



## Nordiq A/S

Vestervej 48  
9240 Nibe  
CVR No. 31629055

## Annual report 2023

The Annual General Meeting adopted the annual report on 26.01.2024

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**Peter Larsen**  
Chairman of the General Meeting

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# Entity details

## Entity

Nordiq A/S  
Vestervej 48  
9240 Nibe

Business Registration No.: 31629055  
Registered office: Aalborg  
Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Peter Larsen  
Stefan Andreas Walter Happak  
Bernd Strack

## Executive Board

Dennis Nielsen  
Peter Larsen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Østre Havnepromenade 26, 4th floor  
9000 Aalborg

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordiq A/S for the financial year 01.01.2023 - 31.12.2023.

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 financial position of the Entity at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023.

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.

Nibe, 26.01.2024

## Executive Board

**Dennis Nielsen**

**Peter Larsen**

## Board of Directors

**Peter Larsen**

**Stefan Andreas Walter Happak**

**Bernd Strack**

# Independent auditor's report

## To the shareholders of Nordiq A/S

### Opinion

We have audited the financial statements of Nordiq A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 ISA and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Aalborg, 26.01.2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**René Winther Pedersen**

State Authorised Public Accountant  
Identification No (MNE) mne34173

**Kristina Møller**

State Authorised Public Accountant  
Identification No (MNE) mne50561

# Management commentary

## Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Gross profit/loss	28,053	40,717	55,918	44,001	26,037
Operating profit/loss	12,099	20,876	35,172	23,709	8,023
Net financials	(860)	(288)	(144)	(331)	(246)
Profit/loss for the year	8,666	15,913	27,242	18,191	6,022
Total assets	60,961	65,182	67,481	60,250	40,840
Investments in property, plant and equipment	895	217	2,594	688	2,612
Equity	41,616	32,950	42,036	26,394	17,103
<b>Ratios</b>					
Return on equity (%)	23.24	42.44	79.62	83.64	35.23
Equity ratio (%)	68.27	50.55	62.29	43.81	41.88

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

### Return on equity (%):

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

Average equity

### Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets



### **Primary activities**

The Entity's primary activities consist of imports and wholesale of bindery articles, pots and crafts.

### **Development in activities and finances**

For 2023, the company realised a profit of TDKK 8,666 against a profit of TDKK 15,913 in 2022. The result is considered satisfactory taking the current market conditions into consideration.

### **Profit/loss for the year in relation to expected developments**

The profit of the year is lower than expected, primarily due to lower sales in the Scandinavian export markets, whereas the domestic market was less influenced even though the inflation had an impact during the year. The sales setup was maintained, which will be an important factor in the years to come, where increased activity is expected again.

### **Outlook**

A positive development is expected to continue in 2024, as the sales activity in the export markets is expected to increase. The increase in the sales activity is expected to contribute to an increased profit before tax compared to 2023. Thus, profit before tax in 2024 is expected to end up in the level of TDKK 18,000 to TDKK 20,000.

### **Use of financial instruments**

Currency risks are offset using forward swaps. It is estimated that there is a low risk in relation to changes in prices, creditworthiness, liquidity and cash flows.

### **Knowledge resources**

It is estimated that the company has the necessary resources.

### **Environmental performance**

The company has a high focus on the environment, both in relation to product range, as well as in daily operations.

### **Events after the balance sheet date**

No events after the balance sheet date to this date have occurred that would influence the evaluation of this annual report.

# Income statement for 2023

	Notes	2023 DKK	2022 DKK
<b>Gross profit/loss</b>	1	<b>28,052,635</b>	<b>40,716,962</b>
Staff costs	2	(14,551,758)	(18,327,151)
Depreciation, amortisation and impairment losses	3	(1,090,631)	(1,514,273)
Other operating expenses		(311,246)	0
<b>Operating profit/loss</b>		<b>12,099,000</b>	<b>20,875,538</b>
Other financial income	4	240,184	285,011
Other financial expenses	5	(1,100,626)	(573,314)
<b>Profit/loss before tax</b>		<b>11,238,558</b>	<b>20,587,235</b>
Tax on profit/loss for the year	6	(2,572,656)	(4,673,825)
<b>Profit/loss for the year</b>	7	<b>8,665,902</b>	<b>15,913,410</b>

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Acquired intangible assets		148,703	250,306
Acquired rights		1,892,857	0
Goodwill		0	0
<b>Intangible assets</b>	8	<b>2,041,560</b>	<b>250,306</b>
Other fixtures and fittings, tools and equipment		1,685,738	1,607,139
Leasehold improvements		143,350	465,522
<b>Property, plant and equipment</b>	9	<b>1,829,088</b>	<b>2,072,661</b>
Investments in group enterprises		186,736	0
Deposits		723,991	944,445
<b>Financial assets</b>	10	<b>910,727</b>	<b>944,445</b>
<b>Fixed assets</b>		<b>4,781,375</b>	<b>3,267,412</b>
Manufactured goods and goods for resale		36,758,433	42,725,119
Prepayments for goods		2,669,508	1,751,002
<b>Inventories</b>		<b>39,427,941</b>	<b>44,476,121</b>
Trade receivables		13,041,794	10,235,186
Receivables from group enterprises		827,956	0
Deferred tax	11	95,000	170,000
Other receivables		144,960	710,195
Prepayments	12	123,258	0
<b>Receivables</b>		<b>14,232,968</b>	<b>11,115,381</b>
<b>Cash</b>		<b>2,519,096</b>	<b>6,322,993</b>
<b>Current assets</b>		<b>56,180,005</b>	<b>61,914,495</b>
<b>Assets</b>		<b>60,961,380</b>	<b>65,181,907</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023</b> <b>DKK</b>	<b>2022</b> <b>DKK</b>
Contributed capital	13	7,000,000	7,000,000
Retained earnings		18,615,718	25,949,816
Proposed dividend		16,000,000	0
<b>Equity</b>		<b>41,615,718</b>	<b>32,949,816</b>
Other payables		935,294	903,377
<b>Non-current liabilities other than provisions</b>	<b>14</b>	<b>935,294</b>	<b>903,377</b>
Payables to other credit institutions		99,812	15,526,348
Trade payables		11,921,135	10,292,582
Payables to group enterprises		2,766	0
Joint taxation contribution payable		2,497,656	3,085,825
Other payables		3,888,999	2,423,959
<b>Current liabilities other than provisions</b>		<b>18,410,368</b>	<b>31,328,714</b>
<b>Liabilities other than provisions</b>		<b>19,345,662</b>	<b>32,232,091</b>
<b>Equity and liabilities</b>		<b>60,961,380</b>	<b>65,181,907</b>
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# Statement of changes in equity for 2023

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	7,000,000	25,949,816	0	32,949,816
Profit/loss for the year	0	(7,334,098)	16,000,000	8,665,902
<b>Equity end of year</b>	<b>7,000,000</b>	<b>18,615,718</b>	<b>16,000,000</b>	<b>41,615,718</b>

# Cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		12,099,000	20,875,538
Amortisation, depreciation and impairment losses		1,158,262	1,514,274
Working capital changes	15	3,983,869	4,595,585
Profit/loss from sale of assets		(67,631)	0
<b>Cash flow from ordinary operating activities</b>		<b>17,173,500</b>	<b>26,985,397</b>
Financial income received		240,184	285,011
Financial expenses paid		(1,100,626)	(573,314)
Taxes refunded/(paid)		(3,085,825)	(8,477,644)
<b>Cash flows from operating activities</b>		<b>13,227,233</b>	<b>18,219,450</b>
Acquisition etc of intangible assets		(2,000,000)	(304,808)
Acquisition etc of property, plant and equipment		(894,699)	(216,695)
Sale of property, plant and equipment		256,386	0
Acquisition of fixed asset investments		(48,708)	(236,018)
Sale of fixed asset investments		269,162	0
Acquisition of enterprises		(186,736)	0
<b>Cash flows from investing activities</b>		<b>(2,604,595)</b>	<b>(757,521)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>10,622,638</b>	<b>17,461,929</b>
Dividend paid		0	(25,000,000)
Changes in payables to other institutions		(15,426,535)	13,656,428
Other cash flows from financing activities		1,000,000	0
<b>Cash flows from financing activities</b>		<b>(14,426,535)</b>	<b>(11,343,572)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(3,803,897)</b>	<b>6,118,357</b>
Cash and cash equivalents beginning of year		6,322,993	204,636
<b>Cash and cash equivalents end of year</b>		<b>2,519,096</b>	<b>6,322,993</b>
Cash and cash equivalents at year-end are composed of:			
Cash		2,519,096	6,322,993
<b>Cash and cash equivalents end of year</b>		<b>2,519,096</b>	<b>6,322,993</b>

# Notes

## 1 Gross profit/loss

The company has received TDKK 16 regarding salary reimbursements, and TDKK 214 regarding intercompany fees for financial management.

## 2 Staff costs

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	13,081,866	16,162,867
Pension costs	1,256,747	1,906,348
Other social security costs	213,145	257,936
	<b>14,551,758</b>	<b>18,327,151</b>
Average number of full-time employees	<b>32</b>	<b>34</b>

	<b>Remuneration of Management 2023 DKK</b>	<b>Remuneration of Management 2022 DKK</b>
Executive Board	3,670,384	3,557,532
Board of Directors	135,000	0
	<b>3,805,384</b>	<b>3,557,532</b>

In addition to the management remuneration stated above, the Board of Directors has received DKK 135,000 (in 2022, DKK 0) and the Executive Board has received DKK 2,936,531 (in 2022, DKK 0) from group enterprises.

## 3 Depreciation, amortisation and impairment losses

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	208,746	54,502
Depreciation of property, plant and equipment	949,516	1,459,771
Profit/loss from sale of intangible assets and property, plant and equipment	(67,631)	0
	<b>1,090,631</b>	<b>1,514,273</b>

## 4 Other financial income

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	17,744	0
Other financial income	222,440	285,011
	<b>240,184</b>	<b>285,011</b>

## 5 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	602,594	0
Other financial expenses	498,032	573,314
	<b>1,100,626</b>	<b>573,314</b>

## 6 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	2,497,656	4,785,825
Change in deferred tax	75,000	(112,000)
	<b>2,572,656</b>	<b>4,673,825</b>

## 7 Proposed distribution of profit and loss

	2023 DKK	2022 DKK
Ordinary dividend for the financial year	16,000,000	0
Retained earnings	(7,334,098)	15,913,410
	<b>8,665,902</b>	<b>15,913,410</b>

## 8 Intangible assets

	Acquired intangible assets DKK	Acquired rights DKK	Goodwill DKK
Cost beginning of year	304,808	0	4,100,000
Additions	0	2,000,000	0
<b>Cost end of year</b>	<b>304,808</b>	<b>2,000,000</b>	<b>4,100,000</b>
Amortisation and impairment losses beginning of year	(54,502)	0	(4,100,000)
Amortisation for the year	(101,603)	(107,143)	0
<b>Amortisation and impairment losses end of year</b>	<b>(156,105)</b>	<b>(107,143)</b>	<b>(4,100,000)</b>
<b>Carrying amount end of year</b>	<b>148,703</b>	<b>1,892,857</b>	<b>0</b>

Acquired rights consists of the acquired customer relations as a part of a purchase of an activity from a third party. The value is assessed based on the expected future profit from the activity.



## 9 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	6,205,246	2,504,456
Additions	894,699	0
Disposals	(661,051)	0
<b>Cost end of year</b>	<b>6,438,894</b>	<b>2,504,456</b>
Depreciation and impairment losses beginning of year	(4,598,108)	(2,038,934)
Depreciation for the year	(627,344)	(322,172)
Reversal regarding disposals	472,296	0
<b>Depreciation and impairment losses end of year</b>	<b>(4,753,156)</b>	<b>(2,361,106)</b>
<b>Carrying amount end of year</b>	<b>1,685,738</b>	<b>143,350</b>

## 10 Financial assets

	<b>Investments in group enterprises DKK</b>	<b>Deposits DKK</b>
Cost beginning of year	0	944,445
Additions	186,736	48,708
Disposals	0	(269,162)
<b>Cost end of year</b>	<b>186,736</b>	<b>723,991</b>
<b>Carrying amount end of year</b>	<b>186,736</b>	<b>723,991</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>	<b>Equity DKK</b>	<b>Profit/loss DKK</b>
Nordiq GmbH	Germany	GmbH	100.00	164,155	(22,162)

**11 Deferred tax**

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Intangible assets	(72,000)	(55,000)
Property, plant and equipment	107,000	115,000
Receivables	60,000	110,000
<b>Deferred tax</b>	<b>95,000</b>	<b>170,000</b>

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
<b>Changes during the year</b>		
Beginning of year	170,000	58,000
Recognised in the income statement	(75,000)	112,000
<b>End of year</b>	<b>95,000</b>	<b>170,000</b>

**Deferred tax assets**

Deferred tax relates to tangible assets and receivables.

**12 Prepayments**

Prepayments consist of other prepaid costs, including subscriptions relating to the financial year 2024.

**13 Share capital**

	<b>Number</b>	<b>Par value</b>	<b>Nominal</b>
		<b>DKK</b>	<b>value</b>
			<b>DKK</b>
Share capital	7,000	1,000	7,000,000
	<b>7,000</b>		<b>7,000,000</b>

**14 Non-current liabilities other than provisions**

	<b>Due after</b>	<b>Outstanding</b>
	<b>more than 12</b>	<b>after 5 years</b>
	<b>months</b>	<b>after 5 years</b>
	<b>2023</b>	<b>2023</b>
	<b>DKK</b>	<b>DKK</b>
Other payables	935,294	870,264
	<b>935,294</b>	<b>870,264</b>

**15 Changes in working capital**

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in inventories	5,048,180	(2,438,980)
Increase/decrease in receivables	(3,192,590)	10,211,899
Increase/decrease in trade payables etc	2,128,279	(3,177,334)
	<b>3,983,869</b>	<b>4,595,585</b>

## 16 Financial instruments

Other receivables consist of forward contracts with a negative fair value of TDKK 133.

The forward contracts will be settled by January-May 2024, and have been acquired to mitigate the currency risk regarding the Company's future receivables and payables abroad. By year end 2023, the contract is expected to mitigate the risk for a total of net; TUSD 844. The contracts have been entered with the Company's normal bank connections.

The forward contracts can be specified as follows:

31/12/2023:

23 contracts to buy a total of nom. TUSD 801 to exchangesrates between 666.68 - 704.61 with an end date between 16/01/2024 and 15/05/2024.

2 contracts to sell a total of nom. TUSD 43 to exchangesrates between 669.74 - 673.62 with an end date between 25/01/2024 and 15/05/2024.

## 17 Fair value information

	<b>Forward Contracts DKK</b>
Fair value end of year	(132,652)
Unrealised fair value adjustments recognised in the income statement	(132,652)

## 18 Unrecognised rental and lease commitments

	<b>2023 DKK</b>	<b>2022 DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>5,639,281</b>	<b>6,184,957</b>

## 19 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Norbert Acquisition ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed Entities' total known net liability under the joint taxation arrangement is disclosed in the administration Company's financial statements.

## 20 Assets charged and collateral

As security for balances with Sydbank, 2 corporate mortgages of DKK 15 million and DKK 10 million are provided, comprising simple claims relating to the sale of goods and services and stocks with a value of TDKK 52,470.

### **21 Related parties with controlling interest**

Norbert BidCo ApS, Nibe, owns 100% of the share capital in Nordiq A/S, thus exercising controlling influence. Norbert HoldCo ApS, Nibe, owns 100% of the share capital in Norbert BidCo ApS, thus exercising controlling influence over Nordiq A/S.

Norbert Acquisitions ApS, Nibe, owns 70% of the share capital in Norbert HoldCo ApS, thus exercising controlling influence over Nordiq A/S.

TopCo 33 FIII Holding GmbH, München, owns the majority shares of the capital in Norbert Acquisitions ApS, thus exercising controlling influence over Nordiq A/S.

Hans Hermann Freudenberg, Deutschland, has 51% of the voting rights in Norbert Acquisitions ApS, thus exercising controlling influence over Nordiq A/S.

### **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.

### **23 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Norbert Acquisition ApS, Nibe.

# Accounting policies

## Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year.

## Consolidated financial statements

Referring to 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## 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.

## Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, cost of raw materials and consumables and external expenses.

**Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue 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.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

**Other external expenses**

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

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to 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.

**Other operating expenses**

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

**Other financial income**

Other financial income comprises 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.

## Balance sheet

### Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and the extent to which the goodwill amount includes time-limited intangible resources that it has not been possible to separate and recognize as separate assets.

Goodwill is written down to DKK 0.

### Intellectual property rights etc

Intellectual property rights etc. comprise acquired property rights of software solutions and customer relations.

Intellectual property rights acquired are measured at cost less accumulated amortisation and are amortised on a straight-line basis over 3-7 years.

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

### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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:

	<b>Useful life</b>	<b>Residual value</b>
Other fixtures and fittings, tools and equipment	2-5 years	0-40 %
Leasehold improvements	2-5 years	0 %

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.

### Investments in group enterprises

Investments in group enterprises are measured at cost. Investments 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.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

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

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.



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

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.