BEIERHOLM
VI SKABER BALANCE

Triscan Holding A/S

Engmarken 11, 8220 Brabrand

CVR no. 36 46 95 01

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 31.05.23

Michael Juul Hansen
Dirigent

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Group information etc.

The company

Triscan Holding A/S
Engmarken 11
8220 Brabrand
Registered office: Brabrand
CVR no.: 36 46 95 01
Financial year: 01.01 - 31.12

Executive Board

John Blom Iversen

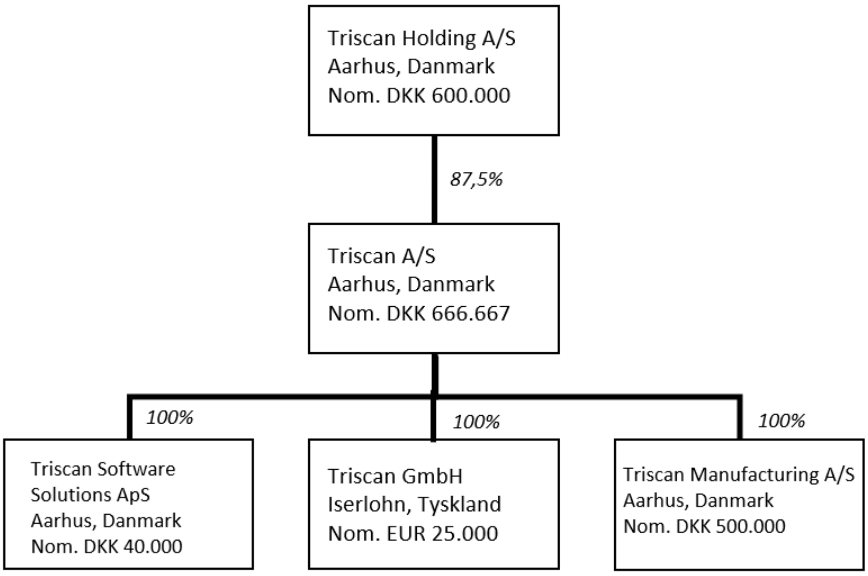
Board of Directors

Bente Jørgensen
Michael Juul Hansen
John Blom Iversen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Group chart


Triscan Holding A/S
Aarhus, Danmark
Nom. DKK 600.000
87,5%
Triscan A/S
Aarhus, Danmark
Nom. DKK 666.667
100%
100%
100%
Triscan Software Solutions ApS
Aarhus, Danmark
Nom. DKK 40.000
Triscan GmbH
Iserlohn, Tyskland
Nom. EUR 25.000
Triscan Manufacturing A/S
Aarhus, Danmark
Nom. DKK 500.000

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for Triscan Holding A/S.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.22 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.22 - 31.12.22.

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

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

Brabrand, May 31, 2023

Executive Board

John Blom Iversen

Board of Directors

Bente Jørgensen Chairman	Michael Juul Hansen	John Blom Iversen

Independent auditor’s report

To the Shareholder of Triscan Holding A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of Triscan Holding A/S for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

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

Statement regarding the management’s review

Management is responsible for management’s review.

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

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management’s review and, in doing so, consider whether management’s review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

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

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

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

Skive, May 31, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Bjørn Jakobsen

State Authorized Public Accountant
MNE-no. mne24813

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2022	2021	2020
Profit/loss			
Gross result	61,239	67,544	54,669
Operating profit/loss	15,614	22,823	9,751
Total net financials	702	-656	-362
Profit for the year	12,361	17,356	7,026
Balance			
Total assets	186,220	177,513	148,612
Investments in property, plant and equipment	1,802	2,331	576
Equity	104,323	99,497	89,103
Cashflow			
Net cash flow:			
Operating activities	2,973	-11,759	26,160
Investing activities	-2,938	-3,985	-480
Financing activities	-2,620	17,315	-20,638
Cash flows for the year	-2,585	1,571	5,042

Ratios

	2022	2021	2020
Profitability			
Return on equity	12.1%	18.4%	7.0%
Equity ratio			
Solvency ratio	56.0%	56.1%	60.0%
Others			
Number of employees (average)	77	75	72

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The group's activities comprise manufacture, sells and distributes auto spare parts in the independent European aftermarket and invest in manufacturing companies as a part of our sourcing strategy.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK 12,361k against DKK 17,356k for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 104,323k.

The result is on a level with the expectations and is considered satisfactory.

Outlook

The company expects an unchanged level of activity and earnings compared to 2022.

Financial risks

Foreign currency risks

The group is exposed to foreign currency risks due to purchase and sales transactions that are settled in currencies other than DKK.

Interest rate risks

The group has a large proportion of variable-rate assets and liabilities and is therefore exposed to interest rate risks.

External environment

As part of the strategy for the company's overall environmental activities, an environmental policy has been prepared setting out a number of environmental objectives. Focusing on environmentally sound operations, this policy forms a natural part of the company's objectives concerning product quality and production conditions.

Research and development activities

The company is continuously developing and improving the products. The costs associated with this are expensed on an ongoing basis through the income statement.

Subsequent events

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

Corporate social responsibility

Triscan A/S with affiliates works according to a defined code that clarifies the behavior of employees and managers in relation to ethical and legal challenges. This ensures uncompromising access to high ethics and morals in all circumstances.

Treasury shares

Treasury shares consist of:

	Purchase-/salesprice DKK'000	Quantity	Total nominal value DKK'000	Percent of capital
Holding of treasury shares as at 01.01.22		30,000	30	5%
Holding of treasury shares as at 31.12.22		30,000	30	5%

The acquisition of treasury shares has been made due to employees resignation.

Income statement

Note		Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000
	Gross result	**61,239**	**67,544**	**-69**	**-46**
1	Staff costs	-42,391	-41,773	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**18,848**	**25,771**	**-69**	**-46**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-2,615	-2,867	0	0
	Other operating expenses	-619	-81	0	0
	Operating profit/loss	**15,614**	**22,823**	**-69**	**-46**
2	Income from equity investments in group enterprises	0	0	10,101	13,290
3	Income from equity investments in associates	166	0	0	0
	Income from other investments and receivables that are fixed assets	99	110	0	0
4	Financial income	1,605	293	1,028	1,949
5	Financial expenses	-1,168	-1,059	0	0
	Profit before tax	**16,316**	**22,167**	**11,060**	**15,193**
	Tax on profit for the year	-3,955	-4,811	-211	-182
	Profit for the year	**12,361**	**17,356**	**10,849**	**15,011**

6 Proposed appropriation account

Balance sheet

ASSETS

Note		Group 31.12.22 DKK '000	Group 31.12.21 DKK '000	Parent 31.12.22 DKK '000	Parent 31.12.21 DKK '000
	Goodwill	1,250	1,500	0	0
7	**Total intangible assets**	**1,250**	**1,500**	**0**	**0**
	Other fixtures and fittings, tools and equipment	5,851	6,691	0	0
8	**Total property, plant and equipment**	**5,851**	**6,691**	**0**	**0**
9	Equity investments in group enterprises	0	0	53,798	43,677
10	Receivables from group enterprises	0	0	30,000	30,000
9	Equity investments in associates	2,166	2,000	0	0
9	Other investments	1,214	1,214	0	0
10	Deposits	4,058	4,049	0	0
	Total investments	**7,438**	**7,263**	**83,798**	**73,677**
	Total non-current assets	**14,539**	**15,454**	**83,798**	**73,677**
	Manufactured goods and goods for resale	123,914	102,735	0	0
	Prepayments for goods	2,180	11,443	0	0
	Total inventories	**126,094**	**114,178**	**0**	**0**
	Trade receivables	33,127	29,564	0	0
	Receivables from group enterprises	0	21	13,051	16,341
	Other receivables	4,729	8,568	699	2,487
	Prepayments	2,859	2,271	0	0
	Total receivables	**40,715**	**40,424**	**13,750**	**18,828**
	Cash	**4,872**	**7,457**	**29**	**0**
	Total current assets	**171,681**	**162,059**	**13,779**	**18,828**
	Total assets	**186,220**	**177,513**	**97,577**	**92,505**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.22 DKK '000	Group 31.12.21 DKK '000	Parent 31.12.22 DKK '000	Parent 31.12.21 DKK '000
11	Share capital	600	600	600	600
	Reserve for net revaluation according to the equity method	165	0	5,645	0
	Retained earnings	89,873	85,189	84,392	85,189
	Proposed dividend for the financial year	6,000	6,000	6,000	6,000
	Equity attributable to owners of the parent	**96,638**	**91,789**	**96,637**	**91,789**
12	Non-controlling interests	7,685	7,708	0	0
	Total equity	**104,323**	**99,497**	**96,637**	**91,789**
13	Provisions for deferred tax	339	759	0	0
	Total provisions	**339**	**759**	**0**	**0**
14	Lease commitments	297	1,037	0	0
	Total long-term payables	**297**	**1,037**	**0**	**0**
14	Short-term part of long-term payables	740	740	0	0
	Payables to other credit institutions	31,396	26,976	0	3
	Trade payables	21,566	18,924	0	0
	Payables to group enterprises	6,258	4,008	683	501
	Income taxes	3,262	4,559	211	181
	Other payables	18,039	21,013	46	31
	Total short-term payables	**81,261**	**76,220**	**940**	**716**
	Total payables	**81,558**	**77,257**	**940**	**716**
	Total equity and liabilities	**186,220**	**177,513**	**97,577**	**92,505**

15 Contingent liabilities
16 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:							
Statement of changes in equity for 01.01.22 - 31.12.22							
Balance as at 01.01.22	600	0	85,189	6,000	91,789	7,708	99,497
Dividend paid	0	0	0	-6,000	-6,000	-300	-6,300
Purchase of non-controlling interests	0	0	0	0	0	-1,235	-1,235
Net profit/loss for the year	0	165	4,684	6,000	10,849	1,512	12,361
Balance as at 31.12.22	600	165	89,873	6,000	96,638	7,685	104,323
Parent:							
Statement of changes in equity for 01.01.22 - 31.12.22							
Balance as at 01.01.22	600	0	85,189	6,000	91,789	0	91,789
Dividend paid	0	0	0	-6,000	-6,000	0	-6,000
Other changes in equity	0	0	-1	0	-1	0	-1
Net profit/loss for the year	0	5,645	-796	6,000	10,849	0	10,849
Balance as at 31.12.22	600	5,645	84,392	6,000	96,637	0	96,637

Consolidated cash flow statement

Note		Group 2022 DKK '000	Group 2021 DKK '000
	Profit for the year	**12,361**	**17,356**
17	Adjustments	6,003	8,415
	Change in working capital:		
	Inventories	-11,916	-23,275
	Receivables	-299	-2,901
	Trade payables	2,642	2,487
	Other payables relating to operating activities	-985	-11,998
	Cash flows from operating activities before net financials	**7,806**	**-9,916**
	Interest income and similar income received	1,605	-768
	Interest expenses and similar expenses paid	-1,168	-1,075
	Income tax paid	-5,270	0
	Cash flows from operating activities	**2,973**	**-11,759**
	Purchase of property, plant and equipment	-1,802	-2,331
	Sale of property, plant and equipment	0	236
	Purchase of securities and equity investments	0	-2,000
	Purchase of subsidaries and operations	-1,235	0
	Dividend recieved	99	110
	Cash flows from investing activities	**-2,938**	**-3,985**
	Purchase of treasury shares	0	-4,921
	Dividend paid	-6,300	-4,000
	Arrangement of payables to credit institutions	4,420	26,974
	Repayment of lease commitments	-740	-738
	Cash flows from financing activities	**-2,620**	**17,315**
	Total cash flows for the year	**-2,585**	**1,571**
	Cash, beginning of year	7,457	5,886
	Cash, end of year	**4,872**	**7,457**
	Cash, end of year, comprises:		
	Cash	4,872	7,457
	Total	**4,872**	**7,457**

	Group		Parent	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000

1. Staff costs

Wages and salaries	37,444	37,445	0	0
Pensions	2,601	2,462	0	0
Other social security costs	178	169	0	0
Other staff costs	2,168	1,697	0	0
Total	42,391	41,773	0	0
Average number of employees during the year	77	75	0	0

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	3,747	3,522	0	0

2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	10,101	13,290

3. Income from equity investments in associates

Share of profit or loss of associates	421	0	0	0
Amortisation of goodwill	-255	0	0	0
Total	166	0	0	0

	Group		Parent	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000

4. Financial income

Interest, group enterprises	0	0	996	866
Foreign exchange gains	1,529	0	0	0
Other financial income	76	293	32	1,083
Other financial income	1,605	293	32	1,083
Total	1,605	293	1,028	1,949

5. Financial expenses

Interest, group enterprises	79	65	0	0
Other interest expenses	894	492	0	0
Foreign exchange losses	0	372	0	0
Other financial expenses	195	130	0	0
Other financial expenses	1,089	994	0	0
Total	1,168	1,059	0	0

6. Proposed appropriation account

Reserve for net revaluation according to the equity method	165	0	5,645	0
Proposed dividend for the financial year	6,000	6,000	6,000	6,000
Non-controlling interests	1,512	2,345	0	0
Retained earnings	4,684	9,011	-796	9,011
Total	12,361	17,356	10,849	15,011

7. Intangible assets

Figures in DKK '000	Goodwill
Group:	
Cost as at 01.01.22	5,000
Cost as at 31.12.22	5,000
Amortisation and impairment losses as at 01.01.22	-3,500
Amortisation during the year	-250
Amortisation and impairment losses as at 31.12.22	-3,750
Carrying amount as at 31.12.22	1,250

8. Property, plant and equipment

Figures in DKK '000	Other fixtures and fittings, tools and equipment
Group:	
Cost as at 01.01.22	23,748
Additions during the year	1,802
Disposals during the year	-744
Cost as at 31.12.22	24,806
Depreciation and impairment losses as at 01.01.22	-17,057
Depreciation during the year	-2,508
Reversal of depreciation of and impairment losses on disposed assets	610
Depreciation and impairment losses as at 31.12.22	-18,955
Carrying amount as at 31.12.22	5,851
Parent:	
Carrying amount of assets held under finance leases as at 31.12.22	917

9. Investments

Figures in DKK '000	Equity investments in group enterprises	Equity investments in associates	Other investments
Group:			
Cost as at 01.01.22	0	2,000	1,214
Cost as at 31.12.22	0	2,000	1,214
Amortisation of goodwill	0	-255	0
Net profit/loss from equity investments	0	421	0
Revaluations as at 31.12.22	0	166	0
Carrying amount as at 31.12.22	0	2,166	1,214
Parent:			
Cost as at 01.01.22	46,918	0	0
Additions during the year	1,235	0	0
Cost as at 31.12.22	48,153	0	0
Depreciation and impairment losses as at 01.01.22	-3,241	0	0
Net profit/loss from equity investments	10,586	0	0
Dividend relating to equity investments	-1,700	0	0
Depreciation and impairment losses as at 31.12.22	5,645	0	0
Carrying amount as at 31.12.22	53,798	0	0

Name and registered office:	Ownership interest
Subsidiaries:	
Triscan A/S, Brabrand	87.5%
Triscan Software Solutions ApS, Brabrand	100%
Triscan Manufacturing A/S, Brabrand	100%
Triscan GmbH, Iserlohn	100%

10. Other non-current financial assets

Figures in DKK '000	Receivables from group enterprises	Deposits
Group:		
Cost as at 01.01.22	0	4,040
Additions during the year	0	18
Cost as at 31.12.22	0	4,058
Carrying amount as at 31.12.22	0	4,058
Parent:		
Cost as at 01.01.22	30,000	0
Cost as at 31.12.22	30,000	0
Carrying amount as at 31.12.22	30,000	0

11. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share capital	600,000	600

	Group		Parent	
	31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000

12. Non-controlling interests

Non-controlling interests, beginning of year	7,708	3,557	0	0
Dividend paid	-300	0	0	0
Purchase of non-controlling interests	-1,235	1,779	0	0
Other changes in equity	0	27	0	0
Net profit/loss for the year (distribution of net profit)	1,512	2,345	0	0
Total	7,685	7,708	0	0

13. Deferred tax

Deferred tax as at 01.01.22	759	899	0	0
Deferred tax recognised in the income statement	-420	-140	0	0
Deferred tax as at 31.12.22	339	759	0	0

14. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Group:				
Lease commitments	740	0	1,037	1,777
Total	740	0	1,037	1,777

15. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 2-49 months and total lease payments of DKK 672k.

The group has entered a commitment on rental of buildings w'th a non-cancellation agreement from 6 months to 114 months with a total obligation on DKK 54,308k.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

16. Related parties

Controlling influence	Basis of influence
John Blom Iversen	Ultimativ ejer

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

	Group	
	2022 DKK '000	2021 DKK '000
17. Adjustments for the cash flow statement		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	2,615	2,867
Other operating expenses	134	81
Income from equity investments in associates	-165	0
Income from other investments and receivables that are fixed assets	-99	-110
Financial income	-1,605	-294
Financial expenses	1,168	1,060
Tax on profit or loss for the year	3,955	4,811
Total	6,003	8,415

18. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds participating interests, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

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

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

18. Accounting policies - continued -

Non-controlling interests

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

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

CURRENCY

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

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

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

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

18. Accounting policies - continued -

LEASES

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

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

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

INCOME STATEMENT

Gross result

Gross result comprises revenue, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

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

Costs of raw materials and consumables

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

18. Accounting policies - continued -

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

	Useful lives, years	Residual value DKK '000
Goodwill	20	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

Goodwill is amortised over 20 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

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

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

Other operating expenses

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

18. Accounting policies - continued -

Income from equity investments in group entreprises and associates

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

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

Income from other investments and receivables that are fixed assets

Interest income, dividends, unrealised capital gains and realised gains on disposal are recognised under this item.

Dividends from other equity investments are recognised as income in the financial year in which the dividend is declared.

Other net financials

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

Tax on profit/loss for the year

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

The company is jointly taxed with Danish consolidated enterprises.

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

18. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Goodwill

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

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

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

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

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

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

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

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

Equity investments in group entreprises and associates

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

18. Accounting policies - continued -

Equity investments in associates

In the balance sheet, equity investments in associates are recognised and measured according to the equity method. For equity investments in associates, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

The acquisition of equity investments in associates is recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of acquired equity investments are measured at fair value at the date of acquisition.

Equity method

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

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

On the acquisition of non-controlling interests in subsidiaries, the the acquisition method is applied in the balance sheet of the parent, according to which the acquired identifiable assets and liabilities are measured at fair value at the date of acquisition.

On the acquisition of associates, goodwill is recognised on a proportionate basis based on the actual ownership interest in the acquired equity investments.

The goodwill (positive difference) determined at the date of acquisition is recognised under equity investments in associates. For negative goodwill (negative difference), a reassessment is made of the fair values determined for the proportionate share of the net assets acquired and the purchase price of the equity investments. Negative goodwill that is attributable to contingent liabilities at the date of acquisition is recognised under equity investments in associates and reduced in line with the realisation of these liabilities. Any remaining negative difference (negative goodwill) is recognised in the income statement at the date of acquisition. Goodwill and negative goodwill from acquired enterprises are adjusted until 12 months after the date of acquisition.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at years for equity investments in associates. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

18. Accounting policies - continued -

Gains or losses on disposal of equity investments

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

Impairment losses on fixed assets

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

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

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

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

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

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

Inventories

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

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

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

18. Accounting policies - continued -

Receivables

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

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

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

Prepayments

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

Other investments

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

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

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

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

Current and deferred tax

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

18. Accounting policies - continued -

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

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

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

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

Payables

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

CASH FLOW STATEMENT

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

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

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

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

18. Accounting policies - continued -

financing activities also comprise finance lease payments.

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

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