

DFDS KØLETRANSPORT A/S
MAJSMARKEN 1, 9500 HOBRO
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2022

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 30 June 2023**

Anders Mikael Christensen

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COMPANY DETAILS

| | |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company | DFDS Køletransport A/S Majsmarken 1 9500 Hobro CVR No.: 33 58 92 63 Established: 1 April 2011 Municipality: Mariagerfjord Financial Year: 1 January - 31 December |
| Board of Directors | Niclas Göran Andersson, chairman Anders Mikael Christensen Martin Gade Gregersen |
| Executive Board | Anders Mikael Christensen |
| Auditor | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 2 6700 Esbjerg |

MANAGEMENT'S STATEMENT

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

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

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

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

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

Mariagerfjord, 29 June 2023

Executive Board

Anders Mikael Christensen

Board of Directors

Niclas Göran Andersson
Chairman

Anders Mikael Christensen

Martin Gade Gregersen

Independent Auditor's Report

To the Shareholder of DFDS Køletransport A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DFDS Køletransport A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Independent Auditor's Report

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditor's Report

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.

Esbjerg, 29 June 2023

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
MNE no. mne30141

Palle H. Jensen
State Authorised Public Accountant
MNE no. mne32115

FINANCIAL HIGHLIGHTS

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------------------------------|----------|----------|----------|----------|----------|
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| Income statement | | | | | |
| Gross profit/loss..... | 156.774 | 143.409 | 139.703 | 112.262 | 102.893 |
| Operating profit/loss of main activities... | -8.404 | -115 | 20.379 | 11.025 | 4.268 |
| Financial income and expenses, net..... | 276 | 158 | -575 | -577 | -639 |
| Profit/loss for the year..... | -6.324 | -12 | 15.356 | 8.014 | 2.820 |
| Balance sheet | | | | | |
| Total assets..... | 106.011 | 126.613 | 115.281 | 81.861 | 76.983 |
| Equity..... | 17.340 | 23.665 | 23.676 | 12.320 | 4.306 |
| Investment in property, plant and equipment..... | -1.938 | -767 | -1.728 | -1.163 | 1.924 |
| Key ratios | | | | | |
| Current ratio..... | 114,2 | 134,4 | 144,7 | 111,9 | 103,8 |
| Equity ratio..... | 16,4 | 18,7 | 20,5 | 15,0 | 5,6 |

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

Current ratio:

$$\frac{\text{Current assets} \times 100}{\text{Liabilities}}$$

Equity ratio:

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

MANAGEMENT COMMENTARY

Principal activities

The company's main activities consist of running a transport and forwarding business and thus related business.

Development in activities and financial and economic position

The year's gross profit amounts to kDKK 156.774 against kDKK 143.409 last year. Profit after tax amounts to kdkk -6,324 against kDKK -12 last year.

The year's result and development are affected by an extremely pressured market and by the company's migration to DFDS the group's systems.

In addition, the development of the organization continues to secure our position as the customer's favourite supplier of logistics solutions.

Profit/loss for the year compared to the expected development

The year's result is considered unsatisfactory.

For the financial year 2022, there was pressure from the political climate situation, rising costs, and comprehensive IT system changes, which resulted in a negative result.

Significant events after the end of the financial year

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

Special risks

Operational risks:

The company's most significant operating risks are linked to the ability to be strongly positioned in the markets where the transport services are sold.

Financial and currency risks:

As a result of its operations, investments and financing, the company is exposed to changes in exchange rates and interest rates. It is the company's policy not to engage in active financial speculation risks. The company's financial management is therefore only aimed at managing already undertaken financials and currency risks.

Environmental situation

The company has an environmental policy, which implies that the company must at all times meet environmental requirements, and that the company's transport must be environmentally friendly.

It is the company's policy to be innovative in relation to future environmental requirements, including new ones investments and to assess the environmental situation, thereby ensuring a high focus on not "only" living up to future environmental requirements, but also to ensure that the company maintains a high standard for future ones transports.

The company has also taken the initiative for fuel-saving measures, which are both beneficial for the environment and the company's finances. Finally, the company has the opportunity to deliver green accounts for it single transport task.

Research and development activities

No special research and development activities are planned for the coming year.

Future expectations

For the coming financial year 2023, management expects increased pressure from the political climate situation and rising costs. In Q1 2023 management has adjusted to this and expects a positive development in the coming period and a positive result for 2023 DKK 0-5 million.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

| | Note | 2022 DKK | 2021 DKK |
|-------------------------------------------------------|------|--------------------|--------------------|
| GROSS PROFIT | | 156.774.386 | 143.408.923 |
| Staff costs..... | 1 | -148.091.417 | -127.569.119 |
| Depreciation, amortisation and impairment losses..... | | -942.091 | -907.482 |
| Other operating expenses..... | | -16.144.809 | -15.047.585 |
| OPERATING LOSS | | -8.403.931 | -115.263 |
| Other financial income..... | 2 | 398.087 | 371.182 |
| Other financial expenses..... | | -121.717 | -213.408 |
| LOSS BEFORE TAX | | -8.127.561 | 42.511 |
| Tax on profit/loss for the year..... | 3 | 1.803.161 | -54.151 |
| LOSS FOR THE YEAR | 4 | -6.324.400 | -11.640 |

BALANCE SHEET AT 31 DECEMBER

| ASSETS | Note | 2022 DKK | 2021 DKK |
|--------------------------------------------------|----------|--------------------|--------------------|
| Other plant, machinery, tools and equipment..... | | 428.095 | 786.975 |
| Leasehold improvements..... | | 2.005.527 | 650.417 |
| Property, plant and equipment..... | 5 | 2.433.622 | 1.437.392 |
| Other securities..... | | 157.994 | 157.994 |
| Rent deposit and other receivables..... | | 2.116.382 | 2.133.450 |
| Financial non-current assets..... | 6 | 2.274.376 | 2.291.444 |
| NON-CURRENT ASSETS..... | | 4.707.998 | 3.728.836 |
| Raw materials and consumables..... | | 803.916 | 989.016 |
| Inventories..... | | 803.916 | 989.016 |
| Trade receivables..... | | 85.013.561 | 77.208.011 |
| Receivables from group enterprises..... | | 7.453.000 | 39.302.355 |
| Deferred tax assets..... | 7 | 610.590 | 0 |
| Other receivables..... | | 46.580 | 246.057 |
| Corporation tax receivable..... | | 1.419.987 | 384.811 |
| Joint tax contribution receivable..... | | 0 | 1.324 |
| Prepayments and accrued income..... | 8 | 5.542.617 | 4.752.649 |
| Receivables..... | | 100.086.335 | 121.895.207 |
| Cash and cash equivalents..... | | 412.689 | 0 |
| CURRENT ASSETS..... | | 101.302.940 | 122.884.223 |
| ASSETS..... | | 106.010.938 | 126.613.059 |

BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES | Note | 2022 DKK | 2021 DKK |
|-------------------------------------|------|--------------------|--------------------|
| Share capital..... | 9 | 1.500.000 | 1.500.000 |
| Retained profit..... | | 15.840.195 | 22.164.595 |
| EQUITY..... | | 17.340.195 | 23.664.595 |
| Provision for deferred tax..... | | 0 | 1.194.448 |
| PROVISIONS..... | | 0 | 1.194.448 |
| Other liabilities..... | | 0 | 10.322.658 |
| Non-current liabilities..... | 10 | 0 | 10.322.658 |
| Bank debt..... | | 2.703.715 | 9.445.779 |
| Trade payables..... | | 71.548.534 | 65.180.382 |
| Other liabilities..... | | 14.418.494 | 16.805.197 |
| Current liabilities..... | | 88.670.743 | 91.431.358 |
| LIABILITIES..... | | 88.670.743 | 101.754.016 |
| EQUITY AND LIABILITIES..... | | 106.010.938 | 126.613.059 |
| Contingencies etc. | 11 | | |
| Related parties | 12 | | |
| Consolidated Financial Statements | 13 | | |

EQUITY

| | Share capital | Retained profit | Total |
|---------------------------------------------|------------------|-------------------|-------------------|
| Equity at 1 January 2022..... | 1.500.000 | 22.164.595 | 23.664.595 |
| Proposed profit allocation, see note 4..... | | -6.324.400 | -6.324.400 |
| Equity at 31 December 2022..... | 1.500.000 | 15.840.195 | 17.340.195 |

NOTES

| | 2022 DKK | 2021 DKK | Note |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------|----------|
| Staff costs | | | 1 |
| Average number of employees | 228 | 204 | |
| Wages and salaries..... | 125.259.931 | 111.232.273 | |
| Pensions..... | 15.966.454 | 13.476.486 | |
| Social security costs..... | 5.229.389 | 1.764.502 | |
| Other staff costs..... | 1.635.643 | 1.095.858 | |
| | 148.091.417 | 127.569.119 | |
| Information on management remuneration for 2022 has been omitted in accordance with the exception provision in the Annual Accounts Act § 98 b, subsection 3 No. 2. | | | |
| Other financial income | | | 2 |
| Group enterprises..... | 327.000 | 368.172 | |
| Other interest income..... | 71.087 | 3.010 | |
| | 398.087 | 371.182 | |
| Tax on profit/loss for the year | | | 3 |
| Calculated tax on taxable income of the year..... | -1.419.987 | -384.811 | |
| Adjustment of tax in previous years..... | -47.664 | 0 | |
| Adjustment of deferred tax..... | -335.510 | 438.962 | |
| | -1.803.161 | 54.151 | |
| Proposed distribution of profit | | | 4 |
| Retained earnings..... | -6.324.400 | -11.640 | |
| | -6.324.400 | -11.640 | |
| Property, plant and equipment | | | 5 |
| | Other plant, machinery, tools and equipment | Leasehold improvements | |
| Cost at 1 January 2022..... | 2.437.362 | 1.727.921 | |
| Additions..... | 163.321 | 1.775.001 | |
| Cost at 31 December 2022..... | 2.600.683 | 3.502.922 | |
| Depreciation and impairment losses at 1 January 2022..... | 1.650.388 | 1.077.502 | |
| Depreciation for the year..... | 522.200 | 419.893 | |
| Depreciation and impairment losses at 31 December 2022.... | 2.172.588 | 1.497.395 | |
| Carrying amount at 31 December 2022..... | 428.095 | 2.005.527 | |

NOTES

| | | | Note |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------|----------|
| Financial non-current assets | | | 6 |
| | Other securities | Rent deposit and other receivables | |
| Cost at 1 January 2022..... | 157.994 | 2.133.450 | |
| Disposals..... | 0 | -17.068 | |
| Cost at 31 December 2022..... | 157.994 | 2.116.382 | |
| Carrying amount at 31 December 2022..... | 157.994 | 2.116.382 | |
| | | | |
| Deferred tax assets | | | 7 |
| Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets. | | | |
| | 2022 DKK | 2021 DKK | |
| Deferred tax relates to: | | | |
| Tangible fixed assets..... | 163.491 | 100.177 | |
| Inventory..... | -176.862 | -217.583 | |
| Share certificate..... | 0 | -31.460 | |
| Period limitation..... | -797.903 | -1.045.582 | |
| Deficit to be carried forward..... | 1.421.864 | 0 | |
| | 610.590 | -1.194.448 | |
| Deferred tax, beginning of year..... | -1.194.448 | -755.486 | |
| Deferred tax of the year, income statement, for the year..... | 335.510 | -438.962 | |
| Deferred tax of the year, income statement, prior year adj..... | 1.469.528 | 0 | |
| Deferred tax assets 31 December 2022..... | 610.590 | -1.194.448 | |
| A deficit has been recognized for carrying forward, as it is expected to be realized within the next 3-5 years | | | |
| | | | |
| Prepayments and accrued income | | | 8 |
| Costs..... | 5.542.617 | 4.752.649 | |
| | 5.542.617 | 4.752.649 | |
| Accruals relate primarily to prepaid weight tax and insurance. | | | |
| | | | |
| Share capital | | | 9 |
| Allocation of share capital: | | | |
| Aktier, 1.500 unit in the denomination of 1.000 DKK..... | 1.500.000 | 1.500.000 | |
| | 1.500.000 | 1.500.000 | |

NOTES

| | | | | Debt outstanding after 5 years | | Note |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------------|--|--------------------------------------|---------------------------------|-----------|
| | 31/12 2022 total liabilities | Repayment next year | | | 31/12 2021 total liabilities | |
| Long-term liabilities | | | | | | 10 |
| Other liabilities..... | 0 | 0 | | 0 | 10.322.658 | |
| | 0 | 0 | | 0 | 10.322.658 | |
| Contingencies etc. | | | | | | 11 |
| Contingent liabilities | | | | | | |
| | | | | 2022 DKK | 2021 DKK | |
| Lease liabilities (operating leases): | | | | | | |
| Before 1 year..... | | | | 49.265.458 | 21.185.850 | |
| Between 1 to 5 years..... | | | | 115.016.719 | 99.573.367 | |
| After 5 years..... | | | | 4.080.378 | 1.447.540 | |
| | | | | 164.282.177 | 122.206.757 | |
| Rent obligations with a non-cancellation period of: | | | | | | |
| Between 1 to 5 years..... | | | | 7.401.156 | 10.800.000 | |
| | | | | 7.401.156 | 10.800.000 | |
| Joint liabilities | | | | | | |
| The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc. | | | | | | |
| Tax payable on the Group's joint taxable income is stated in the annual report of Lauritzen Fonden Holding ApS, which serves as management company for the joint taxation. | | | | | | |
| Related parties | | | | | | 12 |
| The Company's related parties include: | | | | | | |
| Controlling interest | | | | | | |
| DFDS Logistics A/S, Malervej 12, 6710 Esbjerg V, is the principal shareholder. | | | | | | |
| Ultimate Parent | | | | | | |
| DFDS A/S, Marmorvej 18, 2100 Copenhagen Ø, CVR.nr. 14 19 47 11. | | | | | | |
| Transactions with related parties | | | | | | |
| The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions. | | | | | | |
| Consolidated Financial Statements | | | | | | 13 |
| The company is included in the consolidated accounts of DFDS A/S, Marmorvej 18, 2100 Copenhagen Ø, CVR.nr. 14 19 47 11. | | | | | | |

ACCOUNTING POLICIES

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

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

In the annual report for 2021, certain costs for employees were presented in the accounting item "Staff costs", which was not in accordance with group practice. The costs are therefore now included in the accounting item "Other external costs" which is part of the "Gross profit".

The changed presentation is incorporated into the comparative figures in the annual report for 2021 and results in that the accounting item "Other external costs" in the income statement has been increased by DKK 2.519.402 and the accounting item "Personnel costs" has been reduced by DKK 2.519.402. It changed presentation has no impact on results for 2021. The equity and balance sheet total for 2021 are not affected.

The changed presentation is incorporated into the comparative figures in the annual report for 2021 and results in that the accounting item "Other operating expenses" in the income statement has been increased by DKK 12.584.782 and the accounting item "Gross profit" has been reduced by DKK 12.584.782. It changed presentation has no impact on results for 2021. The equity and balance sheet total for 2021 are not affected.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

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

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

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

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

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

ACCOUNTING POLICIES

Tax

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

BALANCE SHEET

Tangible fixed assets

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

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

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

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

| | Useful life |
|------------------------------------------|-------------|
| Other plant, fixtures and equipment..... | 1-3 years |
| Leasehold improvements..... | 3-4 years |

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

Financial non-current assets

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

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

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

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

ACCOUNTING POLICIES

Inventories

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

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

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

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

Accruals, assets

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

Tax payable and deferred tax

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

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

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

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

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

Liabilities

Amortised cost of current liabilities usually corresponds to nominal value.

ACCOUNTING POLICIES

Foreign currency translation

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

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

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

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.