



Nutrimin A/S

Bodalen 11
8643 Ans By
CVR No. 28513518

Annual report 2021

The Annual General Meeting adopted the
annual report on 17.06.2022

Carina Vang Kristoffersen
Chairman of the General Meeting

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Entity details

Entity

Nutrimin A/S

Bodalen 11

8643 Ans By

Business Registration No.: 28513518

Date of foundation: 22.03.2005

Registered office: Silkeborg

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Rein Lansdaal

Torben Jensen

Bastiaan Johannes van Tilburg

Executive Board

Torben Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

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

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

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

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

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

Ans By, 17.06.2022

Executive Board

Torben Jensen

Board of Directors

Rein Lansdaal

Torben Jensen

Bastiaan Johannes van Tilburg

Independent auditor's report

To the shareholders of Nutrimin A/S

Opinion

We have audited the financial statements of Nutrimin A/S for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the 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.

Aarhus, 17.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach

State Authorised Public Accountant
Identification No (MNE) mne19691

Nikolaj Dyregaard Nielsen

State Authorised Public Accountant
Identification No (MNE) mne47838

Management commentary

Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	55,309	46,012	36,639	27,141	29,133
Operating profit/loss	26,737	18,294	11,735	6,025	10,067
Net financials	(702)	(400)	1,040	146	(794)
Profit/loss for the year	20,267	13,920	10,131	4,990	7,225
Total assets	130,234	96,817	93,113	81,700	77,992
Investments in property, plant and equipment	144	552	7,222	2,370	72
Equity	63,320	43,391	36,039	28,255	23,749
Ratios					
Return on equity (%)	37.98	35.05	31.51	19.19	29.95
Equity ratio (%)	48.62	44.82	38.70	34.58	30.45

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company's activities consist of production and direct sale of mineral mixtures and piglet feed on the Danish market as well as production and sale of vitamin mixtures and premixtures to the Danish market as well as the export market.

Development in activities and finances

In 2021, Nutrimin A/S realized its highest turnover to date of DKK 497.376k, which is 11% higher than in 2020. This is due to a generally increased influx of customers, primarily in the Danish market. Nutrimin A/S' operating profit (EBITDA) also reached a very satisfactory level of DKK 26,737k.

The result after tax is realized with DKK 20,267k., which is satisfactory.

2021 has as last year been a challenging year as supply security and major delays still occurred as an effect of COVID-19. Employees have fought bravely to make ends meet and we have managed to maintain deliveries to our customers, even when it was most difficult out.

Profit/loss for the year in relation to expected developments

The expected profit before tax for 2021 of approx. DKK 14.000k was significantly improved with a realized result before tax of DKK 26,035k.

The reason for the improved result before tax is that Nutrimin A/S has acted in the best possible way in a difficult market with supply challenges. This is partly due to good hedges of raw materials in a difficult market and partly growth in revenue as well as earnings as a result of increased sales in the Danish and foreign markets.

Outlook

In 2022, Nutrimin A/S expects continued growth, and we have a good starting point in a continued highly competitive market at the beginning of 2022. There is still a focus on increasing activity levels and a profit before tax of approx. DKK 17.000k is expected in 2022. These expectations have not been incorporated for continued follow-up from COVID-19.

Use of financial instruments

Specific Risk

Risk management is a major focus area for Nutrimin. These risks are primarily related to volatile market prices as well as financial risks within currency and rents. Effective risk management ensures that Nutrimin assesses and manages the risks it assumes. Commodity and price risks are minimized by entering into purchase contracts that minimize open positions on commodities as far as possible.

By far the largest part of both turnover and purchases takes place in DKK or euros. Nutrimin exchange rate policy is defined by not having significant open currency positions from purchases and sales of goods in currencies other than DKK and euros. To the extent that the Group's currency risk cannot be hedged by adjusting payments and disbursements in the same currency, the currency risk is hedged via forward exchange contracts and options.

To ensure quality management at Nutrimin, certification is carried out according to the standards GMP + and VLOG. The quality management system describes all steps in the process from approval of suppliers and procurement of raw materials to production and delivery of the finished goods to the customer.

Nutrimin is vulnerable to the market conditions of primary agriculture, in order to eliminate this risk creditors of

credit insured to the greatest possible extent.

Raw materials

After the previous financial year, Nutrimin expected that the effects of Covid-19 and the associated impacts on the commodity market would be a short-term affair, but we had to note that in 2021 there were significant fluctuations in commodity markets, which were partly affected by changes in supply and demand. In addition, there have been significant price increases in the freight markets, which in total has led to more risks.

Nutrimin only uses stable and well-known GMP + or FAMI-QS-approved manufacturers to ensure customers high-quality products.

Knowledge resources

A Nutrimin guide has been prepared to ensure the following:

- An equal partnership
- The ability to acquire and communicate knowledge as well as a good deal of business practice
- Only bearing this in mind, we can ensure our customers the optimal feed mix.

Environmental performance

Nutrimin A/S has no policy for corporate social responsibility, but we pay much attention to environmental impacts from our factory. Through Agriculture and Food and DAKOFO, Nutrimin is, among other things, represented in the Danish Alliance for responsible soy. Nutrimin meets the requirements for APV, employee development interviews and work environment organization, whose overall tasks are to create the framework for a good, healthy and safe work environment at Nutrimin.

Nutrimin A/S applies HACCP - Own check and Risk analysis, which means that all steps in the individual processes are assessed. HACCP provides an overview of the risks and errors that are typical in the manufacturing process. Therefore, HACCP contributes to increasing the level of protection of human and animal health.

To ensure as low environmental impact as possible when delivering goods to Danish customers, Nutrimin A/S uses lorries that are approved according to class Euro 6.

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. The outbreak and spread of COVID-19 in 2020 and 2021 has not been and is not expected to be significant impact on the company's financial position and development. This is because the company's business area with the production and sale of vitamin and mineral mixtures and pig feed for the Danish market and the export market has proceeded according to plan. This is because the company business area as a subcontractor to the food industry, which will continue to play an important social role.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		55,308,842	46,012,404
Staff costs	1	(24,950,981)	(23,869,418)
Depreciation, amortisation and impairment losses	2	(3,620,783)	(3,849,028)
Operating profit/loss		26,737,078	18,293,958
Other financial income	3	127,993	79,821
Impairment losses on financial assets		0	(74,550)
Other financial expenses	4	(830,199)	(405,675)
Profit/loss before tax		26,034,872	17,893,554
Tax on profit/loss for the year	5	(5,767,474)	(3,973,559)
Profit/loss for the year	6	20,267,398	13,919,995

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects		0	0
Goodwill		0	16,917
Intangible assets	7	0	16,917
Plant and machinery		8,742,345	12,201,728
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	8	8,742,345	12,201,728
Other investments		25,000	25,000
Financial assets	9	25,000	25,000
Fixed assets		8,767,345	12,243,645
Raw materials and consumables		38,214,806	43,643,474
Prepayments for goods		29,997,711	435,102
Inventories		68,212,517	44,078,576
Trade receivables		47,698,300	32,100,413
Receivables from group enterprises		5,284,322	6,845,978
Other receivables		128,520	153,438
Receivables		53,111,142	39,099,829
Cash		143,011	1,394,853
Current assets		121,466,670	84,573,258
Assets		130,234,015	96,816,903

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	10	5,000,000	5,000,000
Retained earnings		58,319,560	38,052,162
Proposed dividend		0	339,000
Equity		63,319,560	43,391,162
Deferred tax	11	108,000	492,000
Provisions		108,000	492,000
Lease liabilities		2,125,000	2,762,500
Other payables		0	1,243,470
Non-current liabilities other than provisions	12	2,125,000	4,005,970
Current portion of non-current liabilities other than provisions	12	637,500	637,500
Bank loans		10,981,220	3,672,567
Trade payables		28,104,202	25,467,076
Payables to group enterprises		10,872,232	8,787,580
Joint taxation contribution payable		5,059,676	504,806
Other payables	13	9,026,625	9,858,242
Current liabilities other than provisions		64,681,455	48,927,771
Liabilities other than provisions		66,806,455	52,933,741
Equity and liabilities		130,234,015	96,816,903
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		
Group relations	20		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	5,000,000	38,052,162	339,000	43,391,162
Ordinary dividend paid	0	0	(339,000)	(339,000)
Profit/loss for the year	0	20,267,398	0	20,267,398
Equity end of year	5,000,000	58,319,560	0	63,319,560

Cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		26,737,078	18,293,958
Amortisation, depreciation and impairment losses		3,620,783	3,489,028
Writedown of current assets		0	74,550
Working capital changes	14	(35,553,054)	2,401,987
Cash flow from ordinary operating activities		(5,195,193)	24,259,523
Financial income received		127,993	79,821
Financial expenses paid		(830,199)	(405,675)
Taxes refunded/(paid)		(1,542,113)	(3,615,711)
Cash flows from operating activities		(7,439,512)	20,317,958
Acquisition etc of property, plant and equipment		(144,483)	(551,945)
Cash flows from investing activities		(144,483)	(551,945)
Free cash flows generated from operations and investments before financing		(7,583,995)	19,766,013
Repayments of loans etc		(637,500)	(637,500)
Dividend paid		(339,000)	(6,600,000)
Other cash flows from financing activities		7,308,653	(11,134,747)
Cash flows from financing activities		6,332,153	(18,372,247)
Increase/decrease in cash and cash equivalents		(1,251,842)	1,393,766
Cash and cash equivalents beginning of year		1,394,853	1,087
Cash and cash equivalents end of year		143,011	1,394,853
Cash and cash equivalents at year-end are composed of:			
Cash		143,011	1,394,853
Cash and cash equivalents end of year		143,011	1,394,853

Notes

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	21,917,658	21,473,342
Pension costs	2,680,004	1,874,335
Other social security costs	353,319	521,741
	24,950,981	23,869,418
Average number of full-time employees	48	46

	Remuneration of Management 2021 DKK	Remuneration of Management 2020 DKK
Total amount for management categories	1,998,574	1,170,498
	1,998,574	1,170,498

2 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Amortisation of intangible assets	16,917	40,600
Depreciation of property, plant and equipment	3,603,866	3,808,428
	3,620,783	3,849,028

3 Other financial income

	2021	2020
	DKK	DKK
Financial income from group enterprises	123,757	74,811
Exchange rate adjustments	0	4,010
Other financial income	4,236	1,000
	127,993	79,821

4 Other financial expenses

	2021	2020
	DKK	DKK
Financial expenses from group enterprises	176,154	127,655
Other interest expenses	142,063	249,827
Exchange rate adjustments	460,879	(1,928)
Other financial expenses	51,103	30,121
	830,199	405,675

5 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	6,131,676	4,182,806
Change in deferred tax	(384,000)	(231,173)
Adjustment concerning previous years	19,798	21,926
	5,767,474	3,973,559

6 Proposed distribution of profit and loss

	2021	2020
	DKK	DKK
Ordinary dividend for the financial year	0	339,000
Retained earnings	20,267,398	13,580,995
	20,267,398	13,919,995

7 Intangible assets

	Completed development projects	Goodwill
	DKK	DKK
Cost beginning of year	1,018,500	203,000
Cost end of year	1,018,500	203,000
Amortisation and impairment losses beginning of year	(1,018,500)	(186,083)
Amortisation for the year	0	(16,917)
Amortisation and impairment losses end of year	(1,018,500)	(203,000)
Carrying amount end of year	0	0

8 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	33,818,153	743,677
Additions	144,483	0
Cost end of year	33,962,636	743,677
Depreciation and impairment losses beginning of year	(21,616,425)	(743,677)
Depreciation for the year	(3,603,866)	0
Depreciation and impairment losses end of year	(25,220,291)	(743,677)
Carrying amount end of year	8,742,345	0
Recognised assets not owned by entity	2,762,500	0

9 Financial assets

	Other investments DKK
Cost beginning of year	99,550
Cost end of year	99,550
Impairment losses beginning of year	(74,550)
Impairment losses end of year	(74,550)
Carrying amount end of year	25,000

10 Share capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	5,000	1000	5,000,000
	5,000		5,000,000

11 Deferred tax

	2021 DKK	2020 DKK
Intangible assets	(6,000)	(9,000)
Property, plant and equipment	215,000	501,000
Inventories	(101,000)	0
Deferred tax	108,000	492,000

Changes during the year	2021 DKK	2020 DKK
Beginning of year	492,000	714,000
Recognised in the income statement	(384,000)	(222,000)
End of year	108,000	492,000

12 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK
Lease liabilities	637,500	637,500	2,125,000
	637,500	637,500	2,125,000

13 Other payables

	2021 DKK	2020 DKK
VAT and duties	6,492,225	5,355,885
Wages and salaries, personal income taxes, social security costs, etc payable	658,207	2,309,386
Holiday pay obligation	1,060,145	943,111
Other costs payable	816,048	1,249,860
	9,026,625	9,858,242

14 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in inventories	(24,133,941)	(4,677,617)
Increase/decrease in receivables	(14,011,313)	(1,211,082)
Increase/decrease in trade payables etc	2,592,200	8,290,686
	(35,553,054)	2,401,987

15 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	18,344,308	21,238,000
Liabilities under rental agreements or leases with group enterprises until expiry	17,901,000	20,655,000

16 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Nutrimin Holding ApS serves as the administration company. 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.

17 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on property in the Group of DKK 8,600k nominal. The carrying amount of mortgaged property amounts to DKK 22,849k.

Bank debt is secured on a floating charge of DKK 27,500k nominal.

Certain items of plant and machinery as well as other fixtures etc. have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 2,763k.

Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt with Spar Nord. Bank loans of group enterprises amount to DKK 10.981k.

18 Related parties with controlling interest

SHV Holdings N.V., Utrecht (The Netherlands) owns all shares in the Entity and thus exercising control through SHV Nederlands B.V., Utrecht (The Netherlands) and Nutreco International B.V., Boxmeer (The Netherlands) and Nutrimin Holding ApS, Ans By (Denmark).

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.

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
SHV Holdings N.V., Rijnkade 1, Utrecht (The Netherlands), Chamber of Commerce No. 30065974

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Nutrimin Holding ApS, Bodalen 11, Ans By (Denmark), Central Business Registration No. 34352925

Copies of the consolidated financial statements of SHV Holdings N.V. may be ordered at the following address:
SHV Holdings N.V., Rijnkade 1, Utrecht (The Netherlands)

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. Plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, 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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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 plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as plant and equipment.

Other financial income

Other financial income comprises dividends and net capital or exchange gains on payables and transactions in foreign currencies etc.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses and net capital or exchange losses on payables and transactions in foreign currencies 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**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience

gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed.

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.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and 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.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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	5-15 years
Other fixtures and fittings, tools and equipment	5-10 years

Estimated useful lives and residual values are reassessed annually.

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

Other investments

Other investments comprise unlisted equity investments which are measured at purchase prices fair value at the balance sheet date and unlisted equity investments measured at cost. Unlisted equity investments are written down to any lower net realisable value.

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.

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

Receivables

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

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.

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 liabilities 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 liabilities 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.

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been 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 acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

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

Cash and cash equivalents comprise cash.