,858	290,515
Change in deferred tax	79,100	836,000
	<b>1,366,958</b>	<b>1,126,515</b>

### 6 Proposed distribution of profit and loss

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Ordinary dividend for the financial year	447,000	900,000
Retained earnings	4,386,107	3,047,554
	<b>4,833,107</b>	<b>3,947,554</b>

### 7 Intangible assets

	<b>Completed development projects DKK</b>
Cost beginning of year	315,540
Additions	10,550
<b>Cost end of year</b>	<b>326,090</b>
Amortisation and impairment losses beginning of year	(4,382)
Amortisation for the year	(105,473)
<b>Amortisation and impairment losses end of year</b>	<b>(109,855)</b>
<b>Carrying amount end of year</b>	<b>216,235</b>

### 8 Development projects

Completed development projects comprises implementation of new printing technique regarding products to one of the Company's larger clients. The development project is fully implemented in 2019.



## 9 Property, plant and equipment

	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	45,936,793	2,326,296	583,798	0
Additions	2,903,897	460,162	19,000	1,915,817
Disposals	(10,000)	(68,179)	(26,197)	0
<b>Cost end of year</b>	<b>48,830,690</b>	<b>2,718,279</b>	<b>576,601</b>	<b>1,915,817</b>
Depreciation and impairment losses beginning of year	(21,824,575)	(1,798,660)	(268,592)	0
Depreciation for the year	(3,613,296)	(277,256)	(116,830)	0
Reversal regarding disposals	9,167	68,179	26,197	0
<b>Depreciation and impairment losses end of year</b>	<b>(25,428,704)</b>	<b>(2,007,737)</b>	<b>(359,225)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>23,401,986</b>	<b>710,542</b>	<b>217,376</b>	<b>1,915,817</b>
Recognised assets not owned by entity	17,875,292	145,989	0	0

## 10 Financial assets

	Investments in associates DKK	Receivables from associates DKK	Deposits DKK
Cost beginning of year	0	0	2,312,770
Additions	115,506	385,134	60,000
<b>Cost end of year</b>	<b>115,506</b>	<b>385,134</b>	<b>2,372,770</b>
<b>Carrying amount end of year</b>	<b>115,506</b>	<b>385,134</b>	<b>2,372,770</b>

Investments in associates	Registered in	Corporate form	Equity interest %
T3L USA Inc.	USA	Inc.	25

## 11 Prepayments

Prepayments consists of prepaid costs.

## 12 Deferred tax

	2020 DKK	2019 DKK
Intangible assets	48,000	68,000
Property, plant and equipment	4,422,000	4,400,900
Liabilities other than provisions	(2,964,000)	(3,042,000)
<b>Deferred tax</b>	<b>1,506,000</b>	<b>1,426,900</b>

<b>Changes during the year</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Beginning of year	1,426,900	590,900
Recognised in the income statement	79,100	836,000
<b>End of year</b>	<b>1,506,000</b>	<b>1,426,900</b>

### 13 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Lease liabilities	3,409,092	3,377,095	10,065,175	414,393
Other payables	257,357	27,602	2,452,039	2,452,039
	<b>3,666,449</b>	<b>3,404,697</b>	<b>12,517,214</b>	<b>2,866,432</b>

### 14 Changes in working capital

	<b>2020 DKK</b>	<b>2019 DKK</b>
Increase/decrease in inventories	934,749	(259,867)
Increase/decrease in receivables	(201,197)	3,051,885
Increase/decrease in trade payables etc	(4,041,367)	(5,354,325)
	<b>(3,307,815)</b>	<b>(2,562,307)</b>

### 15 Unrecognised rental and lease commitments

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	7,483,333	8,129,650

### 16 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

### 17 Assets charged and collateral

Bank debt is secured by way of floating company charge for DKK 5,500k and of a deposited mortgage deed registered to the mortgager for DKK 9,800k. Floating company charge and deposited mortgage deed is related to operating equipment and intangible assets at a carrying amount of DKK 18,498k.

Other credit institutions are secured by trade receivables of 9,008k.

The company is liable for affiliates' debts to bank connections. As of 31th of December 2020 Bank debt in affiliated companies amounts to DKK 0.

### 18 Related parties with controlling interest

T3L Holding SAS, France, wholly owns the shares of the Entity and thus has control over the Entity.

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

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

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

## 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.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

### Revenue

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

### **Other operating income**

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

### **Cost of sales**

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

### **Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

### **Other external expenses**

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

### **Staff costs**

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

### **Depreciation, amortisation and impairment losses**

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

### **Other financial income**

Other financial income comprises interest income.

### **Other financial expenses**

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

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

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

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

## Balance sheet

### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed.

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 of 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 of the assets. The amortisation period is 5 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights.

### Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

Plant and machinery	5 - 8 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	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. Residual value max is 20 % of cost for plant

and machinery.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments in associates**

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

### **Receivables**

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

### **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 of 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.

### **Joint taxation contributions receivable or payable**

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### **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.

### **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.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

### **Lease liabilities**

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

### **Operating leases**

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

### **Other financial liabilities**

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

### **Tax receivable or payable**

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

### **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 income taxes paid.

Cash flows from investing activities comprise payments in connection with 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 as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

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