BEIERHOLM
VI SKABER BALANCE

Samek ApS

Hermesvej 2, 9530 Støvring

CVR no. 33 07 69 83

Annual report
for the financial year 01.10.21 - 30.09.22

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 13.02.23

Anders Kold
Dirigent

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Group information etc.

The company

Samek ApS
Hermesvej 2
9530 Støvring
Registered office: Rebild
CVR no.: 33 07 69 83
Financial year: 01.10 - 30.09

Executive Board

Anders Kold

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Bank

Danske Bank

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 01.10.21 - 30.09.22 for Samek ApS.

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

In my opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30.09.22 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.10.21 - 30.09.22.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Støvring, February 6, 2023

Executive Board

Anders Kold

To the capital owners of Samek ApS

Opinion

We have audited the consolidated financial statements and parent company financial statements of Samek ApS for the financial year 01.10.21 - 30.09.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30.09.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.10.21 - 30.09.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 consolidated financial statements and parent company financial statements" section of our report. We are independent of the group and 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.

Statement regarding the management's review

Management is responsible for management's review.

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

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company 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 consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the consolidated financial statements and parent company financial statements

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing 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 consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent 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 consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent 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 consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and per-formance of the group audit. We remain solely responsible for our audit opinion.

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

Aalborg, February 6, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Bjørn

State Authorized Public Accountant
MNE-no. mne28606

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2021/22	2020/21	2019/20	2018/19	2017/18
Profit/loss					
Revenue	729,175	571,055	508,915	500,937	477,391
Index	153	120	107	105	100
Operating profit/loss	62,463	60,263	31,281	26,952	32,837
Index	190	184	95	82	100
Total net financials	-7,492	-4,636	-6,270	-5,968	-5,068
Index	148	91	124	118	100
Profit for the year	43,387	43,035	19,955	16,763	20,289
Index	214	212	98	83	100
Balance					
Total assets	758,414	580,434	509,063	510,145	471,426
Index	161	123	108	108	100
Investments in property, plant and equipment	74,320	26,086	26,615	44,285	23,647
Index	314	110	113	187	100
Equity	235,599	185,478	146,983	138,942	131,472
Index	179	141	112	106	100
Cashflow					
Net cash flow:					
Operating activities	6,302	21,303	56,380	25,541	34,094
Investing activities	-135,680	-19,671	-30,228	-53,785	-23,647
Financing activities	131,648	-1,984	-4,639	34,858	-13,812
Cash flows for the year	2,270	-352	21,513	6,614	-3,365

Ratios

	2021/22	2020/21	2019/20	2018/19	2017/18
Profitability					
Return on equity	21%	26%	14%	12%	16%
Return on invested capital	12%	13%	7%	7%	9%
Profit margin	9%	11%	6%	5%	7%
Asset turnover	1	1	1	1	1
Equity ratio					
Solvency ratio incl. noncontrolling interests	31%	32%	29%	27%	28%
Solvency ratio excl. noncontrolling interests	20%	21%	19%	17%	16%
Others					
Number of employees (average)	665	618	589	534	525

Cash consists of cash at the end of 2021/22. In previous years, these consisted of cash and short-term payables to credit institutions. The comparative figures for 2020/21 have been restated in accordance with the new accounting policies. Financial highlights for the past 2 to 4 years have not been restated in accordance with the change in accounting policies, see section 101(3) of the Danish Financial Statements Act.

Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$
Return on invested capital:	$\frac{\text{EBITA x 100}}{\text{Avg. invested capital excl. goodwill}}$
EBITA:	Operating profit plus amortisation and impairment losses on goodwill.
Invested capital excl. goodwill:	Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.
Profit margin:	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Asset turnover:	$\frac{\text{Revenue}}{\text{Avg. total assets}}$
Solvency ratio:	$\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The group's activities comprise owning investments in other companies as well as any activity that in the opinion of the executive board is related to this.

The group's primary activity in 2021/22 has been the ownership of shares in Mekoprint A/S and Mekoprint Properties A/S through Mekoprint Holding A/S.

Development in activities and financial affairs

The income statement for the period 01.10.21 - 30.09.22 shows a profit/loss of DKK 43,387k against DKK 43,035k for the period 01.10.20 - 30.09.21. The balance sheet shows equity of DKK 235,599k.

The group increased its revenue by 28% to DKK 727 million and generated a profit after tax of DKK 43 million which is status quo with DKK 43 million in 2020/21. This translates to a drop in the profit margin after tax from 8% in 2020/21 to 6% in 2021/22. However, due to a high number of unforeseen extraordinary costs related to energy, raw materials, currency fluctuations, interest rate levels and the Ukraine situation, the 2021/22 profit after tax still represents a satisfactory financial performance level. Due to the significant revenue increase, the 2021/22 profit after tax is also higher than expected in the original budget.

Cash flows from operating activities for 2021/22 were positive at DKK 6.3 million compared to DKK 21.3 million in 2020/21. This drop in cash flow is primarily related to a significant increase in stock levels and receivables across all Mekoprint business areas. After investments and financing, the year's total cash flows were positive at DKK 2.3 million in 2021/22 against a negative total cash flow of DKK 0.4 million in 2020/21.

Outlook

The turnover level for the financial year 2022/23 is expected to grow up to 5% compared to 2021/22, but this remains highly uncertain due to the general macro-economic situation. At the other end of the income statement, the profit level after tax for the financial year 2022/23 is expected to be lower than 2021/22, mainly due to increased salary costs and a new record-high investment level in continued growth.

Financial risks

Operating and activity risks

As a manufacture-to-order company, Mekoprint A/S is dependent on customer activity, and the ability to adapt production capacity to market needs in an agile manner is deemed to be the company's most important operational risk.

The company closely monitors the activity risk, which covers a large number of customers in various industries and markets. The activity risk cannot be eliminated, but is deemed to be reduced to a reasonable level by this spread and distribution.

Currency risks

The majority of the group's transactions take place in DKK and EUR. The group is only to a limited extent exposed to other currencies.

Interest rate risks

The group's interest rate risks, which are solely associated with operating credits and mortgage debt, are considered to be minimal.

Credit risks

The group's receivables are distributed on a large number of customers and large receivables from well-consolidated business partners. No special risks are deemed to exist in this regard.

Subsequent events

No important events have occurred after the end of the financial year.

Corporate social responsibility

Mekoprint has worked systematically with Corporate Social Responsibility since it was triplecertified within ISO 9001, ISO 14001 and ISO 45000 in 1999 as the first Danish company and among the first in the world. All three management systems were audited for all Mekoprint Divisions in 2022.

Three stakeholder receive particular attention from our strategy with a number of recent actions:

External environment

In 2021/22 a total of 24,000 trees has been planted and a plan has been made to substitute heating based on Natural Gas with Electric Heat Pumps in order to become carbon neutral on scope 1-2 level by 2025. Additionally, more than 95% of all packaging material has been converted into environmentally friendly alternatives by the end of 2021/22.

Suppliers, including respect for human rights, anticorruption and bribery

Since 2012, the group's relations with its suppliers have followed a code of conduct, which is a set of ethical rules that guide the cooperation between Mekoprint, Mekoprint's employees and Mekoprint's suppliers to ensure that the production of products and provision of services are consistent with Mekoprint's objective to act responsibly and fairly towards all groups of stakeholders. In 2021/22 a Sustainable Supplier Survey was performed to assess the level of Sustainability in the Supply Chain of Mekoprint and establish the baseline for a yearly assessment and categorization of top 200 Suppliers.

Based on the Sustainability Survey a Supplier was awarded with "Sustainable Supplier initiative of the year".

Training and education

The long-term objective is to be a positive contributor by providing training and education of more trainees and apprentices, and having more internships and other forms of collaboration with students than Mekoprint needs itself. Since 2020, the number of employees in educational jobprograms is more than twice as large as the minimum requirement for companies of our size.

Gender diversity

Target figures for the supreme management body

As part of Mekoprint Group's corporate responsibility, the company also uses target figures and policies for the gender composition of its management. In Mekoprint group, the objective by 2026 is to have no underrepresented gender in the Board of Directors and Executive Board. At the end of 2021/22 the company's Board of Directors consists of four male members elected by the general meeting. The company's Executive Board consists of two members – both men. Consequently, the group's objective is not yet met by 30 September 2022. Attempts to meet the objective will be made in connection with any future changes to the existing composition of the Board of Directors and Executive Board.

The Mekoprint Group's objective is also not to have an underrepresented gender at other management levels. At the end of 2021/22, the group employs 67 managers at various management levels, of whom 28% are women and 72% are men. The group's goal by 2026 is to ensure that one gender does not make up less than 40% has therefore not yet been reached, but the objective is to achieve this through internal management development and new appointments within the next four years. To the extent possible the group will seek to have a female candidate among the last 2-3 candidates for a management position. Notwithstanding the objective concerning the underrepresented gender, the Mekoprint Group appoints members of management and any other position according to qualified candidates rather than gender.

The overall gender distribution in the Mekoprint Group is 50% female and 50% male employees with the following geographical differences:

- Employees at Mekoprint A/S in Denmark: 36% female and 64% male
- Employees at international subsidiaries: 70% female and 30% male

Policy to increase the share of the underrepresented gender at other management levels

Diversity in general is a natural part of the Mekoprint Group with a culture that is open to our differences as people from opinions and motivational preferences to gender, nationality, religion or sexual orientation. To underline our support to diversity, the Mekoprint Group has signed “The gender diversity pledge” from the Danish Industry Association, which includes 16 principles for diversity in general. The Industry objective is to reach a 40/60 female/male distribution by 2030 with a positive development in all companies incl. the Mekoprint Group.

Data ethics

The extent of the digitalization and data quantity is developing rapidly, which is making high demands on to process and protect data. The management expects, that the Mekoprint Group is acting in a responsible manner, also in relation to data, and that the level of transparency is increasing in relation to customers, employees and business partners. In order to comply with this approach, a policy on data ethics is in the process of being prepared and is going to be implemented during 2022/23.

Treasury shares

Treasury shares consist of:

	Total nominal value DKK'000	Percent of capital
Holding of treasury shares as at 01.10.21	72	55%
Holding of treasury shares as at 30.09.22	72	55%

Income statement

Note		Group 2021/22 DKK '000	Group 2020/21 DKK '000	Parent 2021/22 DKK '000	Parent 2020/21 DKK '000
3	**Revenue**	**729,175**	**571,055**	**0**	**0**
	Other operating income	0	233	0	0
	Costs of raw materials and consumables	-279,474	-192,597	0	0
	Other external expenses	-129,902	-96,080	-41	-39
	Gross result	**319,799**	**282,611**	**-41**	**-39**
4	Staff costs	-228,603	-198,687	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**91,196**	**83,924**	**-41**	**-39**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-28,100	-23,643	0	0
	Other operating expenses	-633	-18	0	0
	Operating profit/loss	**62,463**	**60,263**	**-41**	**-39**
6	Income from equity investments in group enterprises	0	0	32,287	32,778
7	Financial income	166	680	12	0
8	Financial expenses	-7,658	-5,316	-1,107	-1,257
	Total net financials	**-7,492**	**-4,636**	**31,192**	**31,521**
	Profit before tax	**54,971**	**55,627**	**31,151**	**31,482**
9	Tax on profit for the year	-11,584	-12,592	248	284
	Profit for the year	**43,387**	**43,035**	**31,399**	**31,766**

10 Proposed appropriation account

Balance sheet

ASSETS

Note		Group		Parent	
		30.09.22 DKK '000	30.09.21 DKK '000	30.09.22 DKK '000	30.09.21 DKK '000
	Goodwill	47,173	0	0	0
11	**Total intangible assets**	**47,173**	**0**	**0**	**0**
	Land and buildings	220,738	223,534	0	0
	Leasehold improvements	2,057	0	0	0
	Plant and machinery	150,627	108,014	0	0
	Other fixtures and fittings, tools and equipment	12,141	13,023	0	0
	Property, plant and equipment under construction	27,968	4,647	0	0
12	**Total property, plant and equipment**	**413,531**	**349,218**	**0**	**0**
13	Equity investments in group enterprises	0	0	201,554	182,038
14	Deposits	426	471	0	0
	Total investments	**426**	**471**	**201,554**	**182,038**
	Total non-current assets	**461,130**	**349,689**	**201,554**	**182,038**
	Raw materials and consumables	79,135	57,276	0	0
	Work in progress	19,285	17,626	0	0
	Manufactured goods and goods for resale	53,551	37,457	0	0
	Total inventories	**151,971**	**112,359**	**0**	**0**
	Trade receivables	122,716	103,431	0	0
	Income tax receivable	0	0	1,267	1,124
	Other receivables	10,929	7,807	1,140	1,960
15	Prepayments	6,357	4,107	0	0
	Total receivables	**140,002**	**115,345**	**2,407**	**3,084**
	Cash	**5,311**	**3,041**	**64**	**40**
	Total current assets	**297,284**	**230,745**	**2,471**	**3,124**
	Total assets	**758,414**	**580,434**	**204,025**	**185,162**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 30.09.22 DKK '000	Group 30.09.21 DKK '000	Parent 30.09.22 DKK '000	Parent 30.09.21 DKK '000
16	Contributed capital	130	130	130	130
	Reserve for net revaluation according to the equity method	0	0	106,041	84,353
	Foreign currency translation reserve	-497	-214	0	0
	Cash flow hedging reserve	0	-154	0	0
	Retained earnings	142,222	116,463	35,684	31,742
	Proposed dividend for the financial year	10,000	6,667	10,000	6,667
	Equity attributable to owners of the parent	**151,855**	**122,892**	**151,855**	**122,892**
17	Non-controlling interests	83,744	62,586	0	0
	Total equity	**235,599**	**185,478**	**151,855**	**122,892**
18	Provisions for deferred tax	51,671	49,536	0	0
	Total provisions	**51,671**	**49,536**	**0**	**0**
19	Mortgage debt	68,109	72,446	0	0
19	Payables to other credit institutions	63,520	18,069	7,816	15,741
19	Lease commitments	50,817	40,091	0	0
19	Payables to associates	3,511	0	0	0
19	Other payables	58,305	60,115	42,948	44,925
	Total long-term payables	**244,262**	**190,721**	**50,764**	**60,666**
19	Short-term part of long-term payables	28,163	15,465	882	924
	Payables to other credit institutions	92,588	33,584	0	0
	Prepayments received from customers	446	492	0	0
	Trade payables	60,115	52,693	52	92
	Payables to group enterprises	1,839	0	472	570
	Income taxes	9,661	7,773	0	0
	Other payables	34,070	44,692	0	18
	Total short-term payables	**226,882**	**154,699**	**1,406**	**1,604**
	Total payables	**471,144**	**345,420**	**52,170**	**62,270**
	Total equity and liabilities	**758,414**	**580,434**	**204,025**	**185,162**

20 Contingent liabilities
21 Charges and security

Figures in DKK '000	Contributed capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:									
Statement of changes in equity for 01.10.20 - 30.09.21									
Balance as at 01.10.20	130	0	0	-519	90,936	6,667	97,214	49,769	146,983
Foreign currency translation adjustment of foreign enterprises	0	0	-214	0	0	0	-214	-73	-287
Revaluations during the year	0	0	0	0	-15	0	-15	15	0
Purchase of treasury shares	0	0	0	0	-1,796	0	-1,796	-618	-2,414
Dividend from treasury shares	0	0	0	0	5,587	0	5,587	30	5,617
Extraordinary dividend paid	0	0	0	0	-3,333	0	-3,333	0	-3,333
Dividend paid	0	0	0	0	0	-6,667	-6,667	-2,340	-9,007
Purchase of non-controlling interests	0	0	0	0	0	0	0	4,414	4,414
Other changes in equity	0	0	0	365	-15	0	350	120	470
Net profit/loss for the year	0	0	0	0	25,099	6,667	31,766	11,269	43,035
Balance as at 30.09.21	130	0	-214	-154	116,463	6,667	122,892	62,586	185,478

Figures in DKK '000	Contributed capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Statement of changes in equity for 01.10.21 - 30.09.22									
Balance as at 01.10.21	130	0	-214	-154	116,463	6,667	122,892	62,586	185,478
Foreign currency translation adjustment of foreign enterprises	0	0	-283	0	0	0	-283	-102	-385
Capital increase	0	0	0	0	0	0	0	10,631	10,631
Purchase of treasury shares	0	0	0	0	-1,678	0	-1,678	-606	-2,284
Sale of treasury shares	0	0	0	0	2,278	0	2,278	822	3,100
Dividend from treasury shares	0	0	0	0	3,839	0	3,839	64	3,903
Dividend paid	0	0	0	0	0	-6,667	-6,667	-3,839	-10,506
Purchase of non-controlling interests	0	0	0	0	0	0	0	2,172	2,172
Other changes in equity	0	0	0	154	-78	0	76	27	103
Net profit/loss for the year	0	0	0	0	21,398	10,000	31,398	11,989	43,387
Balance as at 30.09.22	130	0	-497	0	142,222	10,000	151,855	83,744	235,599

Figures in DKK '000	Contributed capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Parent:									
Statement of changes in equity for 01.10.20 - 30.09.21									
Balance as at 01.10.20	130	60,824	0	0	29,594	6,667	97,215	0	97,215
Revaluations during the year	0	-15	0	0	0	0	-15	0	-15
Distributed dividend from group enterprises	0	-7,660	0	0	7,660	0	0	0	0
Purchase of treasury shares	0	-1,796	0	0	0	0	-1,796	0	-1,796
Dividend from treasury shares	0	0	0	0	5,500	0	5,500	0	5,500
Extraordinary dividend paid	0	0	0	0	-3,333	0	-3,333	0	-3,333
Dividend paid	0	0	0	0	0	-6,667	-6,667	0	-6,667
Other changes in equity	0	222	0	0	0	0	222	0	222
Net profit/loss for the year	0	32,778	0	0	-7,679	6,667	31,766	0	31,766
Balance as at 30.09.21	130	84,353	0	0	31,742	6,667	122,892	0	122,892
Statement of changes in equity for 01.10.21 - 30.09.22									
Balance as at 01.10.21	130	84,353	0	0	31,742	6,667	122,892	0	122,892
Distributed dividend from group enterprises	0	-11,162	0	0	11,162	0	0	0	0
Purchase of treasury shares	0	-1,678	0	0	0	0	-1,678	0	-1,678
Sale of treasury shares	0	2,278	0	0	0	0	2,278	0	2,278
Dividend from treasury shares	0	0	0	0	3,667	0	3,667	0	3,667
Dividend paid	0	0	0	0	0	-6,667	-6,667	0	-6,667
Other changes in equity	0	-37	0	0	0	0	-37	0	-37
Net profit/loss for the year	0	32,287	0	0	-10,887	10,000	31,400	0	31,400
Balance as at 30.09.22	130	106,041	0	0	35,684	10,000	151,855	0	151,855

Consolidated cash flow statement

Note		Group 2021/22 DKK '000	Group 2020/21 DKK '000
	Profit for the year	**43,387**	**43,035**
22	Adjustments	47,810	40,807
	Change in working capital:		
	Inventories	-34,386	-34,749
	Receivables	-19,104	-37,042
	Trade payables	4,240	12,934
	Other payables relating to operating activities	-15,562	7,789
	Cash flows from operating activities before net financials	**26,385**	**32,774**
	Interest income and similar income received	166	680
	Interest expenses and similar expenses paid	-7,658	-5,316
	Income tax paid	-12,591	-6,835
	Cash flows from operating activities	**6,302**	**21,303**
	Purchase of intangible assets	-48,383	0
	Purchase of property, plant and equipment	-74,320	-26,086
	Sale of property, plant and equipment	670	1,885
	Purchase of securities and equity investments	-16,052	0
	Sale of securities and equity investments	2,171	4,414
	Dividend recieved	234	116
	Cash flows from investing activities	**-135,680**	**-19,671**
	Purchase of treasury shares	-2,284	-2,414
	Sale of treasury shares	3,100	0
	Raising of additional capital	10,631	0
	Dividend paid	-6,840	-6,840
	Repayment of payables to credit institutions	109,172	7,097
	Repayment of lease commitments	14,191	0
	Repayment of payables to associates	3,511	0
	Repayment of other long-term payables	167	173
	Cash flows from financing activities	**131,648**	**-1,984**
	Total cash flows for the year	**2,270**	**-352**
	Cash, beginning of year	3,041	3,393
	Cash, end of year	**5,311**	**3,041**
	Cash, end of year, comprises:		
	Cash	5,311	3,041
	Total	**5,311**	**3,041**

1. Subsequent events

No important events have occurred after the end of the financial year.

2. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	Group 2021/22 DKK '000	Group 2020/21 DKK '000	Parent 2021/22 DKK '000	Parent 2020/21 DKK '000
Public grants	Other operating income	0	233	0	0
Loss on disposal of property, plant and equipment	Other operating expenses	-633	-18	0	0
Total		-633	215	0	0

	Group		Parent	
	2021/22 DKK '000	2020/21 DKK '000	2021/22 DKK '000	2020/21 DKK '000

3. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

Revenue comprises the following activities:

Micromechanics	76,041	58,240	0	0
Mechanics	290,272	215,313	0	0
Graphic Electronics	214,997	180,520	0	0
Cables	126,571	103,447	0	0
Other	21,294	13,535	0	0
Total	729,175	571,055	0	0

Revenue comprises the following geographical markets:

Denmark	293,798	230,384	0	0
Other countries	435,377	340,671	0	0
Total	729,175	571,055	0	0

Notes

	Group		Parent	
	2021/22 DKK '000	2020/21 DKK '000	2021/22 DKK '000	2020/21 DKK '000
4. Staff costs				
Wages and salaries	206,462	179,987	0	0
Pensions	13,354	11,619	0	0
Other social security costs	1,347	1,132	0	0
Other staff costs	7,440	5,949	0	0
Total	228,603	198,687	0	0
Average number of employees during the year	665	618	0	0
Remuneration for the management:				
Salaries for the Executive Board	3,550	4,314	0	0
Pension for the Executive Board	253	247	0	0
Total remuneration for the Executive Board	3,803	4,561	0	0
Remuneration for the Board of Directors	360	360	0	0
Remuneration for the Executive Board and Board of Directors	4,163	4,921	0	0

5. Fees to auditors appointed by the general meeting

	Group 2021/22 DKK '000	Group 2020/21 DKK '000	Parent 2021/22 DKK '000	Parent 2020/21 DKK '000
Statutory audit of the financial statements	531	405	41	39
Other assurance engagements	94	73	0	0
Total	625	478	41	39

	Group		Parent	
	2021/22 DKK '000	2020/21 DKK '000	2021/22 DKK '000	2020/21 DKK '000

6. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	32,287	32,778

7. Financial income

Other financial income	166	680	12	0

8. Financial expenses

Other financial expenses	7,658	5,316	1,107	1,257

9. Tax on profit for the year

Current tax for the year	11,458	10,703	-248	-284
Adjustment of deferred tax for the year	126	1,889	0	0
Total	11,584	12,592	-248	-284

10. Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	32,287	32,778
Extraordinary dividend for the financial year	0	0	0	3,333
Proposed dividend for the financial year	10,000	6,667	10,000	6,667
Non-controlling interests	11,989	11,269	0	0
Retained earnings	21,398	25,099	-10,887	-11,012
Total	43,387	43,035	31,400	31,766

11. Intangible assets

Figures in DKK '000	Goodwill
Group:	
Cost as at 01.10.21	2,072
Additions during the year	48,383
Cost as at 30.09.22	50,455
Amortisation and impairment losses as at 01.10.21	-2,072
Amortisation during the year	-1,210
Amortisation and impairment losses as at 30.09.22	-3,282
Carrying amount as at 30.09.22	47,173

12. Property, plant and equipment

Figures in DKK '000	Land and buildings	Leasehold improve-ments	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Group:					
Cost as at 01.10.21	257,264	0	391,426	56,590	4,647
Additions relating to mergers and acquisition of enterprises	0	3,194	44,331	0	0
Foreign currency translation adjustment of foreign enterprises	-272	0	-36	0	0
Additions during the year	0	0	43,282	3,775	27,264
Disposals during the year	0	0	-11,604	-297	0
Transfers during the year to/from other items	0	0	3,943	0	-3,943
Cost as at 30.09.22	256,992	3,194	471,342	60,068	27,968
Depreciation and impairment losses as at 01.10.21	-33,730	0	-283,412	-43,567	0
Additions relating to mergers and acquisition of enterprises	0	-1,137	-28,205	0	0
Depreciation during the year	-2,524	0	-19,750	-4,617	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	33	0	0
Depreciation of and impairment losses on disposed assets for the year	0	0	10,619	257	0
Depreciation and impairment losses as at 30.09.22	-36,254	-1,137	-320,715	-47,927	0
Carrying amount as at 30.09.22	220,738	2,057	150,627	12,141	27,968

13. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Parent:	
Cost as at 01.10.21	97,686
Disposals during the year	-2,171
Cost as at 30.09.22	95,515
Revaluations as at 01.10.21	84,352
Foreign currency translation adjustment of foreign enterprises	-284
Net profit/loss from equity investments	32,287
Dividend relating to equity investments	-11,162
Other adjustments relating to equity investments	846
Revaluations as at 30.09.22	106,039
Carrying amount as at 30.09.22	201,554
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0

Name and registered office:	Ownership interest
Subsidiaries:	
Mekoprint Holding A/S, Rebild	73.47%

Subsidiary Mekoprint Properties A/S has presented its annual report for 2021/22 according to the provisions on Class B enterprises set out in section 78 a of the Danish Financial Statements Act.

14. Other non-current financial assets

Figures in DKK '000	Deposits
Group:	
Cost as at 01.10.21	471
Foreign currency translation adjustment of foreign enterprises	-45
Cost as at 30.09.22	426
Carrying amount as at 30.09.22	426

	Group		Parent	
	30.09.22 DKK '000	30.09.21 DKK '000	30.09.22 DKK '000	30.09.21 DKK '000
15. Prepayments				
Other prepayments	6,357	4,107	0	0

16. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share class A	80	80
Share class B	50	50
Total		130

	Group		Parent	
	30.09.22 DKK '000	30.09.21 DKK '000	30.09.22 DKK '000	30.09.21 DKK '000

17. Non-controlling interests

Non-controlling interests, beginning of year	62,586	49,769	0	0
Foreign currency translation adjustment of foreign enterprises	-102	-73	0	0
Capital increase	10,631	0	0	0
Purchase of treasury shares	279	-618	0	0
Dividend paid	-3,838	-2,310	0	0
Purchase of non-controlling interests	2,172	4,414	0	0
Other changes in equity	27	135	0	0
Net profit/loss for the year (distribution of net profit)	11,989	11,269	0	0
Total	83,744	62,586	0	0

18. Deferred tax

Deferred tax as at 01.10.21	49,535	47,513	0	0
Additions relating to mergers and acquisition of enterprises	1,951	0	0	0
Deferred tax recognised in the income statement	126	1,889	0	0
Deferred tax recognised in equity	60	133	0	0
Deferred tax as at 30.09.22	51,672	49,535	0	0

19. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 30.09.22	Total payables at 30.09.21
Group:				
Mortgage debt	4,386	50,103	72,495	77,291
Payables to other credit institutions	10,132	21,617	73,652	18,467
Lease commitments	12,763	9,704	63,580	49,389
Payables to associates	0	0	3,511	0
Other payables	882	15,357	59,187	61,039
Total	28,163	96,781	272,425	206,186
Parent:				
Payables to other credit institutions	0	0	7,816	15,741
Other payables	882	0	43,830	45,849
Total	882	0	51,646	61,590

20. Contingent liabilities

Group:

Lease commitments

The group has concluded operating lease agreements on tools and cars amounting to DKK 892k, and all agreements ends before 31.12.24.

Recourse guarantee commitments

The group has placed a guarantee to credit institution Nordea Finans in Mekoprint A/S' payments concerning lease agreements with outstanding balance DKK 62,499k at 30.09.22.

The group has placed a guarantee to credit institution Nykredit in Mekoprint Properties A/S with outstanding balance DKK 73,155k at 30.09.22.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

21. Charges and security

Group:

In addition to security for debt to mortgage credit institutions buildings have been provided as security for mortgage debt of DKK 53,000k to Danske Bank.

The group has placed a pledge to Danske Bank and Nykredit not to pay dividens resulting in a solvency ratio less than 25%.

Parent:

The company has placed a negative pledge (commitment) to Danske Bank not to sell/mortgage the company's shares in Mekoprint Holding A/S. In addition, Danske Bank has a mortgage in nom. DKK 250,000 in the company's shares in Mekoprint Holding A/S.

	Group	
	2021/22 DKK '000	2020/21 DKK '000

22. Adjustments for the cash flow statement

	2021/22 DKK '000	2020/21 DKK '000
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	28,100	23,560
Other operating expenses	633	18
Financial income	-166	-680
Financial expenses	7,658	5,316
Tax on profit or loss for the year	11,585	12,593
Total	47,810	40,807

23. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

23. Accounting policies - continued -

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis in the balance sheet of the parent based on the actual ownership interest in the acquired equity investments. In the consolidated financial statements, goodwill is recognised in full regardless of the ownership interest held in the subsidiary, i.e. including goodwill relating to the shares of non-controlling interests in subsidiaries.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets in the consolidated financial statements and under equity investments in subsidiaries in the parent's balance sheet. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

23. Accounting policies - continued -

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

23. Accounting policies - continued -

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

INCOME STATEMENT

Revenue

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

23. Accounting policies - continued -

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Goodwill	10	0
Buildings	40	60
Leasehold improvements	20	0
Plant and machinery	7-20	0-15
Other plant, fixtures and fittings, tools and equipment	3-10	0-15

23. Accounting policies - continued -

Goodwill is amortised over 10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

23. Accounting policies - continued -

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

23. Accounting policies - continued -

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the ‘Depreciation, amortisation and impairment losses' section.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

On the acquisition of non-controlling interests in subsidiaries, the principles for business combinations in the balance sheet of the parent, see the description in the 'Business combinations' section, are applied.

23. Accounting policies - continued -

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

23. Accounting policies - continued -

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Acquisition costs and consideration for treasury shares as well as dividends therefrom are recognised directly in equity under retained earnings.

23. Accounting policies - continued -

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

23. Accounting policies - continued -

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent’s share capital and associated costs and the purchase and sale of treasury shares and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.