ApS Stake nr. 1851

Knøsgårdvej 115, 9440 Aabybro

Company reg. no. 35 21 05 71

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 26 April 2023.

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Jeffrey William Finch
Chairman of the meeting

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Notes:

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

Management's statement

Today, the Executive Board has approved the annual report of ApS Stake nr. 1851 for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

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

Aabybro, 26 April 2023

Executive board

Jeffrey William Finch	John Joseph Calkins

Independent auditor's report

To the Shareholder of ApS Stake nr. 1851

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ApS Stake nr. 1851 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, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management’s Responsibilities for the Financial Statements

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, 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 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 financial statements unless Management either intends to liquidate the Group or the Parent 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 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 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 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 Parent 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.

- 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 performance 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, 26 April 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31

Line Borregaard State Authorised Public Accountant mne34353	Morten Porup State Authorised Public Accountant mne47816

Company information

The company	ApS Stake nr. 1851 Knøsgårdvej 115 9440 Aabybro Company reg. no. 35 21 05 71 Financial year: 1 January - 31 December
Executive board	Jeffrey William Finch John Joseph Calkins
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg
Parent company	Evapco Inc., USA
Subsidiaries	Evapco Europe A/S, Denmark Evapco Europe S.R.L., Italy Evapco Europe BV, Belgium Evapco Australia, Australia Evapco Europe GmbH, Germany Evapco Brasil, Brasil FanTR Technology Resources Ltda., Brasil Evapco Middle East, UAE

Consolidated financial highlights

DKK in thousands.	2022	2021	2020	2019	2018
Income statement:					
Revenue	719.968	603.118	523.428	559.988	560.565
Gross profit	315.719	260.927	230.824	247.091	252.462
Profit from operating activities	73.661	48.498	27.244	30.432	28.567
Net financials	3.811	-121	586	-8.590	-13.838
Net profit or loss for the year	56.756	41.819	18.899	11.891	4.286
Statement of financial position:					
Balance sheet total	667.976	605.604	521.418	526.244	564.760
Investments in property, plant and equipment	5.907	8.950	3.486	5.056	6.656
Equity	482.675	430.753	393.998	406.394	262.888
Cash flows:					
Operating activities	12.785	8.951	32.511	28.964	15.712
Investing activities	-3.066	-8.504	-1.393	-2.202	-3.339
Financing activities	-19.880	-8.169	789	-52.143	18.372
Total cash flows	-10.161	-7.722	31.907	-25.381	30.745
Employees:					
Average number of full-time employees	677	622	597	620	636
Key figures in %:					
Gross margin ratio	43,9	43,3	44,1	44,1	45,0
Profit margin (EBIT-margin)	10,2	8,0	5,2	5,4	5,1
Solvency ratio	71,4	70,4	74,9	76,3	45,7
Return on equity	12,3	10,1	4,7	3,5	1,7

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Gross margin ratio

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Profit margin (EBIT margin)

$$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$$

Consolidated financial highlights

Solvency ratio	$\frac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$
Return on equity	$\frac{\text{*Profit x 100}}{\text{Average equity exclusive of non-controlling interests}}$
***Profit**	Net profit or loss for the year less non-controlling interests' share hereof

The principal activities of the group

The group produces and sells evaporative cooling and industrial refrigeration products.

Uncertainties about recognition or measurement

None.

Development in activities and financial matters

With the global Corona pandemic coming to an end in the prior year which resulted into more orders received by our various operations, the group saw an overall increase in Sales of approximately 20%. Unfortunately in February of this year the war in Ukraine broke out and did impact to some extend our trade with Russia, which fell back to zero. As the group is a worldwide leader in its sector, it could diversify and develop in other regions. This concluded for the group to a result of DKK ('000) 56.756 against DKK ('000) 41.819 last year, which was Management's expectations for 2022.

Financial risks

Price risk

Inflation and commodities pricing affected our pricing strategy. The group is continuously developing work processes to ensure the capability to maintain its position in the market and is still respecting the highest quality level to be provided to our customers

Exchange rate risks

Since we operate in each region and sell within the region in our own currency there is limited exposure. It is the group's policy to evaluate the need for hedging the commercial currency risks. Respecting the different guidelines provided to us with the policy no hedge was placed.

Interest risks

The group has no special interest risk as there are no outstanding loans. The effect of negative interest on the euro charged by the banks was examined and solved. In August of this year the European Central Bank moved its interest rate towards a positive percentage and as such our banks removed their negative interest charge on euro accounts.

Know how resources

The group's ambition is to be on the leading edge on technological development. The group has a substantial base of knowledge.

Research and development activities

To ensure a broad product composition the group seeks to continuously invest in new initiatives such as fans and blades. In addition, R&D programs are set up in the domain of sustainability to save water, decrease energy consumption, sound reductions and diminish the CO_2 footprint.

The expectations for the coming financial year

With the Corona pandemic finding itself now towards the exit, we believe new Covid related preventive measures will be minimal. The Russian invasion into Ukraine from end of February 2022 will continue with some impact on our sales in that area, which will be the case for most other companies world wide with an international focus. We can only hope the conflict will end very soon and diplomacy will be restored.

Our products are sold into some economic sectors that are facing some financial hardship but they are also sold into sectors that have held ground like the food industry or industries that benefited like the pharmaceutical industry and public organizations. We see a lot of potential in the market but also need to consider that some projects with our customers might face some delays in executing. As most of the evolution for 2023 is therefore unpredictable, it is fair to say that the company will endeavor to achieve the 2022 results.

Events subsequent to the financial year

No events have occurred after the balance sheet date which materially affect the assessment of the annual report.

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

Business model

Our corporation is an industry leading manufacturing company with global resources and solutions for worldwide heat transfer applications. We are dedicated to designing and manufacturing the highest quality products for the evaporative cooling and industrial refrigeration markets.
Each year, each entity will define a set of success targets to be achieved during the year. These success targets can range from growth to cost savings but also deal on personnel management, health & safety and compliance.

Environmental policies

The entities rolling up into our Company are either Production facilities or Sales Offices. For Sales Offices, the environmental footprint is very minimal. Production facilities face some more challenges to respect the environment they situated in. There’s energy consumption, waste handling and CO2 exhaustion to name the most common ones. Our products we make and sell are from an environmental saving nature, either saving water usage or reduce energy consumption, or both. Our manufacturing facilities operate under high environmental standards and will avoid waste to a maximum. Metals are scrapped and used in a recycling process. We don’t work with hazardous materials and have very limited use of fossil energy. One of our plants is in the process of placing a windmill to provide for its own energy consumption and that of neighboring sites. As a consequence of the Covid-19 pandemic, clean air and good air flow has been implemented in all our facilities also providing tools to measure CO2 exhaustion and take action if the limit has been reached.

Innovation and environmental sustainability go hand in hand at our companies. We are proud to manufacture a wide range of environmentally sustainable products that:

- Conserve water
- Eliminate the need for chemical use in water treatment
- Conserve energy
- Reduce noise pollution
- Reduce carbon dioxide

Our industrial heat transfer equipment not only conserves natural resources and helps reduce noise pollution, but also features recycled steel content in construction. Our stainless-steel units are constructed of panels that contain up to 75 percent of recycled content and our galvanized steel units contain more than 80 percent.
From sound reduction and water conservation to chemical elimination, we are continuously developing new technologies that deliver the ultimate operating advantage to our clients – while protecting the planet for every generation to come.

Given our pro-active approach to environmental aspects, we see no risks at this point, either financial or non-financial. We successfully released in 2022 a new range of products developed in our international laboratory at our US Headquarters. We are not at liberty to disclose the technical specifications but can report that these innovative products are also certified internationally and on European level by independent control institutions. For 2023 we will continue on the same path in providing innovative environmentally concerned products.

Human rights policies
Working for one of our companies means being part of a global team dedicated to delivering localized solutions to global customers. Our focus on innovation and commitment to research, development and continuous improvement ensures we protect the planet for every generation to come.

At all our companies, the people make the difference. As a privately held employee-owned company, each employee shares in the ownership of the business meaning; each employee has a stake in the company’s success, and the company has a stake in each employee’s success. Our Staff’s engagement and commitment to the business, our customers and each other are recognized and rewarded.

Some key benefits our companies include to our personnel:

- Excellent healthcare benefits
- Training programs for all levels of staff
- Wide variety of supplementary benefits (may be different in each location)

Our values – people, customers, integrity, innovation and excellence - drive our business strategy and decision making. We are focused on:

- Safety for our members of staff in the production area, the warehouses, the office and in the field with our customers.
- Always providing first class service to each other and our customers
- Building and coaching employees to drive personal and business growth
- Striving for efficiency, effectiveness and success through innovative thinking

We are committed to creating an environment of ongoing coaching and skill building. Our leadership system is focused on providing every member with the tools, resources and training to ensure we continually grow our talent across the business.

We provide an employee manual for our staff together. We have a strong relationship with our unions in our entities and have a very low turnover of staff.

The Covid-19 pandemic caused all our operations to be careful in spreading the virus and to be fully compliant with country laws. The focus was to protect our employees to a maximum of not being infected. We also recommended our staff to apply for vaccination at a suitable time. Our management of the Covid-19 pandemic for our group in 2022 resulted in a very low absenteeism and we created a healthy work environment, respecting social distance, offering protective masks and organizing the workplace Corona-proof including installing home offices whenever possible.

Risk of lack of orderly social conditions and employee conditions do not apply in our entities given our stable Human Resource environment. We will continue in 2023 with the same dedicated focus towards our employees.

Respect of human rights

We are alert to any existing and potential human rights risks that the Group's productions and operations may give rise to. Risks can include the right to be heard, issues related to GDPR and the risk of discrimination.

In our Company, we are all equally entitled to our human rights without discrimination. These rights are all interrelated. The principles are: Universal and inalienable, Interdependent and indivisible, Equal and non-discriminatory, and Both Rights and Obligations.

Our company is strongly against child labour, forced labour, discrimination and an unhealthy working environment. Given that we operate in countries where human rights are a fully integrated part of local legislation, we see no risks at this point, either financial or non-financial. We have an active GDPR policy; informing our staff about their rights and protection of their private data. We also take pride in making our company a safe place to work in and are constantly taken new measures to make our staff aware on safety matters. As working hours regulation is also important for our group, we successfully continue to keep the overtime to an absolute minimum in 2022. For 2023 we will continue with the same dedicated focus towards human rights.

Anti-corruption and bribery
Our Companies have specific purchasing and supply departments that manage relationships with suppliers. The department enforces our supply policies, which includes a policy prohibiting relationships with companies that used forced or slave labour, or engage in human trafficking. If the department becomes aware that a supplier is or may be violating this policy, the issue with the supplier will be addressed immediately and swift corrective action will be required or the supply relationship will be terminated. When a new employee is added to the purchasing and supply department, they receive training to educate them on the dangers of relationships with non-compliant suppliers, the risk factors that can provide tips to identifying non-compliant suppliers, and information on what to do if they become aware of a non-compliance.

Our Companies follow strictly the policies that are written and kept updated at our Headquarters. Each finance department within our companies has the responsibility to guard these policies and act on them as being part of the financial controllership which not only reports on profitability but also on accuracy and applying the corporate policies and observing segregations of duty.

Given that we not yet experienced any corruption or bribery in our entities in 2022 or in any of our prior years, we see no risks at this point, either financial or non-financial. For 2023, we will continue with our existing anti-corruption and bribery policies as they prove to be successful.

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act
The top level management body only consists of two persons, and so there is no requirement to define a target for the underrepresented gender as per the Danish Business Authority's latest guidance.

The Group's gender diversity policy for the management team emphasizes diversity in the broadest sense and lays out the principle to always hire the most qualified person, regardless of gender, age, nationality, sexual orientation or religious beliefs. When an opening presents itself on the management team, the following recruitment procedures are applied in order to find suitable candidates:

- Candidates of both genders should be on the shortlist for recruitment
- Respect of the GDPR guidelines as we do not want to inquire in personal aspects of a candidate’s life
- Head-hunters are obliged to present candidates of both genders

In 2022 we had some vacancies filled by candidates of both gender close to equality. We always post each vacancy internally before it is made public. For 2023 we will continue to give equal opportunity to both genders for new vacancies.

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

Our company has no specific policy focussing on Data Ethics as a standalone guidance as Data Ethics are covered by other policies and practices. We have data related topics covered under our GDPR regulation, handling how we treat personal data. People using a company laptop have also been given a "PC - Laptop - tablet policy" and an "Internet and e-mail policy" requesting to respect the guidelines. We have a dedicated member of staff screening our social media platforms for conformity. Algorithms used by the company are product specific and are only meaningful in our own environment and are audited for accuracy on a regular basis, there are no other areas processing large amounts of data or other processes in which the use of data impacts decision-making. Our products for the evaporative cooling and industrial refrigeration markets are not using high tech modern technology like AI.

Income statement 1 January - 31 December

DKK thousand.

Note		Group 2022	Group 2021	Parent 2022	Parent 2021
1	Revenue	719.968	603.118	0	0
	Other operating income	4.027	3.434	0	0
	Costs of raw materials and consumables	-278.807	-238.900	0	0
	Other external costs	-129.469	-106.725	-228	-304
	Gross profit	**315.719**	**260.927**	**-228**	**-304**
3	Staff costs	-228.310	-199.602	0	0
	Depreciation, amortisation, and impairment	-13.748	-12.827	0	0
	Operating profit	**73.661**	**48.498**	**-228**	**-304**
	Income from equity investments in subsidiaries	0	0	55.098	41.322
4	Other financial income	6.850	2.709	759	354
5	Other financial expenses	-3.039	-2.830	0	-296
	Pre-tax net profit or loss	**77.472**	**48.377**	**55.629**	**41.076**
6	Tax on net profit or loss for the year	-20.716	-6.558	0	0
7	**Net profit or loss for the year**	**56.756**	**41.819**	**55.629**	**41.076**
	Break-down of the consolidated profit or loss:				
	Shareholders in ApS Stake nr. 1851	55.629	41.076		
	Non-controlling interests	1.127	743		
		56.756	**41.819**		

Balance sheet at 31 December

DKK thousand.

Assets

Note		Group 2022	Group 2021	Parent 2022	Parent 2021
	Non-current assets				
8	Completed development projects	921	669	0	0
9	Trademarks, knowhow etc.	6.488	6.774	0	0
10	Goodwill	5.440	6.304	0	0
	Total intangible assets	12.849	13.747	0	0
11	Property	68.675	70.387	0	0
12	Plant and machinery	23.713	25.892	0	0
13	Other fixtures and fittings, tools and equipment	2.230	2.098	0	0
14	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	205	47	0	0
	Total property, plant, and equipment	94.823	98.424	0	0
15	Investments in group enterprises	0	0	474.532	409.801
	Total investments	0	0	474.532	409.801
	Total non-current assets	**107.672**	**112.171**	**474.532**	**409.801**

Balance sheet at 31 December

DKK thousand.

Note	**Assets**	Group 2022	Group 2021	Parent 2022	Parent 2021
	Current assets				
16	Manufactured goods and goods for resale	186.540	140.529	0	0
	Total inventories	186.540	140.529	0	0
	Trade receivables	206.831	176.723	0	0
17	Deferred tax assets	5.231	4.993	0	0
	Other receivables	379	379	0	0
18	Prepayments	28.581	27.906	0	0
	Total receivables	241.022	210.001	0	0
	Cash on hand and demand deposits	132.742	142.903	2.356	16.825
	Total current assets	**560.304**	**493.433**	**2.356**	**16.825**
	Total assets	**667.976**	**605.604**	**476.888**	**426.626**

Balance sheet at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2022	Group 2021	Parent 2022	Parent 2021
	Equity				
19	Contributed capital	1.000	1.000	1.000	1.000
	Revaluation reserve	1.199	1.243	0	0
	Reserves for net revaluation as per the equity method	0	0	29.614	0
	Reserve for foreign currency translation	-18.973	-28.606	0	-28.606
	Retained earnings	493.421	452.748	446.033	453.991
	Equity before non-controlling interest.	476.647	426.385	476.647	426.385
	Non-controlling interests	6.028	4.368	0	0
	Total equity	**482.675**	**430.753**	**476.647**	**426.385**
	Provisions				
20	Provisions for deferred tax	0	0	0	0
	Total provisions	**0**	**0**	**0**	**0**
	Long term liabilities other than provisions				
21	Other payables	4.946	9.826	0	0
	Total long term liabilities other than provisions	4.946	9.826	0	0

Balance sheet at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2022	Group 2021	Parent 2022	Parent 2021
	Trade payables	108.415	99.766	241	241
	Payables to group enterprises	27.717	30.767	0	0
	Income tax payable	7.655	5.059	0	0
	Other payables	36.568	29.433	0	0
	Total short term liabilities other than provisions	180.355	165.025	241	241
	Total liabilities other than provisions	**185.301**	**174.851**	**241**	**241**
	Total equity, provisions and liabilities	**667.976**	**605.604**	**476.888**	**426.626**

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Consolidated statement of changes in equity

DKK thousand.

	Contributed capital	Revaluation reserve	Reserve for foreign currency translation	Retained earnings	Non-controlling interests
Equity 1 January 2021	1.000	1.287	-29.849	417.935	3.625
Profit or loss for the year brought forward	0	0	0	34.769	743
Extraordinary dividend adopted during the financial year	0	0	0	6.307	0
Distributed extraordinary dividend adopted during the financial year	0	0	0	-6.307	0
Depreciation and impairment for the year	0	-44	0	44	0
Exchange rate adjustment	0	0	1.243	0	0
Equity 1 January 2022	1.000	1.243	-28.606	452.748	4.368
Profit or loss for the year brought forward	0	0	0	40.629	1.127
Extraordinary dividend adopted during the financial year	0	0	0	15.000	0
Distributed extraordinary dividend adopted during the financial year	0	0	0	-15.000	0
Depreciation and impairment for the year	0	-44	0	44	0
Exchange rate adjustment	0	0	9.633	0	533
	1.000	**1.199**	**-18.973**	**493.421**	**6.028**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the equity method	Reserve for foreign currency translation	Retained earnings
Equity 1 January 2021	1.000	0	-29.849	419.222
Share of results	0	0	0	34.769
Extraordinary dividend adopted during the financial year	0	0	0	6.307
Distributed extraordinary dividend adopted during the financial year	0	0	0	-6.307
Exchange rate adjustments	0	0	1.243	0
Equity 1 January 2022	1.000	0	-28.606	453.991
Share of results	0	48.587	0	-7.958
Extraordinary dividend adopted during the financial year	0	0	0	15.000
Distributed extraordinary dividend adopted during the financial year	0	0	0	-15.000
Exchange rate adjustments	0	9.633	0	0
Transfer	0	-28.606	28.606	0
	1.000	**29.614**	**0**	**446.033**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		Group 2022	2021
	Net profit or loss for the year	56.756	41.819
26	Adjustments	30.653	19.506
27	Change in working capital	-59.593	-44.728
	Cash flows from operating activities before net financials	27.816	16.597
	Interest received, etc.	6.850	2.709
	Interest paid, etc.	-3.039	-2.830
	Cash flows from ordinary activities	31.627	16.476
	Income tax paid	-18.842	-7.525
	Cash flows from operating activities	**12.785**	**8.951**
	Purchase of intangible assets	-921	-1.358
	Purchase of property, plant, and equipment	-5.907	-8.950
	Sale of property, plant, and equipment	3.762	1.804
	Cash flows from investment activities	**-3.066**	**-8.504**
	Change in other long term debt	-4.880	-1.862
	Dividend paid	-15.000	-6.307
	Cash flows from investment activities	**-19.880**	**-8.169**
	Change in cash and cash equivalents	**-10.161**	**-7.722**
	Cash and cash equivalents at 1 January 2022	142.903	150.625
	Cash and cash equivalents at 31 December 2022	**132.742**	**142.903**

	2022	2021
Cash and cash equivalents		
Cash on hand and demand deposits	132.742	142.903
Cash and cash equivalents at 31 December 2022	**132.742**	**142.903**

Notes

DKK thousand.

		Group 2022	Group 2021
1.	**Revenue**		
	Europe	467.614	414.721
	South America	207.036	135.299
	Oceania	45.318	53.098
		719.968	**603.118**

The Group's activities are limited to one activity and are marketed globally.

		Group 2022	Group 2021	Parent 2022	Parent 2021
2.	**Fees, auditor**				
	Total fee for PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab	1.884	1.553	118	103
	Fee concerning compulsory audit	1.705	1.378	98	87
	Tax consultancy	179	175	20	16
		1.884	**1.553**	**118**	**103**

		Group 2022	Group 2021
3.	**Staff costs**		
	Salaries and wages	214.753	189.121
	Pension costs	5.477	4.274
	Other costs for social security and staff costs	8.080	6.207
		228.310	**199.602**
	Average number of employees	677	622

The Executive Board has not received separate remuneration in their capacity as directors of ApS Stake nr. 1851.

Notes

DKK thousand.

		Group 2022	Group 2021	Parent 2022	Parent 2021
4.	**Other financial income**				
	Other interest income	4.598	1.724	0	0
	Exchange differences	2.252	985	759	354
		6.850	**2.709**	**759**	**354**

		Group 2022	Group 2021	Parent 2022	Parent 2021
5.	**Other financial expenses**				
	Other interest expenses	66	83	0	0
	Exchange differences	2.973	2.747	0	296
		3.039	**2.830**	**0**	**296**

		Group 2022	Group 2021	Parent 2022	Parent 2021
6.	**Tax on net profit or loss for the year**				
	Tax of the results for the year	21.071	10.305	0	0
	Adjustment for the year of deferred tax	-238	-3.747	0	0
	Adjustment of tax for previous years	-117	0	0	0
		20.716	**6.558**	**0**	**0**

DKK thousand.

	Group 2022	Group 2021	Parent 2022	Parent 2021
7. Proposed appropriation of net profit				
Transferred to retained earnings	40.629	34.769	11.016	34.769
Minority interests	1.127	743	0	0
Reserves for net revaluation according to the equity method	0	0	29.613	0
Extraordinary dividend adopted during the financial year	15.000	6.307	15.000	6.307
Total allocations and transfers	**56.756**	**41.819**	**55.629**	**41.076**

	Group 31/12 2022	Group 31/12 2021
8. Completed development projects		
Cost 1 January 2022	5.353	5.368
Additions during the year	921	0
Exchange rate regulation 31 December 2022	698	-15
Cost 31 December 2022	**6.972**	**5.353**
Amortisation and writedown 1 January 2022	-4.684	-4.026
Exchange rate regulation 31 December 2022	-586	3
Amortisation for the year	-781	-661
Amortisation and writedown 31 December 2022	**-6.051**	**-4.684**
Carrying amount, 31 December 2022	**921**	**669**

The development projects are recognised in FanTR Technology Resources Ltda. and Evapco Brazil and relate to development of fans, blades, hubs and other product development.

The group's development projects are continuously reviewed for indications of impairment. If this is the case, write-downs are made to lower recoverable value. The ongoing measurement of the recoverable amount of the group's development projects is inherently discretionary.

Notes

DKK thousand.

		Group	
		31/12 2022	31/12 2021
9.	**Trademarks, knowhow etc.**		
	Cost 1 January 2022	18.541	17.368
	Exchange rate regulation 31 December 2022	1.691	-39
	Additions during the year	0	1.358
	Disposals during the year	0	-146
	Cost 31 December 2022	**20.232**	**18.541**
	Amortisation and writedown 1 January 2022	-11.767	-11.145
	Exchange rate regulation 31 December 2022	-951	13
	Amortisation for the year	-1.026	-781
	Depreciation, amortisation and writedown for the year, assets disposed of	0	146
	Amortisation and writedown 31 December 2022	**-13.744**	**-11.767**
	Carrying amount, 31 December 2022	**6.488**	**6.774**

		Group	
		31/12 2022	31/12 2021
10.	**Goodwill**		
	Cost 1 January 2022	22.949	22.970
	Exchange rate regulation 31 December 2022	924	-21
	Cost 31 December 2022	**23.873**	**22.949**
	Amortisation and writedown 1 January 2022	-16.645	-15.802
	Exchange rate regulation 31 December 2022	-924	21
	Amortisation for the year	-864	-864
	Amortisation and writedown 31 December 2022	**-18.433**	**-16.645**
	Carrying amount, 31 December 2022	**5.440**	**6.304**

Notes

DKK thousand.

		Group	
		31/12 2022	31/12 2021
11.	**Property**		
	Cost 1 January 2022	128.746	128.015
	Additions during the year	1.483	1.804
	Disposals during the year	0	-1.275
	Exchange rate regulation 31 December 2022	1.052	202
	Cost 31 December 2022	**131.281**	**128.746**
	Revaluation 1 January 2022	2.400	2.400
	Revaluation 31 December 2022	**2.400**	**2.400**
	Depreciation and writedown 1 January 2022	-60.759	-56.928
	Exchange rate regulation 31 December 2022	-358	-19
	Depreciation for the year	-3.889	-3.812
	Depreciation and writedown 31 December 2022	**-65.006**	**-60.759**
	Carrying amount, 31 December 2022	**68.675**	**70.387**
	Revaluation less amortisation, depreciation and impairment losses	1.600	1.659

Notes

DKK thousand.

		Group	
		31/12 2022	31/12 2021
12.	**Plant and machinery**		
	Cost 1 January 2022	116.437	116.726
	Additions during the year	3.097	6.199
	Disposals during the year	-383	-6.592
	Exchange rate regulation 31 December 2022	1.989	104
	Cost 31 December 2022	**121.140**	**116.437**
	Depreciation and writedown 1 January 2022	-90.545	-91.534
	Exchange rate regulation 31 December 2022	-851	-64
	Depreciation for the year	-6.150	-5.539
	Depreciation, amortisation and writedown for the year, assets disposed of	119	6.592
	Depreciation and writedown 31 December 2022	**-97.427**	**-90.545**
	Carrying amount, 31 December 2022	**23.713**	**25.892**

		Group	
		31/12 2022	31/12 2021
13.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2022	23.634	27.080
	Additions during the year	1.169	1.066
	Disposals during the year	-1.990	-4.506
	Exchange rate regulation 31 December 2022	0	-6
	Cost 31 December 2022	**22.813**	**23.634**
	Amortisation and writedown 1 January 2022	-21.536	-24.063
	Adjustment previous year	0	815
	Exchange rate regulation 31 December 2022	0	6
	Depreciation for the year	-1.037	-1.170
	Depreciation, amortisation and writedown for the year, assets disposed of	1.990	2.876
	Amortisation and writedown 31 December 2022	**-20.583**	**-21.536**
	Carrying amount, 31 December 2022	**2.230**	**2.098**

Notes

DKK thousand.

		Group	
		31/12 2022	31/12 2021
14.	**Property, plant, and equipment under construction including pre-payments for property, plant, and equipment**		
	Cost 1 January 2022	47	166
	Additions during the year	671	1.305
	Disposals during the year	-513	-1.424
	Cost 31 December 2022	**205**	**47**
	Carrying amount, 31 December 2022	**205**	**47**

Notes

DKK thousand.

		Parent	
		31/12 2022	31/12 2021
15.	**Investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2022	444.918	444.918
	Cost 31 December 2022	**444.918**	**444.918**
	Revaluations, opening balance 1 January 2022	-29.933	-47.301
	Exchange rate regulation	9.633	1.243
	Results for the year before goodwill amortisation	55.962	42.186
	Dividend	0	-26.061
	Revaluation 31 December 2022	**35.662**	**-29.933**
	Amortisation of goodwill, opening balance 1 January 2022	-5.184	-4.320
	Amortisation of goodwill for the year	-864	-864
	Depreciation on goodwill 31 December 2022	**-6.048**	**-5.184**
	Carrying amount, 31 December 2022	**474.532**	**409.801**
	The item includes goodwill with an amount of	5.440	6.304

Financial highlights for the enterprises according to the latest approved annual reports

DKK in thousands	**Equity interest**	**Equity**	**Results for the year**
Evapco Europe A/S, Denmark	100 %	67.822	1.039
Evapco Europe S.R.L., Italy	100 %	103.729	9.757
Evapco Europe BV, Belgium	99,99 %	145.634	15.380
Evapco Australia, Australia	100 %	31.971	3.059
Evapco Europe GmbH, Germany	100 %	896	0
Evapco Brasil, Brasil	100 %	65.186	16.636
FanTR Technology Resources Ltda., Brasil	89,95 %	59.977	11.219
Evapco Middle East, UAE	100 %	95	0
		475.310	**57.090**

DKK thousand.

		Group 31/12 2022	Group 31/12 2021
16.	**Manufactured goods and goods for resale**		
	Raw materials and consumable materials	140.959	105.072
	Work in progress	25.642	22.213
	Finished goods	19.939	13.244
		186.540	**140.529**

		Group 31/12 2022	Group 31/12 2021
17.	**Deferred tax assets**		
	Deferred tax assets 1 January 2022	4.993	3.554
	Deferred tax of the results for the year	238	1.439
		5.231	**4.993**

Deferred tax assets consists of temporary difference related to tangible assets.

18. Prepayments

Prepayments comprises prepaid expenses.

		Group		Parent	
		31/12 2022	31/12 2021	31/12 2022	31/12 2021
19.	**Contributed capital**				
	Contributed capital 1 January 2022	1.000	1.000	1.000	1.000
		1.000	**1.000**	**1.000**	**1.000**

Change in contributed capital last 5 years:

Capital increase in 2019:	920

DKK thousand.

	Group 31/12 2022	31/12 2021
20. Provisions for deferred tax		
Provisions for deferred tax 1 January 2022	0	2.308
Deferred tax of the results for the year	0	-2.308
	0	**0**

	Group 31/12 2022	31/12 2021
21. Other payables		
Total other payables	**4.946**	**9.826**
Share of liabilities due after 5 years	0	0

22. Charges and security

Property with a carrying amount of DKK ('000) 22.589 (2021 DKK ('000) 23.407) have been placed as security for payables.

The group has issued bank guarantees and performance bonds amounting to DKK ('000) 16.938.

23. Contingencies

Contingent assets

The group has a total loss of DKK ('000) 18.829, which is not recognized as a tax asset in the annual report. Due to significant uncertainty as to whether the amount can be expected to be used within a shorter number of years, the deferred tax asset is not recognized in the balance sheet.

The company has a total loss of DKK ('000) 9.579, which is not recognized as a tax asset in the annual report. Due to significant uncertainty as to whether the amount can be expected to be used within a shorter number of years, the deferred tax asset is not recognized in the balance sheet.

Contingent liabilities

The group has entered into a operating lease contract with a commitment of DKK ('000) 10.207.

DKK thousand.

23. Contingencies (continued)

Contingent liabilities (continued)

The parent company has no contingent liabilities.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

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

24. Subsequent events

No events have occurred after the balance sheet date which materially affect the assessment of the annual report.

25. Related parties

Controlling interest

Evapco Inc.	Majority shareholder
5151 Allendale Lane	
Taneytown, MD 21787	
USA	

Transactions

According to the Danish Financial Statement Act section 98 c transactions with related parties are not disclosed as all transactions have been affected at arm's length.

Consolidated financial statements

The Group Annual Report for Evapco Inc. may be obtained at the following address: 5151 Allendale Lane, Taneytown MD 21787 USA. www.evapco.com.

DKK thousand.

		Group 2022	2021
26.	**Adjustments**		
	Depreciation, amortisation, and impairment	13.748	12.827
	Other financial income	-6.850	-2.709
	Other financial expenses	3.039	2.830
	Tax on net profit or loss for the year	20.716	6.558
		30.653	**19.506**

		Group 2022	2021
27.	**Change in working capital**		
	Change in inventories	-46.011	-26.045
	Change in receivables	-30.783	-68.848
	Change in trade payables and other payables	12.734	48.821
	Exchange rate adjustments	4.467	1.344
		-59.593	**-44.728**

Accounting policies

The annual report for ApS Stake nr. 1851 has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

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

Recognition and measurement in general

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

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

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

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

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

The consolidated financial statements

The consolidated income statements comprise the parent company ApS Stake nr. 1851 and those group enterprises of which ApS Stake nr. 1851 directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies
The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Non-controlling interests
Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Income statement

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

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

Cost of sales
Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income
Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs

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

Staff costs

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

Depreciation, amortisation, and writedown for impairment

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

Financial income and expenses

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

Results from investments in subsidiaries

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

Tax on net profit or loss for the year

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

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

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

Statement of financial position

Intangible assets

Completed development projects, trademarks and knowhow

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years.

Trademarks, knowhow etc. are measured at cost with deduction of accrued amortisation. Trademarks and knowhow are amortised on a straight-line basis over the remaining contract period.

Gain and loss from the sale of completed development projects, trademarks and knowhow are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. The amortisation period is between 10-20 years and is based on management experience with relevant business area.

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Property	25-40 years	20 %
Plant and machinery	5-8 years	0-20 %
Other fixtures and fittings, tools and equipment	3-10 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Property, plant, and equipment under construction

Property, plant, and equipment under construction are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Leases

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

Impairment loss relating to non-current assets

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

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

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

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

Investments

Investments in subsidiaries

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

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

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

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

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

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

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

Inventories
Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

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

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

Prepayments

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

Cash on hand and demand deposits

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

Equity

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property.

The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Reserve for net revaluation according to the equity method

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

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

The reserve cannot be recognised by a negative amount.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

Dividend

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

Income tax and deferred tax

As administration company, ApS Stake nr. 1851 is liable to the tax authorities for the subsidiaries' corporate income taxes.

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

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

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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

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

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

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

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

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

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.