

**GRAS APS**  
**SKOVLYTOFTEN 33, ØVERØD, 2840 HOLTE**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2021**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 20 June 2022**

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**Uffe Bjerg**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

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**COMPANY DETAILS**

<b>Company</b>	GRAS ApS Skovlytoften 33 Øverød 2840 Holte
	CVR No.: 27 16 09 21
	Established: 28 April 2003
	Municipality: Rudersdal
	Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Michael Flaherty, chairman Uffe Bjerg Richard Arthur Deggs
<b>Executive Board</b>	Uffe Bjerg
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
<b>Law Firm</b>	DLA Piper Denmark, Advokatpartnerselskab Rådhuspladsen 4 1550 Copenhagen V

## MANAGEMENT'S STATEMENT

*Today the Board of Directors and Executive Board have discussed and approved the Annual Report of GRAS ApS for the financial year 1 January - 31 December 2021.*

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

*In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.*

*The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.*

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

Holte, 28 February 2022

Executive Board

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Uffe Bjerg

Board of Directors

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Michael Flaherty  
Chairman

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Uffe Bjerg

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Richard Arthur Deggs

## INDEPENDENT AUDITOR'S REPORT

*To the Shareholder of GRAS ApS*

### **Opinion**

We have audited the Financial Statements of GRAS ApS for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.*

### **Basis for Opinion**

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

### **Management's Responsibilities for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## INDEPENDENT AUDITOR'S REPORT

- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.*
- *Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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 Management Commentary**

*Management is responsible for Management Commentary.*

*Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the 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 Commentary provides the information required under the Danish Financial Statements Act.*

*Based on the work we have performed, we conclude that 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 Management Commentary.*

Copenhagen, 28 February 2022

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Søren Søndergaard Jensen  
State Authorised Public Accountant  
MNE no. mne32069

## FINANCIAL HIGHLIGHTS

	2021 DKK '000	2019/20 DKK '000	2018/19 DKK '000	2017/18 DKK '000	2016/17 DKK '000
<b>Income statement</b>					
Net revenue.....	148.729	211.552	120.681	107.473	109.762
Gross profit/loss.....	52.712	75.420	56.999	52.065	55.686
Operating profit/loss of main activities...	24.727	28.303	7.443	4.926	13.695
Financial income and expenses, net.....	763	-456	-94	-307	-245
Profit/loss for the year before tax.....	25.894	30.383	9.334	4.919	16.476
Profit/loss for the year.....	21.705	26.122	7.763	4.158	13.513
<b>Balance sheet</b>					
Total assets.....	114.580	92.954	63.662	58.497	70.202
Equity.....	85.162	63.458	41.161	34.284	39.747
Investment in property, plant and equipment.....	1.083	534	534	620	150
<b>Key ratios</b>					
Return on invested capital.....	159,4	23,3	19,0	58,1	44,5
Equity ratio.....	74,3	68,3	64,7	58,6	56,6

The annual report for 2019/20 covers 18 month, while rest of the annual reports covers 12 month.

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

*Invested capital:*

*Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities*

*Return on invested capital:*

*$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$*

*Equity ratio:*

*$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$*

## MANAGEMENT COMMENTARY

### **Principal activities**

*The principal activities comprise like in previous years developing and production of measuring instruments and other related activities.*

### **Development in activities and financial and economic position**

*The company have had a increase in the activites and revenue during FY2019/20.*

*The company is in FY2019/20 purchased of AP Portfolio Co. The US parent company have made the acquisition to have a stronger position at the european marked.*

### **Profit/loss for the year compared to the expected development**

*The results and financial development of the company were better than foreseen.*

*The company achieved a profit of DKK 26.1m in 2019/20 (18 month) against DKK 7.8m in 2018/19 (12 month). The results of the company for 2019/20 are considered satisfactory.*

### **Significant events after the end of the financial year**

*No events have occurred after the end of the financial year of material importance for the company's financial position.*

### **Future expectations**

*The company expect the positive development from FY2019/20 continues in FY2021 since the parent company expect to achive some synergies in the group.*



## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2019/20 DKK
<b>NET REVENUE</b> .....		<b>148.729.490</b>	<b>211.551.606</b>
Production costs.....	1	-74.787.866	-107.725.916
Udviklingsomk.....		-21.229.599	-28.405.495
<b>GROSS PROFIT/LOSS</b> .....		<b>52.712.025</b>	<b>75.420.195</b>
Distribution costs.....	1	-10.652.376	-21.291.266
Administrative expenses.....	1	-17.332.877	-25.825.541
<b>OPERATING PROFIT</b> .....		<b>24.726.772</b>	<b>28.303.388</b>
Income from investments in subsidiaries and associates.....	2	403.563	2.535.554
Financial income.....	3	896.499	1.863
Financial expenses.....	4	-133.322	-457.958
<b>PROFIT BEFORE TAX</b> .....		<b>25.893.512</b>	<b>30.382.847</b>
Tax on profit/loss for the year.....	5	-4.188.947	-4.260.930
<b>PROFIT FOR THE YEAR</b> .....	6	<b>21.704.565</b>	<b>26.121.917</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Intangible fixed assets acquired.....		133.795	523.530
<b>Intangible assets.....</b>	<b>7</b>	<b>133.795</b>	<b>523.530</b>
Production plant and machinery.....		2.272.496	1.790.629
Other plant, machinery, tools and equipment.....		34.266	2.817
Leasehold improvements.....		1.461.619	1.881.538
<b>Property, plant and equipment.....</b>	<b>8</b>	<b>3.768.381</b>	<b>3.674.984</b>
Equity investments in group enterprises.....		40.000	1.237.588
Equity investments in associated enterprises.....		0	0
Rent deposit and other receivables.....		50.936	7.219
<b>Financial non-current assets.....</b>	<b>9</b>	<b>90.936</b>	<b>1.244.807</b>
<b>NON-CURRENT ASSETS.....</b>		<b>3.993.112</b>	<b>5.443.321</b>
Raw materials and consumables.....		27.119.322	20.084.520
Finished goods and goods for resale.....		10.264.853	13.177.718
<b>Inventories.....</b>		<b>37.384.175</b>	<b>33.262.238</b>
Trade receivables.....		15.583.546	10.113.359
Receivables from group enterprises.....		45.969.640	28.449.636
Other receivables.....		3.413.651	2.666.262
Corporation tax receivable.....		0	86.598
Prepayments and accrued income.....	10	649.461	1.322.522
<b>Receivables.....</b>		<b>65.616.298</b>	<b>42.638.377</b>
<b>Cash and cash equivalents.....</b>		<b>7.586.841</b>	<b>11.610.549</b>
<b>CURRENT ASSETS.....</b>		<b>110.587.314</b>	<b>87.511.164</b>
<b>ASSETS.....</b>		<b>114.580.426</b>	<b>92.954.485</b>

# BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK
Share capital.....	11	500.000	500.000
Reserve for net revaluation according to equity value.....		0	1.565.041
Retained profit.....		84.662.184	61.392.578
<b>EQUITY.....</b>		<b>85.162.184</b>	<b>63.457.619</b>
Provision for deferred tax.....	12	80.825	145.565
<b>PROVISIONS.....</b>		<b>80.825</b>	<b>145.565</b>
Other liabilities.....		5.318.022	5.903.157
<b>Non-current liabilities.....</b>	13	<b>5.318.022</b>	<b>5.903.157</b>
Bank debt.....		132.316	65.845
Trade payables.....		7.477.421	6.668.277
Corporation tax.....		7.740.716	4.369.189
Other liabilities.....		8.668.942	12.344.833
<b>Current liabilities.....</b>		<b>24.019.395</b>	<b>23.448.144</b>
<b>LIABILITIES.....</b>		<b>29.337.417</b>	<b>29.351.301</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>114.580.426</b>	<b>92.954.485</b>
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# EQUITY

	Share capital	Reserve for net revaluation according to equity va	Retained profit	Total
Equity at 1 January 2021.....	500.000	1.565.041	61.392.578	63.457.619
Proposed profit allocation, note 6.....			21.704.565	21.704.565
<b>Transfers</b>				
Transfers.....		-1.565.041	1.565.041	0
<b>Equity at 31 December 2021 .....</b>	<b>500.000</b>	<b>0</b>	<b>84.662.184</b>	<b>85.162.184</b>

## NOTES

			Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	107	112	
Wages and salaries.....	53.814.403	83.358.332	
Pensions.....	8.593.839	13.368.694	
Social security costs.....	364.088	1.316.092	
	<b>62.772.330</b>	<b>98.043.118</b>	
<b>Income from investments in subsidiaries and associates</b>			<b>2</b>
Income from investments in subsidiaries.....	403.563	2.535.554	
	<b>403.563</b>	<b>2.535.554</b>	
<b>Financial income</b>			<b>3</b>
Other interest income.....	896.499	1.863	
	<b>896.499</b>	<b>1.863</b>	
<b>Financial expenses</b>			<b>4</b>
Other interest expenses.....	133.322	457.958	
	<b>133.322</b>	<b>457.958</b>	
<b>Tax on profit/loss for the year</b>			<b>5</b>
Calculated tax on taxable income of the year.....	4.253.687	4.282.335	
Adjustment of tax for previous years.....	0	-7.773	
Adjustment of deferred tax.....	-64.740	-13.632	
	<b>4.188.947</b>	<b>4.260.930</b>	
<b>Proposed distribution of profit</b>			<b>6</b>
Retained earnings.....	21.704.565	26.121.917	
	<b>21.704.565</b>	<b>26.121.917</b>	
<b>Intangible assets</b>			<b>7</b>
		Intangible fixed assets acquired	
Cost at 1 January 2021.....		1.838.691	
<b>Cost at 31 December 2021.....</b>		<b>1.838.691</b>	
Amortisation at 1 January 2021.....		1.315.163	
Amortisation for the year.....		389.733	
<b>Amortisation at 31 December 2021.....</b>		<b>1.704.896</b>	
<b>Carrying amount at 31 December 2021.....</b>		<b>133.795</b>	

## NOTES

## Note

### Property, plant and equipment 8

	Production plant and machinery	Other plant, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2021.....	3.054.235	181.807	3.174.804
Additions.....	1.001.720	35.448	45.400
<b>Cost at 31 December 2021.....</b>	<b>4.055.955</b>	<b>217.255</b>	<b>3.220.204</b>
Depreciation and impairment losses at 1 January 2021.....	1.263.608	178.990	1.293.266
Depreciation for the year.....	519.851	3.999	465.319
<b>Depreciation and impairment losses at 31 December 2021.....</b>	<b>1.783.459</b>	<b>182.989</b>	<b>1.758.585</b>
<b>Carrying amount at 31 December 2021.....</b>	<b>2.272.496</b>	<b>34.266</b>	<b>1.461.619</b>

### Financial non-current assets 9

	Equity investments in group enterprises	Equity investments in associated enterprises	Rent deposit and other receivables
Cost at 1 January 2021.....	64.090	26.606	7.219
Additions.....	40.000	0	43.717
Disposals.....	-62.600	-26.606	0
<b>Cost at 31 December 2021.....</b>	<b>41.490</b>	<b>0</b>	<b>50.936</b>
Revaluation at 1 January 2021.....	1.173.498	-26.606	0
Exchange adjustment.....	-572	0	0
Dividend.....	-1.465.200	0	0
Profit/loss for the year.....	404.135	0	0
Disposal.....	-113.351	26.606	0
<b>Revaluation at 31 December 2021.....</b>	<b>-1.490</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at 31 December 2021.....</b>	<b>40.000</b>	<b>0</b>	<b>50.936</b>

### Investments in subsidiaries (DKK)

Name and domicil	Equity	Profit/loss for the year	Ownership
GRAS Sound & Vibration NA, USA.....	-3.008.642	-52.705	100 %
Axiometix, Denmark.....	40.000	-	100 %

### Prepayments and accrued income 10

Costs.....	649.461	1.322.522
	<b>649.461</b>	<b>1.322.522</b>

Prepayments contain insurance and other prepaid costs.

## NOTES

			Note
<b>Share capital</b>			<b>11</b>
Allocation of share capital:			
A-shares, 500 unit in the denomination of 1.000 DKK.....	500.000	500.000	
	<b>500.000</b>	<b>500.000</b>	
<b>Provision for deferred tax</b>			<b>12</b>
Provision for deferred tax comprises deferred tax on inventory and intangible and tangible fixed assets.			
Deferred tax consist of:			
Property, plant and equipment.....	80.825	145.565	
	<b>80.825</b>	<b>145.565</b>	
	<b>2021</b>	<b>2020</b>	
	<b>DKK</b>	<b>DKK</b>	
Deferred tax, beginning of year.....	145.565	159.197	
Deferred tax of the year, income statement.....	-64.740	-13.632	
<b>Provision for deferred tax 31 December 2021.....</b>	<b>80.825</b>	<b>145.565</b>	
<b>Long-term liabilities</b>			<b>13</b>
	31/12 2021	Repayment	Debt
	total liabilities	next year	outstanding
			after 5 years
			total liabilities
Other liabilities.....	5.318.022	0	4.272.033
	<b>5.318.022</b>	<b>0</b>	<b>4.272.033</b>
			<b>5.903.157</b>

## NOTES

### Note

#### Contingencies etc.

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#### Contingent liabilities

	2021 DKK	2020 DKK
Lease liabilities (operating leases):		
Yearly payment.....	599.484	319.761
Total remaining payment.....	2.971.767	949.882
	<b>2.971.767</b>	<b>949.882</b>
Rentobligation with beneath notice:		
Within 1 year.....	2.904.084	3.338.556
Between 1 and 5 years.....	5.324.154	7.511.754
	<b>8.228.238</b>	<b>10.850.310</b>

There is a security of t.dkk 942 to third party.

#### 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 AP BuyCo ApS, which serves as management company for the joint taxation.

#### Related parties

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The Company's related parties include:

#### Controlling interest

AP BuyCo ApS, Amaliegade 3, 1256 København K, is the principal shareholder.

#### Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

#### Consolidated Financial Statements

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The company is included in the group account for AP Portfolio Co, 1209 Orange Street, Delaware, USA.



## ACCOUNTING POLICIES

*The Annual Report of GRAS ApS for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.*

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

### **Consolidated Financial Statements**

*Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of AP Portfolio Co, 1209 Orange Street, Delaware, USA..*

## 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.*

### **Production costs**

*Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. Commercial enterprises recognise cost of sales, and the manufacturing enterprises recognise production costs equal to the revenue for the year, including direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.*

*Amortisation of capitalised development and research costs and the development costs that do not fulfil the criteria for capitalisation are also recognised in production costs.*

*Impairment losses are recognised in connection with expected losses on project contracts.*

### **Distribution costs**

*The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.*

### **Administrative expenses**

*Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses etc and related amortisation.*

### **Other operating income**

*Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.*

### **Income from 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.*

*In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.*

## ACCOUNTING POLICIES

### **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.

## **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.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

### **Tangible fixed assets**

Land and buildings, production plant and machinery, other plants, 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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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 %
Other plant, fixtures and equipment.....	3-5 years	0 %
Leasehold improvements.....	3-5 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.

## ACCOUNTING POLICIES

### **Fixed asset investments**

Investments in Equity interests in are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Equity investments in 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 calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Acquired enterprises are subject to 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 models.

Consolidated goodwill is amortised over the expected useful life, which is determined on the basis of Management's experience within the individual lines of business. Consolidated goodwill is amortised on a straightline basis over the amortisation period, which is 5 years. The amortisation period is determined on the basis of an assessment of the acquired entity's market position and earnings profile, and the industryspecific condition.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down 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 has a legal or actual liability to cover the subsidiary's subsidiaries and associates deficit.

### **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.

### **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 merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

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.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

## ACCOUNTING POLICIES

### **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 on account tax 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 would 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**

*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.*

*Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.*

*Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.*

### **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.*