



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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DANSCAN A/S

Søholm Park 1, 2900 Hellerup

Company reg. no. 29 71 53 19

Annual report

1 May 2021 - 30 April 2022

The annual report has been submitted and approved by the general meeting on the 6 October 2022.

Peter Adser
Chairman of the meeting



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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



Management's statement

Today, the board of directors and the managing director have presented the annual report of DANSCAN A/S for the financial year 1 May 2021 - 30 April 2022.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 April 2022 and of the company's results of activities in the financial year 1 May 2021 – 30 April 2022.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Hellerup, 6 October 2022

Managing Director

Peter Adser
Managing Director

Board of directors

Claus Adser
Chairman of the board

Lars Rønsholt

Svend Christian Rimestad

Peter Adser

Lars Adser



Independent auditor's report

To the Shareholders of DANSCAN A/S

Opinion

We have audited the financial statements of DANSCAN A/S for the financial year 1 May 2021 - 30 April 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2022, and of the results of the Company's operations for the financial year 1 May 2021 - 30 April 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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



Independent auditor's report

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

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

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.



Independent auditor's report

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 6 October 2022

Christensen Kjarulff

Company reg. no. 15 91 56 41


John Mikkelsen
State Authorised Public Accountant
mnr26748



Company information

The company	DANSCAN A/S Søholm Park 1 2900 Hellerup
	Company reg. no. 29 71 53 19 Established: 1 September 1969 Domicile: Gentofte Financial year: 1 May - 30 April
Board of directors	Claus Adser, Chairman of the board Svend Christian Rimestad Peter Adser Lars Rønsholt Lars Adser
Managing Director	Peter Adser, Managing Director
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K
Parent company	Adserbi A/S
Subsidiaries	BJØRN THORSEN A/S, Gentofte THORKILD LARSEN A/S, Roskilde Scandiflex Nordic A/S, Gentofte



Financial highlights

DKK in thousands.	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
Income statement:					
Gross profit	24	5	-19	81	-59
Profit from operating activities	-134	-70	-1.458	-69	-83
Net financials	19.178	14.851	12.524	16.146	15.609
Net profit or loss for the year	19.108	14.535	11.149	15.753	15.271
Statement of financial position:					
Balance sheet total	225.693	209.861	195.072	184.182	162.823
Investments in property, plant and equipment	401	0	0	0	0
Equity	225.565	209.516	194.981	183.832	162.623
Employees:					
Average number of full-time employees	1	1	1	1	1
Key figures in %:					
Acid test ratio	74.725,7	28.097,5	101.716,5	25.401,7	41.806,9
Solvency ratio	99,9	99,8	100,0	99,8	99,9
Return on equity	8,8	7,2	5,9	9,1	9,9

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.



Management's review

The principal activities of the company

Like previous years, the principal activities are ownership of investments in subsidiaries.

Please refer to the consolidated financial statements for an explanation of the Group's policies on education, corporate social responsibility, etc.

Unusual circumstances

There have been no unusual circumstances during the year.

Uncertainties about recognition or measurement

There have been no uncertainties about recognition or measurement during the year.

Development in activities and financial matters

The gross profit for the year totals DKK 24.000 against DKK 5.000 last year. Income or loss from ordinary activities after tax totals DKK 19.108.000 against DKK 14.535.000 last year. Management considers the net profit for the year satisfactory.

In 2021/22, the company's cash and cash equivalents decreased by DKK 8.369.000, i.e. from DKK 18.664.000 to DKK 10.295.000.

Financial risks and the use of financial instruments

Operational risk

The group's use of raw materials does not entail essential price risks due to the minor price fluctuations existing on the market, as price increases are rarely significant.

Foreign currency risks

The group's activities abroad entail that the result, cash flow and equity are minimally affected by the development of exchange rates and interest rates. The policy of the corporation is to cover commercial currency risks when these are considered material. Currently, there is no covering currency risks as these are considered to be ignorable.

Interest rate risks

As net interest-borne debt does not represent a material amount, moderate changes in interest rates will not have a significant direct impact on profitability. Thus, no interest rate positions are made to cover interest rate risks.



Management's review

Environmental issues

Our company's mission is to reduce its environmental tolerance as compared to year 2020/21. However, no targets have been established due to the fact that growth of net revenue is expected.

The day-to-day monitoring of environmental issues is based on an environmentally responsible operation and is a natural part of the company's targets on product quality and production.

Agreements have been made with cooperation partners on a real reduction of CO2 in connection with production and transport. Through dialogue and understanding, agreements have also been entered into with subcontractors on limiting CO2 emissions.

The company's primary suppliers are all environmentally certified.

Additional information and description on our work with reducing CO2 emissions is available on our website in our latest Sustainability Report for the fiscal year 2021/2022. .

Know how resources

The company's business objectives prescribe high-quality products. This requires high-skilled staff with great know-how resources as well as carefully executed work in relation to business procedures. In order to continuously achieve the best results, it is of great importance that the company is able to recruit and retain employees with a high level of education. It is the company's target to possess the latest know-how for swift adjustments. The composition of employees is an important indicator, and the share of staff with a high level of education makes 60%.

The critical business procedures connected to sale of products are service, quality, consultancy and individual solutions. To secure that clients receive the agreed performances it is required that the individual methods and procedures are documented. The company's required performance on this is measured through statistics on timely deliveries and number of complaints being important indicators on the functionality of the business procedures.

It is the company's opinion that timely deliveries are carried out and that customer complaints are considered ignorable.

Expected developments

For the consolidated group a positive development of the results of 2022/2023 is expected.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

Information on material risks related to corporate social responsibility



Management's review

DANSCAN A/S is aware of its economical, environmental and social responsibilities and is committed to a sustainable corporate policy.

Largely, DANSCAN A/S is supporting the ten principles on social responsibility of the UN, however, the company is not connected to the UN Global Compact.

In view of the size of the corporation, its activities and the markets in which the group is operating, the Board of Directors has decided not to adopt policies on voluntary integration of the corporation's social responsibility, neither policies on human rights nor climate. It is constantly being evaluated whether a need to adopt policies on this area is required.

The sustainability report for 2021/22 is uploaded under www.bjorn-thorsen.com/about-us.

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act

For 2020/21, the Board of Directors has not established a target for the underrepresented sex amongst the board members elected by the general assembly.

Considering the activities of the group, the Board of Directors is endeavoring variety at all levels of the group and thus both sexes are given equal conditions to reach a position in the top management levels both in connection with new employments and the composition of the management.

However, the Board of Directors is of the opinion that a fixed level of variety would not in all cases be compatible with optimal management. Hence, the Board of Directors has not at this time found it appropriate to assume actual targets on variety in the group's further management levels.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

We require our employees to gather competitive intelligence in an ethical and lawful manner. This means that it is strictly prohibited to gather information using any illegal activity, such as theft or hacking

We are committed to protecting personal information from possible loss, misuse, or disclosure and expect our employees to

- Only collect personal information for legitimate business reasons
- Protect personal information of co-workers and business partners
- Store information in secure locations
- Respect confidentiality and protect non-public information.



Income statement 1 May - 30 April

All amounts in DKK.

<u>Note</u>	<u>2021/22</u>	<u>2020/21</u>
Gross profit	24.241	5.045
1 Staff costs	-130.384	-75.250
Depreciation and impairment of property, land, and equipment	-28.014	0
Operating profit	-134.157	-70.205
Income from equity investments in subsidiaries	19.190.689	13.215.095
2 Other financial income	1.452.491	1.720.885
3 Other financial costs	-1.465.010	-84.557
Pre-tax net profit or loss	19.044.013	14.781.218
Tax on net profit or loss for the year	63.514	-246.007
4 Net profit or loss for the year	19.107.527	14.535.211



Balance sheet at 30 April

All amounts in DKK.

Assets			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Non-current assets			
5	Leasehold improvements	372.983	0
	Total property, plant, and equipment	<u>372.983</u>	<u>0</u>
6	Investments in subsidiaries	129.107.322	112.915.651
	Total investments	<u>129.107.322</u>	<u>112.915.651</u>
	Total non-current assets	<u>129.480.305</u>	<u>112.915.651</u>
Current assets			
	Receivables from group enterprises	64.073.338	54.776.591
	Income tax receivables	144.721	85.958
	Other receivables	1.153.822	1.173.050
7	Prepayments and accrued income	3.578	4.639
	Total receivables	<u>65.375.459</u>	<u>56.040.238</u>
	Other financial instruments and equity investments	20.542.533	22.241.155
	Total investments	<u>20.542.533</u>	<u>22.241.155</u>
	Cash on hand and demand deposits	<u>10.295.067</u>	<u>18.664.088</u>
	Total current assets	<u>96.213.059</u>	<u>96.945.481</u>
	Total assets	<u>225.693.364</u>	<u>209.861.132</u>



Balance sheet at 30 April

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity		
Contributed capital	6.330.000	6.330.000
Reserve for net revaluation according to the equity method	120.978.233	101.846.562
Retained earnings	94.256.376	98.339.538
8 Proposed dividend for the financial year	4.000.000	3.000.000
Total equity	<u>225.564.609</u>	<u>209.516.100</u>
 Liabilities other than provisions		
Bank loans	7.921	0
Payables to subsidiaries	83.036	55.358
Income tax payable to subsidiaries	0	262.174
Other payables	37.798	27.500
Total short term liabilities other than provisions	<u>128.755</u>	<u>345.032</u>
Total liabilities other than provisions	<u>128.755</u>	<u>345.032</u>
 Total equity and liabilities	 <u>225.693.364</u>	 <u>209.861.132</u>

9 Contingencies

10 Related parties



Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Reserve for net revaluation according to the equity method</u>	<u>Retained earnings</u>	<u>Proposed dividend for the financial year</u>	<u>Total</u>
Equity 1 May 2020	6.330.000	91.611.467	97.039.422	0	194.980.889
Share of results	0	13.215.095	-1.679.884	3.000.000	14.535.211
Distributed dividend	0	-2.980.000	2.980.000	0	0
Equity 1 May 2021	6.330.000	101.846.562	98.339.538	3.000.000	209.516.100
Distributed dividend	0	0	0	-3.000.000	-3.000.000
Share of results	0	19.190.689	-4.083.162	4.000.000	19.107.527
Exchange rate adjustments	0	-59.018	0	0	-59.018
	<u>6.330.000</u>	<u>120.978.233</u>	<u>94.256.376</u>	<u>4.000.000</u>	<u>225.564.609</u>



Notes

All amounts in DKK.

	<u>2021/22</u>	<u>2020/21</u>
1. Staff costs		
Salaries and wages	130.384	75.250
	<u>130.384</u>	<u>75.250</u>
Average number of employees	<u>1</u>	<u>1</u>
2. Other financial income		
Interest, debt instruments	271.003	307.314
Interest, loans	10.436	18.894
Interest, group enterprises	937.441	1.043.177
Dividend	63.599	0
Market value adjustment, securities that are current assets	0	351.500
Tax-exempted interest	170.012	0
	<u>1.452.491</u>	<u>1.720.885</u>
3. Other financial costs		
Other financial costs	1.465.010	84.557
	<u>1.465.010</u>	<u>84.557</u>
4. Proposed appropriation of net profit		
Reserves for net revaluation according to the equity method	19.190.689	13.215.095
Dividend for the financial year	4.000.000	3.000.000
Allocated from retained earnings	-4.083.162	-1.679.884
Total allocations and transfers	<u>19.107.527</u>	<u>14.535.211</u>



Notes

All amounts in DKK.

	<u>30/4 2022</u>	<u>30/4 2021</u>
5. Leasehold improvements		
Additions during the year	400.997	0
Cost 30 April	<u>400.997</u>	<u>0</u>
Depreciation for the year	-28.014	0
Depreciation and writedown 30 April	<u>-28.014</u>	<u>0</u>
Carrying amount, 30 April	<u>372.983</u>	<u>0</u>
6. Investments in subsidiaries		
Acquisition sum, opening balance 1 May	11.078.772	11.078.772
Cost 30 April	<u>11.078.772</u>	<u>11.078.772</u>
Revaluations, opening balance 1 May	101.836.879	91.611.467
Results for the year before goodwill amortisation	19.190.689	13.205.412
Dividend	-2.940.000	-2.980.000
Adjustment	-59.018	0
Revaluation 30 April	<u>118.028.550</u>	<u>101.836.879</u>
Carrying amount, 30 April	<u>129.107.322</u>	<u>112.915.651</u>
Subsidiaries:		
	Domicile	Equity interest
BJØRN THORSEN A/S	Gentofte	80 %
THORKILD LARSEN A/S	Roskilde	80 %
Scandiflex Nordic A/S	Gentofte	100 %
7. Prepayments and accrued income		
Prepaid interest	0	1.113
Other prepayments/deferred income	3.578	3.526
	<u>3.578</u>	<u>4.639</u>



Notes

All amounts in DKK.

	<u>30/4 2022</u>	<u>30/4 2021</u>
8. Proposed dividend for the financial year		
Dividend 1 May	3.000.000	0
Distributed dividend	-3.000.000	0
Dividend for the financial year	<u>4.000.000</u>	<u>3.000.000</u>
	<u>4.000.000</u>	<u>3.000.000</u>

9. Contingencies

Joint taxation

With Adserbi A/S, company reg. no 87 80 23 10 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

10. Related parties

Controlling interest

Adserbi A/S

Majority shareholder

Dybensøvej 10

2830 Virum

Denmark

Consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Adserbi A/S, Dybensøvej 10, 2830 Virum.



Accounting policies

The annual report for DANSCAN A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of DANSCAN A/S and its group enterprises are included in the consolidated financial statements for ADSERBI A/S, Lyngby-Taarbæk, CVR nr. 87 80 23 10.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Adserbi A/S.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.



Accounting policies

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).



Accounting policies

Statement of financial position

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.



Accounting policies

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Other financial instruments and equity investments

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.



Accounting policies

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Financial instruments and equity investments

Financial instruments and equity investments recognised under current assets consist of listed shares and bonds which are measured at fair value on the reporting date. Unlisted equity investments are measured at cost. Writedown takes place to the recoverable amount if this value is lower than the carrying amount.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.



Accounting policies

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, DANSCAN A/S is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.



Accounting policies

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.