



Autorola Group Holding A/S

Skibhusvej 52 A, st.
5000 Odense C
CVR No. 29193509

Annual report 2022

The Annual General Meeting adopted the
annual report on 20.03.2023

Peter Grøftehaug

Chairman of the General Meeting

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Entity details

Entity

Autorola Group Holding A/S

Skibhusvej 52 A, st.

5000 Odense C

Business Registration No.: 29193509

Registered office: Odense

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Michael Vilhelm Nielsen

Carl Erik Skovgaard

Peter Grøftehauge

Martin Grøftehauge

Executive Board

Peter Grøftehauge

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Autorola Group Holding A/S for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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.

Odense, 20.03.2023

Executive Board

Peter Grøftehauge

Board of Directors

Michael Vilhelm Nielsen

Carl Erik Skovgaard

Peter Grøftehauge

Martin Grøftehauge

Independent auditor's report

To the shareholders of Autorola Group Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Autorola Group Holding A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

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

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

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Odense, 20.03.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Per Krause Therkelsen

State Authorised Public Accountant
Identification No (MNE) mne19698

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Revenue	688,620	561,998	408,374	367,722	335,581
Gross profit/loss	308,964	273,645	244,630	219,806	187,063
Operating profit/loss	74,285	67,636	56,667	35,654	12,798
Net financials	241	(1,175)	(1,170)	(2,559)	(1,907)
Profit/loss for the year	59,046	51,612	42,260	23,045	9,881
Profit for the year excl. minority interests	48,407	43,903	35,550	18,524	10,777
Balance sheet total	457,430	351,116	320,341	291,196	247,711
Investments in property, plant and equipment	28,233	48,642	14,410	6,383	8,096
Equity	177,713	130,490	109,035	72,148	54,880
Equity excl. minority interests	163,704	121,006	100,598	67,598	54,644
Cash flows from operating activities	105,165	103,518	4,900	73,829	30,637
Cash flows from investing activities	(36,597)	(55,777)	(25,220)	(17,856)	(16,777)
Cash flows from financing activities	(4,973)	(22,455)	(665)	(6,000)	(6,000)
Ratios					
Gross margin (%)	44.87	48.69	59.90	59.78	55.74
Net margin (%)	8.57	9.18	10.35	6.27	2.94
Return on equity (%)	34.00	39.62	42.27	30.31	20.21
Equity ratio (%)	35.79	34.46	31.40	23.21	22.06

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

Gross margin (%):

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

Revenue

Net margin (%):

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

Revenue

Return on equity (%):

Profit/loss for the year excl. minority interests * 100

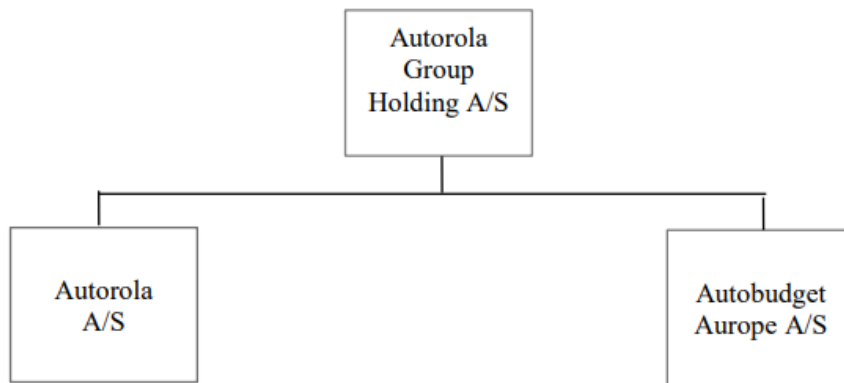
Average equity excl. minority interests

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Group chart:



Primary activities

Autorola delivers vehicle auction IT systems, vehicle fleet management IT systems and IT systems for market insights to the automobile business. The IT systems are mainly developed at Autorola headquarters in Denmark and sold and implemented through Autorola subsidiaries.

Please refer to our homepage <http://www.autorolagroup.com/> for a description of main product lines.

Vehicle auction system

The vehicle auction system offers a process for describing a vehicle and register it to an auction. The vehicle is then published to an international set of buyers and sold in an auction process. Autorola invoices buyer and seller a transaction fee for the sold car. The vehicle auction system offers the buyer and seller facilities to follow the sales process real time.

Vehicle fleet management system

The vehicle fleet management system offers fleet owners to handle the process from reception of the vehicle to final disposal. Vehicles on the fleet management system can easily be registered on auction.

Market insights

By investigating online market data Autorola can derive insights on market days' supply, prices and trends.

Development in activities and finances

This year's financial performance shows a profit after tax of DKK 48,407k for the Parent and a profit of DKK 59,046k for the group. The balance sheet at 31 December 2022 shows an equity amount of DKK 177,713k including minority interests and a balance sheet total of DKK 173,401k for the parent and DKK 457,430k for the group.

Profit/loss for the year in relation to expected developments

The performance in 2022 is considered satisfactory. Outlook and expectations for 2022 was exceeded for the better which is caused by strong growth in certain single markets like United Kingdom, Germany and Turkey.

All business units (Marketplace, Solution and Indicata) did ensure topline growth. However, business units Solution and Indicata still did not deliver positive results because of continued investments.

Marketplace ensured profit ratio at same level as the years before. Solutions and Indicata showed worsened profit ratio because of increased investments and less than expected topline growth.

Uncertainty relating to recognition and measurement

There have been no material uncertainties or material unusual matters affecting recognition.

Unusual circumstances affecting recognition and measurement

There have not been any unusual circumstances during the year.

Outlook

For the coming year, an increased profit is to be expected. Profit before tax is expected to reach between DKK 75-90m.

In 2023, we expect to see a subdued new and used car market continuing but now with both supply and demand factors at work. Used prices should stabilize or ease as supply and demand rebalances, but we are unlikely to see

a marked downturn in used car prices or a market crash as seen in previous recessions (2007-2009) as supply will remain tight (unlike 2007-2009).

Large fleets who found it easy to sell every used car they had over the 2020-early 2022 period will now re-start valuing players that can extract maximum value from their remarketing processes. All in all, this makes Autorola well placed to manage the new environment.

Knowledge resources

Autorola values

All employees in Autorola are proud to present themselves with three core values, the 3R's:

Result: Produce results by adding value through everything you do. Honoring your part of the organizations mission and making a positive difference

Responsibility: Take responsibility by carrying your share of the load, having a positive attitude, and helping others to success – doing what is right. Mistakes cannot be avoided but should never be hidden.

Respect: Show respect for your co-workers, your customers, your organization and its resources and yourself.

Staff

At Autorola, we prioritize supporting the well-being and work-life balance of our employees. We offer flexible work arrangements and health insurance to ensure their needs are met. We also conduct exit interviews for all employees leaving Autorola and encourage open dialogue between all levels of the organization. In addition, we conduct an annual employee satisfaction survey to ensure we are meeting our employees' needs. We recognize the contributions of our long-term employees by celebrating their anniversaries.

Moreover, we are committed to the continuous personal and professional development of our employees. We encourage community engagement initiatives, such as providing paid time off for blood donations to all employees. Our organization prioritizes ethical business practices and transparency in all operations to build trust and foster accountability with all stakeholders.

Supporting the community

With our organisation's roots coming from a Danish family business, a sense of community runs through our corporate DNA.

We exercise social responsibility by introducing and nurturing fresh talent into our organisation, via our work experience scheme. The scheme has been successful for several years, with some individuals being offered permanent placements after their studies have concluded.

We also recognize the efforts carried out by our subsidiaries to support good causes and charities, with annual events being held by our subsidiaries and paid time off in DK for those who wish to donate blood.

Internally staff morale is nurtured by various social clubs, who organised events and activities, with management's full backing and support.

Environmental performance

Sustainability goals

Autorola is committed to minimizing our impact on the environment, promoting social equity, and ensuring economic sustainability. Our sustainability goals focus on areas where we believe we can make the most significant impact:

Sustainable transportation: Astorola advocates for the use of electric and hybrid vehicles and promotes active transportation. As our customer base is located worldwide, we encourage online training and support whenever feasible. In situations where traveling is necessary, Astorola supports the use of public transportation as much as possible, for the greatest benefit.

Sustainable sourcing: Astorola is committed to considering the environmental, social, and economic impact of our procurement processes. We carefully choose who we collaborate with and where we source our goods and services from. For instance, when selecting employee Christmas presents, we prioritize local suppliers and those who share our commitment to corporate social responsibility.

Social equity: Astorola aims to ensure diversity and inclusion in hiring practices, promotions, and leadership roles within the organization. We are working on implementing measures to reduce biases and increase transparency in recruitment and advancement processes. Our workplace culture is very inclusive and respectful, and it promotes cultural awareness and sensitivity among employees.

Protecting the environment

In addition to our specific sustainability goals, Astorola is committed to reducing our environmental impact in various other areas. As a company that provides lean services in the automotive industry, we naturally require less movement of vehicles, thereby reducing emissions.

Furthermore, we have significantly reduced our power consumption by hosting our services in the cloud and have minimized paper consumption by providing employees with online knowledge sharing systems. We also promote recycling and energy conservation in our offices to minimize our environmental footprint.

Statutory report on corporate social responsibility

Introduction

The Astorola Group's Corporate Social Responsibility (CSR) policy outlines practices put in place to uphold the core values of the Group within our corporate eco-system and towards the wide environment.

Astorola Group Core Values (Astorola's 3 Rs):

- Results-oriented
- Responsibility
- Respect

This policy applies to the Astorola Group and its subsidiaries. It may also refer to suppliers and partners.

We aim to be a responsible organisation that meets the highest standards of ethics and professionalism. Our company's social responsibility falls under two categories: compliance and proactiveness. Compliance refers to our company's commitment to legality and willingness to observe community values. Proactiveness is every initiative to protect the environment, respect human rights, nurture our workforce and ensure we operate in an open and transparent environment.

Our company will:

- Respect the law
- Honor its internal policies

- Ensure that all its business operations are legitimate
- Keep every partnership and collaboration open and transparent

We will always conduct business with integrity and respect to human rights. We will promote:

- Safety and fair dealing
- Respect towards the consumer
- Anti-bribery and anti-corruption practices

Particular risks

This section assesses the risk on social conditions, human rights, environment and anti-corruption from Autorola operation is business model.

Social and employee conditions

Autorola does not, by executing its business model, impose any relevant risk to social conditions. We believe that our policies and processes within this area are a safeguard should a situation nevertheless occur.

Respecting Human Rights

Autorola is present with a subsidiary in Turkey which has a problematic view on human rights. It is our believe that by doing business with Turkey we influence the business community with human rights values and hereby provide our small contribution to improve human rights in Turkey.

Environmental and climate conditions

Autorola is not a production company in any way, so we are not using resources or generating waste that can influence the environment or climate. Autorola influences the environment and climate by flying employees around the world and from have a high-power consumption from hosting a large server farm in the cloud. The risk can be reduced by putting pressure on our Cloud supplier to implement their 100% renewable energy faster and by reducing number of flights.

Protection against corruption

The management of Autorola is aware for the possibility of corruption and bribery. The highest risk of fraud is by handling vehicles outside Autorola systems and processes and hereby providing an employee a personal financial benefit. This risk is mitigated through controlling, through HQ supervision and information campaigns.

Results from CSR work during 2022

The main results from working with CSR in 2022 are:

1. Continue to improve the implementation of the General Data Protection Regulation of the 25th of May 2018 which ensure the rights of the data subject
2. Implementing 100% cloud based IT infrastructure for maximum power consumption efficiency
3. The Autorola Group has no knowledge of any cases of corruption in the Group
4. Implemented whistle blower system throughout the Group

Respecting human rights

Our company is dedicated to protecting human rights. We are a committed equal opportunity employer and will abide by all fair labour practices. We will ensure that our activities do not directly or indirectly violate human rights in any country.

In practice we have made sure that our employee contracts are compliant with national legislation and labour

practices.

Data protection

Aurora has implemented strong governance policies and practices, including risk management, ethics, compliance, and data protection. The company is fully prepared to meet the regulatory requirements of the EU General Data Protection Regulation (GDPR) and has a dedicated GDPR taskforce to ensure data protection rights of employees, business partners, and customers are upheld.

Anti-slavery and human trafficking policy

We are committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains. We expect the same high standards from all of our contractors, suppliers and other business partners, and as part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards.

This policy applies to all persons working for us or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners.

Anti-corruption

Bribery and corruption are criminal offenses in many jurisdictions for both the individual and employer. The Aurora Group is committed to the prevention, deterrence and detection of bribery and all other corrupt business practices.

The Aurora Group has built a trustworthy and highly credible reputation as a leading global operator of remarketing and provider of software solutions. Our reputation, credibility and business ethics are of great importance and have come about by years of hard work by all our employees. This is one of our most important assets and of significant strategic advantage to our business.

The Aurora Group has adopted a zero-tolerance approach towards any breaches of this policy, and this is fully supported by the Aurora Group Executive Board. This is internally implemented through our Anti-corruption and bribery policy and externally through our products and services, which provide full transparency of processes and assets, to our vendors and buyers.

The Aurora Group has no knowledge of any cases of corruption in the Group.

Whistleblower

At Aurora we want our employees to operate in an open, transparent and safe working environment where employees feel able to speak up and report any serious and/or sensitive concerns in a responsible and confidential manner. Issues such as corruption, theft, fraud, bribery or unethical behavior can all have a negative impact on the business if left unchecked.

Aurora has in 2021 implemented a Group Whistleblower facility.

By having in place a policy and procedure for dealing with whistleblowing, we will demonstrate that information being brought to the attention of management is welcomed and actioned upon before any damage is incurred to our business or its reputation.

Statutory report on the underrepresented gender

Autorola seeks to reflect the diversity of society around us and operate in an environment of inclusivity, and therefore does not tolerate discrimination based upon grounds such as; gender, age, race, disability, sexual orientation, gender reassignment, color, ethnic or national origin, religion or belief, marriage or civil partnership, pregnancy and maternity, or membership or non-membership of trade unions. This forms part of the Group's Recruitment Policy, which is implemented throughout our organization. We are focused on benchmarking all employee benefits and to recruit more women we are considering benefits considerably valued by female employees such as maternity leave and children's sick days.

Operating within the automotive industry, Autorola recognizes that historically the industry does not adequately reflect the gender balance within society. Autorola believes that the best dynamic is obtained by having not only the most qualified and talented candidates for the job, but also an equal gender composition across all levels of the company. Therefore, Autorola aims to ensure that;

- A gender balanced composition of external members of the Board of Directors with at least one member being female before end 2025.
- A gender balanced composition of country managers with at least one female country manager.
- A focus on career development and internal promotion of female employees into management level of the company.

Gender diversity is unchanged compared to last year because current board members have sufficient qualifications to ensure proper management. The goal to include more diversity within the board stays same. Over the coming years more diversity in the board is expected.

This objective is obtained by implementing the Policy to avoid underrepresented gender in management which states the following principles:

1. During the recruiting work ensure that a specific gender is not excluded in any way.
2. During the work with recruitment companies and recruitment professionals ensure that it is stated precisely that the group of candidates should include both genders.
3. Female employees experience equal career opportunities and equal opportunities for obtaining a management position, as their male co-workers.

The status end 2022 for the gender balance of the Board of directors is 4 men and 0 female.

The status end 2022 for the gender balance of the Executive board is 1 man and 0 female.

The status end 2022 for the gender balance of the Top Management (referring directly to the CEO) is 21 men and 2 women.

The status end 2022 for the gender balance of the Management level is 32 men and 12 women.

Statutory report on data ethics policy

The policy for data ethics is implemented on a daily basis by the information security group working with the trinity information security, GDPR and data ethics. The work is carried out in practice via the group's knowledge of the data and the projects carried out in Autorola. The group is involved in new projects at an early stage in order to include information security, GDPR and data ethics in the design phase as early as possible.

Autorola's 3 business areas are all about vehicles. The data we process is typically the vehicle's description and condition, the value of a vehicle as well as the status of a vehicle in a fleet owner process. Autorola also processes "user" data in order to provide users with the most optimal user experience possible.

It is an important principle for Astorola that we try to minimize the information we receive from partners as well as otherwise collect to include only exactly what is needed to perform the transaction in the best possible way. In every project where we receive or otherwise collect data, we will try to minimize the amount of information. This work is performed in the development departments under the "privacy by default and design" processes.

At Astorola, we continuously assess whether the authority we have for the collection and use of data is still valid. If a user has given consent for us to collect usage data on a system, this data is not used to optimize other systems or even to do marketing against the person.

Astorola uses advanced technology such as artificial intelligence to recognize vehicles so we can provide a more accurate treatment. This system is not known to persons as owners, buyers or users and is used exclusively for advanced vehicle identification.

The information security group continuously teaches the organization concepts such as data minimization, privacy by default design and code of conduct.

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.

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	2	688,620	561,998
Other operating income	3	0	1,684
Cost of sales		(298,794)	(219,424)
Other external expenses	4	(80,862)	(70,613)
Gross profit/loss		308,964	273,645
Staff costs	5	(218,063)	(187,800)
Depreciation, amortisation and impairment losses	6	(16,616)	(18,209)
Operating profit/loss		74,285	67,636
Other financial income	7	3,188	3,450
Other financial expenses	8	(2,947)	(4,625)
Profit/loss before tax		74,526	66,461
Tax on profit/loss for the year	9	(15,480)	(14,849)
Profit/loss for the year	10	59,046	51,612

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired intangible assets		36,091	32,239
Intangible assets	11	36,091	32,239
Land and buildings		42,509	37,513
Other fixtures and fittings, tools and equipment		29,223	19,666
Property, plant and equipment	12	71,732	57,179
Fixed assets		107,823	89,418
Manufactured goods and goods for resale		10,249	22,803
Inventories		10,249	22,803
Trade receivables		97,009	72,993
Deferred tax	13	3,849	2,592
Other receivables		82,061	63,376
Tax receivable		725	594
Prepayments	14	5,166	5,118
Receivables		188,810	144,673
Other investments		6	5
Investments		6	5
Cash		150,542	94,217
Current assets		349,607	261,698
Assets		457,430	351,116

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital	15	500	500
Retained earnings		163,204	120,506
Equity belonging to Parent's shareholders		163,704	121,006
Equity belonging to minority interests		14,009	9,484
Equity		177,713	130,490
Deferred tax	13	7,829	6,598
Provisions		7,829	6,598
Bank loans	16	40,632	42,857
Prepayments received from customers		4,940	4,644
Trade payables		158,908	111,558
Payables to owners and management		3	50
Tax payable		7,603	6,615
Other payables		59,802	48,304
Current liabilities other than provisions		271,888	214,028
Liabilities other than provisions		271,888	214,028
Equity and liabilities		457,430	351,116
Events after the balance sheet date	1		
Fair value information	18		
Contingent assets	19		
Contingent liabilities	20		
Assets charged and collateral	21		
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Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	500	120,506	121,006	9,484	130,490
Ordinary dividend paid	0	0	0	(2,748)	(2,748)
Exchange rate adjustments	0	(5,709)	(5,709)	(3,436)	(9,145)
Other entries on equity	0	0	0	70	70
Profit/loss for the year	0	48,407	48,407	10,639	59,046
Equity end of year	500	163,204	163,704	14,009	177,713

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		74,285	67,636
Amortisation, depreciation and impairment losses		16,616	18,209
Working capital changes	17	28,870	32,282
Cash flow from ordinary operating activities		119,771	118,127
Financial income received		3,188	3,450
Financial expenses paid		(2,947)	(4,625)
Taxes refunded/(paid)		(14,847)	(13,434)
Cash flows from operating activities		105,165	103,518
Acquisition etc. of intangible assets		(17,754)	(10,205)
Acquisition etc. of property, plant and equipment		(29,327)	(49,621)
Sale of property, plant and equipment		10,484	4,089
Acquisition of fixed asset investments		0	(40)
Cash flows from investing activities		(36,597)	(55,777)
Free cash flows generated from operations and investments before financing		68,568	47,741
Dividend paid		(2,748)	(21,230)
Acquisition of treasury shares		0	40
Change in short term bank loans		(2,225)	(1,265)
Cash flows from financing activities		(4,973)	(22,455)

Increase/decrease in cash and cash equivalents	63,595	25,286
Cash and cash equivalents beginning of year	94,217	75,346
Currency translation adjustments of cash and cash equivalents	(7,270)	(6,415)
Cash and cash equivalents end of year	150,542	94,217
Cash and cash equivalents at year-end are composed of:		
Cash	150,542	94,217
Cash and cash equivalents end of year	150,542	94,217

Notes to consolidated financial statements

1 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.

2 Revenue

	2022 DKK'000	2021 DKK'000
Revenue from fee and license activity	498,316	434,529
Revenue from sale of cars	190,304	127,469
Total revenue by activity	688,620	561,998

3 Other operating income

Other operating income previous year, DKK 1.684k consists of government grants. Income from Government grants as a result of the COVID-19 pandemic have been recognised in other operating income. The group has received government assistance for operations in Denmark and England. There are no unfilled conditions or other contingencies attached to these grants. The group has not received government grants in 2022.

4 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
Statutory audit services	1,516	878
Other assurance engagements	363	230
Other services	2,213	1,523
	4,092	2,631

5 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	175,441	152,868
Pension costs	7,157	6,266
Other social security costs	27,483	23,214
Other staff costs	7,982	5,452
	218,063	187,800
Average number of full-time employees	555	470

	Remuneration of manage- ment 2022 DKK'000	Remuneration of manage- ment 2021 DKK'000
Total amount for management categories	3,790	5,090
	3,790	5,090

6 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Amortisation of intangible assets	13,894	13,841
Depreciation on property, plant and equipment	6,588	4,581
Profit/loss from sale of intangible assets and property, plant and equipment	(3,866)	(213)
	16,616	18,209

7 Other financial income

	2022 DKK'000	2021 DKK'000
Other financial income	3,188	3,450
	3,188	3,450

8 Other financial expenses

	2022 DKK'000	2021 DKK'000
Other financial expenses	2,947	4,625
	2,947	4,625

9 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	14,619	14,474
Change in deferred tax	106	(395)
Adjustment concerning previous years	12	485
Refund in joint taxation arrangement	743	285
	15,480	14,849

10 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Retained earnings	48,407	43,903
Minority interests' share of profit/loss	10,639	7,709
	59,046	51,612

11 Intangible assets

	Acquired intangible assets DKK'000
Cost beginning of year	189,813
Exchange rate adjustments	(15)
Additions	17,751
Disposals	(7)
Cost end of year	207,542
Amortisation and impairment losses beginning of year	(157,574)
Exchange rate adjustments	12
Amortisation for the year	(13,896)
Reversal regarding disposals	7
Amortisation and impairment losses end of year	(171,451)
Carrying amount end of year	36,091

12 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	37,607	34,708
Exchange rate adjustments	0	(1,373)
Additions	5,660	22,573
Disposals	0	(8,768)
Cost end of year	43,267	47,140
Depreciation and impairment losses beginning of year	(94)	(15,042)
Exchange rate adjustments	0	345
Depreciation for the year	(664)	(5,922)
Reversal regarding disposals	0	2,702
Depreciation and impairment losses end of year	(758)	(17,917)
Carrying amount end of year	42,509	29,223

13 Deferred tax

	2022 DKK'000	2021 DKK'000
Tax losses carried forward	3,635	2,424
Other taxable temporary differences	(7,615)	(6,430)
Deferred tax	(3,980)	(4,006)

	2022	2021
	DKK'000	DKK'000
Changes during the year		
Beginning of year	(4,006)	(4,401)
Recognised in the income statement	26	395
End of year	(3,980)	(4,006)

	2022	2021
	DKK'000	DKK'000
Deferred tax has been recognised in the balance sheet as follows		
Deferred tax assets	3,849	2,592
Deferred tax liabilities	(7,829)	(6,598)
	(3,980)	(4,006)

Deferred tax assets

Based on the budgets, Management has found it probable that there will be future taxable profits against which unutilised tax losses can be deducted.

14 Prepayments

Prepayments relate to prepaid expenses.

15 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
A-aktier	5,000	0,1	500
	5,000		500

There has been no changes in the contributed capital in the last 5 years.

16 Bank loans

The group is part of a cash pool agreement managed by Autorola A/S.

The currency exposure in the cash pool agreement is as follows:

Cash-pool accounts in DKK pr. 31. december 2022	2.316 t.kr
Cash-pool accounts in EUR pr. 31. december 2022	15.658 t.kr.
Cash-pool accounts in NOK pr. 31. december 2022	340 t.kr.
Cash-pool accounts in SEK pr. 31. december 2022	(1.422) t.kr.
Total	16.892 t.kr.

17 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	9,932	(13,554)
Increase/decrease in receivables	(49,644)	34,974
Increase/decrease in trade payables etc.	68,582	10,862
	28,870	32,282

18 Fair value information

	Other investments DKK'000
Fair value end of year	6
Unrealised fair value adjustments recognised in the income statement	1

19 Contingent assets

The Group has contingent assets consisting of unrecognised deferred tax assets of DKK 9,414k

20 Contingent liabilities

The Group has the following contingent liabilities

The rental obligation amounts to DKK 26,750k.

Lease commitments amount to DKK 1,181k.

Autorola A/S is subjected to an ongoing transfer pricing tax audit in Denmark for the years 2016 to 2018. The tax authorities' final decision on this tax audit is still pending at the present moment and the dialog with the Danish Tax Agency is ongoing. The Danish Tax Agency has in the proposed assessment included an income increase for the years subject to the tax audit; however, the amount of a potential income increase in a final assessment is uncertain, and dialog is still ongoing regarding the transfer pricing model applied and the elements affecting this transfer pricing model. The management of the Autorola Group still finds that the applied model is in line with the arm's length principle. The Autorola Group will have the possibility of requesting a corresponding decrease abroad if the ongoing tax audit results in an increase in taxable income in Denmark.

21 Assets charged and collateral

All bank debt has been secured by a company charge of DKK 28,000k. Carrying amount of mortgaged assets is DKK 215,081k at 31 December 2022.

Intangible assets	DKK 36.091k
Property, plant and equipment	DKK 71.732k
Inventories	DKK 10.249k
Trade receivables	DKK 97.009k
Total	DKK 215.081k

22 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, although we refer to the ongoing transfer pricing audit in Denmark, as mentioned above.

23 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Autorola Group Holding A/S, Odense

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Autorola Group Holding A/S, Odense

24 Subsidiaries

	Registered in	Corporate form	Ownership %
Autorola A/S	Denmark	A/S	100.00
Autobudget Europe A/S	Denmark	A/S	100.00
Autorola Ejendomme ApS	Denmark	ApS	100.00
Autocom A/S	Denmark	A/S	100.00
Autorola GmbH	Germany	GmbH	100.00
Autorola Limited	England	Ltd.	100.00
Autorola BV	Netherlands	BV	100.00
Autorola Spain S.L.	Spain	S.L.	100.00
Autorola BVBA	Belgium	BVBA	100.00
Autorola GmbH (AT)	Austria	GmbH	100.00
Autorola S.r.L.	Italy	S.r.L.	100.00
S.V.V Autorola France	France	SAS	100.00
Autorola s.r.o.	Czech Republic	s.r.o	100.00
Autorola Sp. z o.o.	Poland	z o.o.	100.00
Autorola Pty Ltd.	Australia	Pty ltd.	100.00
Autorola AB	Sweden	AB	100.00
Autorola Oy	Finland	Oy	100.00
Leilonline, Unipessoal, Lda.	Portugal	Lda.	100.00
Autorola Brasil Leiloes	Brazil	Ltda.	100.00
Autorola AS	Norway	AS	100.00
Autorola de Mexico S.A. de C.V.	Mexico	C.V.	100.00
Autotola Motorlu Araclar Ticarete A.S.	Turkey	A.S.	51.00

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Other external expenses		(548)	(480)
Gross profit/loss		(548)	(480)
Income from investments in group enterprises		49,005	44,565
Other financial expenses	2	(219)	(369)
Profit/loss before tax		48,238	43,716
Tax on profit/loss for the year	3	169	187
Profit/loss for the year	4	48,407	43,903

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments in group enterprises		163,459	148,663
Financial assets	5	163,459	148,663
Fixed assets		163,459	148,663
Receivables from group enterprises		1,923	0
Other receivables		131	65
Tax receivable		7,534	7,338
Prepayments	6	0	42
Receivables		9,588	7,445
Cash		354	204
Current assets		9,942	7,649
Assets		173,401	156,312

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		500	500
Reserve for net revaluation according to equity method		137,614	122,818
Retained earnings		25,590	(2,312)
Equity		163,704	121,006
Payables to group enterprises		3,565	33,020
Tax payable		6,031	2,153
Other payables		101	133
Current liabilities other than provisions		9,697	35,306
Liabilities other than provisions		9,697	35,306
Equity and liabilities		173,401	156,312
Events after the balance sheet date	1		
Contingent liabilities	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	122,818	(2,312)	121,006
Exchange rate adjustments	0	(5,709)	0	(5,709)
Profit/loss for the year	0	20,505	27,902	48,407
Equity end of year	500	137,614	25,590	163,704

Notes to parent financial statements

1 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.

2 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	217	368
Other interest expenses	2	1
	219	369

3 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	(169)	(187)
	(169)	(187)

4 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Retained earnings	48,407	43,903
	48,407	43,903

5 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	25,845
Cost end of year	25,845
Revaluations beginning of year	122,818
Exchange rate adjustments	(5,709)
Share of profit/loss for the year	49,005
Dividend	(28,500)
Revaluations end of year	137,614
Carrying amount end of year	163,459

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

6 Prepayments

Prepayments relate to prepaid expenses.

7 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

Autorola A/S is subjected to an ongoing transfer pricing tax audit in Denmark for the years 2016 to 2018. The tax authorities' final decision on this tax audit is still pending at the present moment and the dialog with the Danish Tax Agency is ongoing. The Danish Tax Agency has in the proposed assessment included an income increase for the years subject to the tax audit; however, the amount of a potential income increase in a final assessment is uncertain, and dialog is still ongoing regarding the transfer pricing model applied and the elements affecting this transfer pricing model. The management of the Autorola Group still finds that the applied model is in line with the arm's length principle. The Autorola Group will have the possibility of requesting a corresponding decrease abroad if the ongoing tax audit results in an increase in taxable income in Denmark.

8 Assets charged and collateral

The Company has guaranteed the group entities' bank loans. The guarantee is unlimited. The loans total DKK 66,689k at 31 December 2022.

All bank debt has been secured by a company charge of DKK 28,000k. Carrying amount of mortgaged assets is DKK 0k at 31 December 2022.

9 Related parties with controlling interest

PG Development ApS, Odense owns 50 percent of the shares in the Entity.
MG Development ApS, Odense owns 50 percent of the shares in the Entity.

There are no parties with controlling interests over the Entity.

10 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, although we refer to the ongoing transfer pricing audit in Denmark, as mentioned above.

Accounting policies

Reporting class

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year, other than mentioned below.

In accordance with an interpretation from the Danish Business Authority, the short term bank loans is classified in the cash flow statement as cash flows from financing activities, where the short term bank loans was previously classified as cash and cash equivalents in the cash flow statement. The change entails a negative effect on cash flows from financing activities of TDKK 2.225 in 2022 (TDKK 1.265 for 2021) and an increase in cash holdings of TDKK 40.632 per 31.12.2022 (42.857 TDKK per 31.12.2021). The comparison figures have been adjusted.

Hyperinflation in Turkey

The company has operations in Turkey. Turkish Lira is a hyperinflationary currency. The Danish Financial Statement Act includes no requirements or guidance for inflation adjustments to the financial statements. Consequently, the Turkish operations are included in the consolidated financial statements following the same principles as prior years and hence, no inflation adjustment has been applied. In case inflation adjustment was applied based on IAS 29, Financial Reporting in Hyperinflationary Economies, the profit after tax for 2022 for the group would have been adjusted by approximately -3,3 mDKK and equity by 31 December 2022 for the group would have been adjusted approximately 1 mDKK. The profit after tax for 2022 for the parent would have been adjusted by approximately -1,7 mDKK and equity by 31 December 2022 for the parent would have been adjusted approximately 0,5 mDKK.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

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

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

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

Profit or loss from divestment of enterprises

Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, respectively.

Foreign currency translation

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

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

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

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the

income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

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

Other operating income

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

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. If conditions are attached to the grant which must be satisfied before the group is eligible to receive the contribution.

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

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

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

The Parent is jointly taxed with all of its 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 acquired consist of software measured at cost less accumulated amortisation. The rights are amortised on a straight-line basis over the estimated useful life. The amortisation period is 5 years, however, not more than the residual life of the rights concerned. In some cases, the amortisation period may be up to 10 years if the longer amortisation period is found to better reflect the Company's benefit from the product developed etc.

Software in the Autorola Group is proprietary intelligent Java-based software for our global online vehicle auctions as well as a proprietary platform for the management of the stocks of used vehicles. The amortisation period for software is 3-10 years.

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

Property, plant and equipment

Land and buildings, other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets: Buildings, 50 years. Other fixtures and fittings, tools and equipment, 3-5 years.

Estimated useful lives and residual values are reassessed annually.

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to amortisation and impairment losses.

Investments in group enterprises

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

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

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

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.

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.

Deferred tax

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

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

Tax payable or receivable

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

Prepayments

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

Other investments (current assets)

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Other financial liabilities

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

Prepayments received from customers

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

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent as it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are 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 as well as 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, instalments on in-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 less short-term bank debt.