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CVR no. 20 22 26 70

**ESA TRUCKS DANMARK A/S**  
**KOKBJERG 1B, 6000 KOLDING**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 15 June 2023**

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**Henrik Karlsen**

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**COMPANY DETAILS**

<b>Company</b>	ESA Trucks Danmark A/S Kokbjerg 1B 6000 Kolding
	CVR No.: 29 91 33 82 Established: 15 September 2006 Municipality: Kolding Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Klaas Michiel Elema, chairman Willem van Nispen Henrik Karlsen
<b>Executive Board</b>	Henrik Karlsen
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Kolding Åpark 8A, 7. sal 6000 Kolding

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of ESA Trucks Danmark A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

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

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

Kolding, 15 June 2023

Executive Board

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Henrik Karlsen

Board of Directors

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Klaas Michiel Elema  
Chairman

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Willem van Nispen

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Henrik Karlsen

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of ESA Trucks Danmark A/S

#### Opinion

We have audited the Financial Statements of ESA Trucks Danmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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

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

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

### Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Kolding, 15 June 2023

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Jørn Holm  
State Authorised Public Accountant  
MNE no. mne35808

**FINANCIAL HIGHLIGHTS**

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Income statement</b>					
Gross profit/loss.....	34.849	29.846	26.263	28.580	26.723
Operating profit/loss of main activities...	4.922	2.836	2.123	2.663	3.008
Financial income and expenses, net.....	-1.045	-925	-1.126	-1.982	-1.888
Profit/loss for the year.....	8.471	3.350	1.635	681	1.120
<b>Balance sheet</b>					
Total assets.....	101.054	114.680	73.739	111.659	97.831
Equity.....	28.052	19.581	16.231	14.596	13.916
<b>Cash flows</b>					
Cash flows from operating activities.....	944	1.342	21.996	11.957	2.858
Cash flows from investing activities.....	11.116	-2.732	-1.701	1.986	-1.743
Cash flows from financing activities.....	-10.036	1.886	-17.323	-16.258	-496
Total cash flows.....	2.024	496	2.972	-2.315	619
Investment in property, plant and equipment.....	-6.621	-17.975	-8.672	-17.994	-2.663
<b>Key ratios</b>					
Equity ratio.....	27,8	17,1	22,0	13,1	14,2

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

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

## MANAGEMENT COMMENTARY

### Principal activities

The company's main activities, as in previous years, have consisted of sales of new and used trucks as well as rentals. The company primarily deals with trucks of the DAF Trucks brand. In addition, the company operates workshops with sales of repairs, spare parts, and services from its branches in Kolding and Padborg.

### Unusual matters

The financial position at 31st of December 2022 of the company and the results of the activities of the company for the financial year 2022 have not been affected by any unusual events.

### Recognition and measurement uncertainty

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### Development in activities and financial and economic position

The annual report shows a result of DKK ('000) 8,471 after tax, total assets of DKK ('000) 101,054 and an equity by the end of the year of DKK ('000) 28,052. The annual result has been affected by sale of property, which generated an accounting gain of ('000) DKK 3,357 before tax.

The result is considered satisfactory.

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

The management expected that the financial year of 2022 would be a year with an increase in activities and profit for the year. The development in activities and profit for the year have exceeded the management's expectations for the financial year of 2022. The high demand for trucks in the market has played a significant role in this outcome.

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

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

### Financial risk

#### General risk

The company's main operating risk is linked to the ability to be strongly positioned in the market, where products are sold, and to ensure a consistently competitive price.

#### Currency risks

The company has foreign currency transactions, which are mainly in euros. There is consequently no identified significant risks related to currency.

#### Credit risks

Credit risk arises from the risk of default on transactions with both internal and external parties. The company's credit risk is mainly related to trade receivables, other receivables, cash and intercompany loans.

#### Liquidity risks

The company monitors its liquidity position by using continuous cash flow budgets. Management ensures that the company's liquidity position is adequate, so the company can repay its creditors and comply with banking covenants.



## MANAGEMENT COMMENTARY

### Environmental situation

The company is environmentally conscious and works continuously to reduce the environmental impact of the company's activity. ESA Trucks Denmark AIS is ISO 14001 certified.

The company has taken several initiatives to reduce their environmental impact. These initiatives include, among others:

- Optimization of energy sources.
- Sorting of waste
- Reducing consumption of environmentally hazardous substances and auxiliary materials.

### Knowledge resources

One of the company's most important resource is it's employees. Continuous development of staff skills and professional challenges for the employees is prioritized.

The authorization as DAF dealer and service partner is also found to be essential for the positive development of the company in the future.

ESA Truck Denmark A/S is ISO 9001 certified in all departments of the company. This helps to provide security to customers and customers' vehicles, which are being treated with high quality.

### Future expectations

The company expects an increase in activity level for the upcoming financial year. The company expects to achieve a profit before tax of DKK ('000) 3,000 - 5,000 for the financial year 2023, with the associated uncertainties.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK '000	2021 DKK '000
<b>GROSS PROFIT</b> .....	1	<b>34.849</b>	<b>29.846</b>
Staff costs.....	2	-17.818	-17.962
Depreciation, amortisation and impairment.....		-8.287	-9.048
<b>OPERATING PROFIT</b> .....		<b>8.744</b>	<b>2.836</b>
Other financial income.....	3	5	28
Other financial expenses.....	4	-1.050	-953
<b>PROFIT BEFORE TAX</b> .....		<b>7.699</b>	<b>1.911</b>
Tax on profit/loss for the year.....	5	772	1.439
<b>PROFIT FOR THE YEAR</b> .....	6	<b>8.471</b>	<b>3.350</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK '000	2021 DKK '000
Land and buildings.....		12	10.561
Production plants and machinery.....		274	473
Other plants, machinery, tools and equipment, including rental equipment.....		25.280	30.916
<b>Property, plant and equipment.....</b>	<b>7</b>	<b>25.566</b>	<b>41.950</b>
<b>NON-CURRENT ASSETS.....</b>		<b>25.566</b>	<b>41.950</b>
Spare parts.....		7.396	5.860
Trucks.....		31.527	23.671
<b>Inventories.....</b>		<b>38.923</b>	<b>29.531</b>
Trade receivables.....		24.012	33.869
Contract work in progress.....		1.554	1.108
Receivables from group enterprises.....		39	0
Deferred tax assets.....	8	2.813	2.000
Other receivables.....		1.114	1.719
Joint taxation contribution.....		90	39
Prepayments and accrued income.....	9	491	36
<b>Receivables.....</b>	<b>10</b>	<b>30.113</b>	<b>38.771</b>
<b>Cash and cash equivalents.....</b>		<b>6.452</b>	<b>4.428</b>
<b>CURRENT ASSETS.....</b>		<b>75.488</b>	<b>72.730</b>
<b>ASSETS.....</b>		<b>101.054</b>	<b>114.680</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK '000	2021 DKK '000
Share capital.....	11	15.344	15.344
Retained profit.....		12.708	4.237
<b>EQUITY.....</b>		<b>28.052</b>	<b>19.581</b>
Other provisions for liabilities.....	12	795	582
<b>PROVISIONS.....</b>		<b>795</b>	<b>582</b>
Lease liabilities.....		12.227	18.854
<b>Non-current liabilities.....</b>	13	<b>12.227</b>	<b>18.854</b>
Bank debt.....		14.291	16.938
Lease liabilities.....		9.101	10.963
Trade payables.....		26.096	27.417
Payables to group enterprises.....		5	13.923
Corporation tax.....		131	0
Other liabilities.....		6.240	2.149
Accruals and deferred income.....	14	4.116	4.273
<b>Current liabilities.....</b>		<b>59.980</b>	<b>75.663</b>
<b>LIABILITIES.....</b>		<b>72.207</b>	<b>94.517</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>101.054</b>	<b>114.680</b>
 Contingencies etc.	15		
Charges and securities	16		
Related parties	17		
Consolidated Financial Statements	18		

## EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2022.....	15.344	4.237	19.581
Proposed profit allocation, according note 6.....		8.471	8.471
Equity at 31 December 2022.....	15.344	12.708	28.052

**CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER**

	<b>2022</b>	<b>2021</b>
	DKK '000	DKK '000
Profit/loss for the year.....	8.471	3.350
Depreciation and amortisation, reversed.....	8.287	9.048
Reversed realization gains.....	-3.671	2
Tax on profit/loss, reversed.....	-772	-1.439
Corporation tax received.....	38	38
Change in inventories.....	-9.392	-6.088
Change in receivables (ex tax).....	9.546	-29.308
Change in other provisions.....	213	97
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	-11.776	25.642
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>944</b>	<b>1.342</b>
Purchase of property, plant and equipment.....	-2.900	-4.254
Sale of property, plant and equipment.....	14.016	1.522
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>11.116</b>	<b>-2.732</b>
Changes in bank debt.....	-2.647	10.018
Repayments of loans.....	-7.389	-7.290
Instalments on loans.....	0	-842
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>-10.036</b>	<b>1.886</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>2.024</b>	<b>496</b>
Cash and cash equivalents at 1. januar.....	4.428	3.932
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>6.452</b>	<b>4.428</b>

## NOTES

			Note
<b>Special items</b>			<b>1</b>
The company has sold their property, which generated an accounting gain of ('000) DKK 3,357. The gain has been recognised in other operating income/Gross margin.			
<b>Staff costs</b>			<b>2</b>
Average number of employees	36	36	
Wages and salaries.....	15.917	16.074	
Pensions.....	1.289	1.292	
Social security costs.....	264	212	
Other staff costs.....	348	384	
	<b>17.818</b>	<b>17.962</b>	
Remuneration to management and the board is not provided with reference to the Danish Financial Statements Act § 98b, 3, 2.			
<b>Other financial income</b>			<b>3</b>
Other interest income.....	5	28	
	<b>5</b>	<b>28</b>	
<b>Other financial expenses</b>			<b>4</b>
Group enterprises.....	26	11	
Other interest expenses.....	1.024	942	
	<b>1.050</b>	<b>953</b>	
<b>Tax on profit/loss for the year</b>			<b>5</b>
Calculated tax on taxable income of the year.....	41	-39	
Adjustment of deferred tax.....	-813	-1.400	
	<b>-772</b>	<b>-1.439</b>	
<b>Proposed distribution of profit</b>			<b>6</b>
Retained earnings.....	8.471	3.350	
	<b>8.471</b>	<b>3.350</b>	

NOTES

				Note
<b>Property, plant and equipment</b>				<b>7</b>
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment	
Cost at 1 January 2022.....	19.773	4.903	46.696	
Additions.....	0	12	6.609	
Disposals.....	-19.634	0	-10.318	
<b>Cost at 31 December 2022.....</b>	<b>139</b>	<b>4.915</b>	<b>42.987</b>	
Depreciation and impairment losses at 1 January 2022.....	9.212	4.430	15.779	
Reversal of depreciation of assets disposed of..	-9.390	0	-5.845	
Depreciation for the year.....	305	211	7.773	
<b>Depreciation and impairment losses at 31 December 2022.....</b>	<b>127</b>	<b>4.641</b>	<b>17.707</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>12</b>	<b>274</b>	<b>25.280</b>	
Finance lease assets.....			21.934	

**Deferred tax assets** 8  
 Provision for deferred tax comprises deferred tax on tangible fixed assets including financial lease, amortized loan costs and unutilised tax losses.

	2022 DKK '000	2021 DKK '000
Deferred tax, beginning of year.....	2.000	600
Deferred tax of the year, income statement.....	813	1.400
<b>Provision for deferred tax 31 December 2022.....</b>	<b>2.813</b>	<b>2.000</b>

The Company's deferred tax assets are recognised in the Balance Sheet at DKK ('000) 2,813. The tax asset relates primarily to unutilized tax losses. The tax asset is recognised on the basis of the expectations on the positive tax profits for the next five years. The assessments are based on the Company's budget for the next year and forecasts for the subsequent years.

The management expects to be able to utilize the company's deferred tax asset within the next 5 years.

<b>Prepayments and accrued income</b>			<b>9</b>
Insurances.....	57	36	
Costs.....	434	0	
	<b>491</b>	<b>36</b>	

Prepaid expenses includes primarily costs concerning the following financial year.



## NOTES

			Note
<b>Receivables falling due after more than one year</b>			<b>10</b>
Deferred tax assets.....	1.643	522	
	<b>1.643</b>	<b>522</b>	
<b>Share capital</b>			<b>11</b>
Allocation of share capital:			
Shares, 15.344.199 unit in the denomination of 1 DKK.....	15.344	15.344	
	<b>15.344</b>	<b>15.344</b>	
<b>Other provisions for liabilities</b>			<b>12</b>
0-1 year.....	795	582	
Provisions for warranty repairs on sold trucks etc.			
<b>Long-term liabilities</b>			<b>13</b>
	31/12 2022	Repayment	Debt
	total liabilities	next year	outstanding
			after 5 years
			total liabilities
Lease liabilities.....	21.328	9.101	0
	<b>21.328</b>	<b>9.101</b>	<b>0</b>
			29.817
			<b>29.817</b>
<b>Accruals and deferred income</b>			<b>14</b>
Accruals and deferred income includes payments received relating to income in subsequent years.			

**NOTES**

	<b>Note</b>
<b>Contingencies etc.</b>	<b>15</b>
<b>Contingent liabilities</b>	
The company has repurchase obligations on sold trucks at approx. DKK 124 million per 31. December 2022. This includes repurchase obligations backed by the manufacturer of the truck.	
The company has provided various payment guarantees for a total of ('000) DKK 200.	
The company has signed a lease agreements with an annual rent of ('000) DKK 2,526. The rental agreements are ineligible until 2032. Total lease obligation pr. 31. december 2022 of ('000) DKK 14,852.	
The company is a party to a group financing agreement, in which the company guarantees the total debt. The credit limit amounts to ('000) EUR 11,015	
<b>Joint liabilities</b>	
The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax etc.	
Tax payable of the group's jointly taxed income amounts to DKK ('000) 132 at the balance sheet date.	
<b>Charges and securities</b>	<b>16</b>
As security for debt to banks, DKK ('000) 14,291 a floating company charge of a total amount of DKK ('000) 17,500 has been registered on production plant and machinery, other plant, fixtures and equipment, trade receivables, and inventories, the carrying amount of which is DKK ('000) 72,850 at 31 December 2022.	
<b>Related parties</b>	<b>17</b>
The Company's related parties include:	
<b>Controlling interest</b>	
ESA B.V, Bornholmstraat 54, 9723 AZ Groningen, Netherlands, which is the main shareholder.	
<b>Transactions with related parties</b>	
The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.	
<b>Consolidated Financial Statements</b>	<b>18</b>
The company is included in the consolidated financial statements of ESA B.V. Bornholmstraat 54, 9723 AZ Groningen, Netherlands.	

## ACCOUNTING POLICIES

The Annual Report of ESA Trucks Danmark A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

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

### INCOME STATEMENT

#### Net revenue

The company's revenue is generated by the repair, servicing and sales of trucks and related products and services.

At the conclusion of a sales contract, consisting of several separate sales transactions, the total value of the sales contract is allocated to the separate sales transactions based on the relative fair value method. The separate sales transactions is recognized as revenue when the criteria applicable to sales of goods or services are met.

A contract is divided into separate transactions if the fair value of the separate sales transactions can be reliably established and the sales transactions each have independent value to the buyer. Sales transactions are deemed to be of value to the buyer when the transaction is individually identifiable and usually sold individually.

Revenue is measured at the fair value of the consideration paid excl. VAT and duties collected on behalf of third parties. All discounts granted are recognized in revenue.

#### Sale of goods

Revenue from sale of goods and finished goods is recognized as revenue when the transition of the main benefits and risks to the buyer, the revenue can be reliably measured and payment is expected.

Revenue from sales of goods which delivery at the buyer's request is deferred, is recognized as revenue when title to the goods passes to the buyer.

#### Services

Revenue from the provision of services that include repairs and service contracts are recognized in net revenue as the services are provided, since the benefits provided in the form of an indeterminate number of acts over a specified period of time.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

#### **Other operating income**

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

#### **Cost of sales**

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

#### **Other external expenses**

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

#### **Staff costs**

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

**ACCOUNTING POLICIES**

**Financial income and expenses**

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

**Tax**

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

**BALANCE SHEET**

**Tangible fixed assets**

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	10-30 years	0 %
Other plant, fixtures and equipment.....	5-8 years	0-50 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Lease contracts**

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company’s loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group’s and the Company’s other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

## ACCOUNTING POLICIES

### **Impairment of fixed assets**

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

### **Inventories**

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

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

### **Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

### **Contract work in progress**

Work in progress for third parties is measured at cost price including directly-related costs. No on-account profits relating to work in progress for third parties have been recognised.

### **Accruals, assets**

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### **Other provisions for liabilities**

Other provisions for liabilities include the expected cost of warranty commitments etc. Provisions are recognized when, as a result of a past event, has a legal or constructive obligation and it is probable that the obligation will cause an outflow of financial resources.

Provisions are measured at net realization value.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities are measured at amortised cost equal to nominal value.

### Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

## CASH FLOW STATEMENT

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

### Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

## ACCOUNTING POLICIES

### Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

### Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

### Cash and cash equivalents:

Cash and cash equivalents include cash at bank and in hand.