



Frismodt Holding ApS

Norsmindevej 150
8340 Malling
CVR No. 37207543

Annual report 2021

The Annual General Meeting adopted the
annual report on 07.07.2022

Christian Frismodt

Chairman of the General Meeting

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Entity details

Entity

Frismodt Holding ApS

Norsmindevej 150

8340 Malling

Business Registration No.: 37207543

Date of foundation: 04.11.2011

Registered office: Aarhus

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Christian Frismodt

Executive Board

Christian Frismodt

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Frismodt Holding ApS for the financial year 01.01.2021 - 31.12.2021.

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

In my opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Malling, 07.07.2022

Executive Board

Christian Frismodt

Board of Directors

Christian Frismodt

Independent auditor's report

To the shareholder of Frismodt Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Frismodt Holding ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Aarhus, 07.07.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Vedel

State Authorised Public Accountant
Identification No (MNE) mne10052

Søren Marquart Alsen

State Authorised Public Accountant
Identification No (MNE) mne40040

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures				
Gross profit/loss	(2,420)	33,146	41,892	26,485
Operating profit/loss	(3,416)	21,466	23,680	17,369
Net financials	(39)	-2.127	1.112	400
Profit/loss for the year	107,124	14,869	19,221	13.559
Balance sheet total	158,501	87,609	72,883	63,659
Investments in property, plant and equipment	8,836	944	389	448
Equity	158,140	51,130	36,465	17,292
Ratios				
Return on equity (%)	33.95	33.95	71.51	128.59
Equity ratio (%)	99.77	58.36	50.03	27.16

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The activity of the group is to operate in trade and related business and consultancy business.

Development in activities and finances

The result of the year 2021 is satisfying. The group has realised a profit after tax of t.DKK 107,124 which is more than last year of t.DKK 14,869. Most of the profit comes from sale of major part of the shares in a subsidiary.

As a result the equity has been improved by t.DKK 107,010 and is now t.DKK 158,140.

Profit/loss for the year in relation to expected developments

The result for 2021 was in line with the expectation from management.

Outlook

For the financial year of 2022, management expects a far lower result due to on off income in 2021. A result in the interval 10-30 m. DKK is expected.

Events after the balance sheet date

No events, which could potentially influence the evaluation of this annual report, have occurred after the balance sheet date.

Consolidated income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		(2,420,306)	33,145,655
Staff costs	2	(666,166)	(11,242,920)
Depreciation, amortisation and impairment losses	3	(257,516)	(459,218)
Other operating expenses		(71,740)	22,340
Operating profit/loss		(3,415,728)	21,465,857
Income from investments in associates		110,558,808	(85,000)
Other financial income	4	836,384	2,003,245
Impairment losses on financial assets		(1,867)	0
Other financial expenses	5	(873,403)	(4,130,437)
Profit/loss before tax		107,104,194	19,253,665
Tax on profit/loss for the year	6	19,631	(4,384,813)
Profit/loss for the year	7	107,123,825	14,868,852

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		0	188,487
Intangible assets		0	188,487
Land and buildings		8,299,942	0
Other fixtures and fittings, tools and equipment		159,062	769,034
Leasehold improvements		741,968	622,226
Property, plant and equipment	8	9,200,972	1,391,260
Investments in associates		18,733,999	1,755,835
Receivables from associates		0	317,850
Other investments		10,000,257	0
Deposits		0	251,563
Other receivables		10,725,913	1,352,698
Financial assets	9	39,460,169	3,677,946
Fixed assets		48,661,141	5,257,693
Manufactured goods and goods for resale		14,811,280	10,756,539
Prepayments for goods		20,000	0
Inventories		14,831,280	10,756,539
Trade receivables		143,929	30,967,391
Receivables from associates		5,675,439	0
Deferred tax	10	49,000	0
Other receivables		712,367	384,846
Prepayments	11	0	175,450
Receivables		6,580,735	31,527,687
Cash		88,428,014	40,067,515
Current assets		109,840,029	82,351,741

Assets	158,501,170	87,609,434
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Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		125,000	125,000
Retained earnings		157,875,478	50,891,653
Proposed dividend for the financial year		140,000	113,000
Equity		158,140,478	51,129,653
Deferred tax	10	0	21,194
Provisions		0	21,194
Deposits		75,000	0
Payables to associates		37,984	0
Other payables	12	15,812	0
Non-current liabilities other than provisions	13	128,796	0
Bank loans		0	78,204
Prepayments received from customers		37,500	0
Trade payables		0	22,309,491
Payables to owners and management		78,875	34,772
Tax payable		24,782	2,352,257
Other payables		90,739	11,683,863
Current liabilities other than provisions		231,896	36,458,587
Liabilities other than provisions		360,692	36,458,587
Equity and liabilities		158,501,170	87,609,434
Events after the balance sheet date	1		
Transactions with related parties	15		
Group relations	16		
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Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	125,000	50,891,653	113,000	51,129,653
Ordinary dividend paid	0	0	(113,000)	(113,000)
Profit/loss for the year	0	106,983,825	140,000	107,123,825
Equity end of year	125,000	157,875,478	140,000	158,140,478

Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		(3,415,728)	21,465,857
Amortisation, depreciation and impairment losses		329,256	459,218
Working capital changes	14	(12,887,200)	(18,037,620)
Other adjustments		(56,650)	591,040
Cash flow from ordinary operating activities		(16,030,322)	4,478,495
Financial income received		836,384	2,002,174
Financial expenses paid		(875,270)	(4,130,153)
Taxes refunded/(paid)		(4,319,510)	(5,571,649)
Cash flows from operating activities		(20,388,718)	(3,221,133)
Acquisition etc. of intangible assets		188,487	(243,337)
Acquisition etc. of property, plant and equipment		(18,616,473)	(944,045)
Sale of fixed asset investments		96,390,060	290,000
Loans		(9,273,215)	(100,000)
Other cash flows from investing activities		251,562	106,600
Cash flows from investing activities		68,940,421	(890,782)
Free cash flows generated from operations and investments before financing		48,551,703	(4,111,915)
Dividend paid		(113,000)	(110,600)
Cash flows from financing activities		(113,000)	(110,600)
Increase/decrease in cash and cash equivalents		48,438,703	(4,222,515)
Cash and cash equivalents beginning of year		39,989,311	44,222,860
Currency translation adjustments of cash and cash equivalents		0	(11,034)
Cash and cash equivalents end of year		88,428,014	39,989,311
Cash and cash equivalents at year-end are composed of:			
Cash		88,428,014	40,067,515

Short-term bank loans	0	(78,204)
Cash and cash equivalents end of year	88,428,014	39,989,311

Notes to consolidated financial statements

1 Events after the balance sheet date

No events, which could potentially influence the evaluation of this annual report, have occurred after the balance sheet date.

2 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	598,720	9,730,809
Pension costs	46,679	1,270,054
Other social security costs	18,119	129,693
Other staff costs	2,648	112,364
	666,166	11,242,920
Average number of full-time employees	1	12

3 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	0	167,403
Depreciation on property, plant and equipment	257,516	146,734
Profit/loss from sale of intangible assets and property, plant and equipment	0	145,081
	257,516	459,218

4 Other financial income

	2021 DKK	2020 DKK
Financial income from participating interests	678,740	0
Other interest income	86,951	105,881
Exchange rate adjustments	693	1,897,364
Other financial income	70,000	0
	836,384	2,003,245

5 Other financial expenses

	2021	2020
	DKK	DKK
Other interest expenses	332,047	471,316
Exchange rate adjustments	537,188	3,652,097
Fair value adjustments	4,168	0
Other financial expenses	0	7,024
	873,403	4,130,437

6 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	10,369	4,363,585
Change in deferred tax	(30,000)	21,194
Adjustment concerning previous years	0	34
	(19,631)	4,384,813

7 Proposed distribution of profit/loss

	2021	2020
	DKK	DKK
Ordinary dividend for the financial year	140,000	113,000
Retained earnings	106,983,825	14,755,852
	107,123,825	14,868,852

8 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost beginning of year	0	1,178,878	749,530
Additions	8,341,650	176,736	317,876
Disposals	0	(1,178,878)	0
Cost end of year	8,341,650	176,736	1,067,406
Depreciation and impairment losses beginning of year	0	(409,844)	(127,304)
Depreciation for the year	(41,708)	(17,674)	(198,134)
Depreciation and impairment losses on assets disposed of	0	409,844	0
Depreciation and impairment losses end of year	(41,708)	(17,674)	(325,438)
Carrying amount end of year	8,299,942	159,062	741,968

9 Financial assets

	Investments in associates DKK	Receivables from associates DKK	Other investments DKK	Deposits DKK	Other receivables DKK
Cost beginning of year	1,755,835	317,850	0	251,563	1,352,698
Additions	3,887,021	0	10,000,257	0	10,625,913
Disposals	(1,755,835)	(317,850)	0	(251,563)	(1,252,698)
Cost end of year	3,887,021	0	10,000,257	0	10,725,913
Revaluations for the year	14,846,978	0	0	0	0
Revaluations end of year	14,846,978	0	0	0	0
Carrying amount end of year	18,733,999	0	10,000,257	0	10,725,913

Associates	Registered in	Ownership %
Forsco ApS	Denmark	45.00

10 Deferred tax

Changes during the year	2021 DKK	2020 DKK
Beginning of year	(21,194)	0
Recognised in the income statement	70,194	(21,194)
End of year	49,000	(21,194)

Deferred tax has been recognised in the balance sheet as follows	2021 DKK	2020 DKK
Deferred tax assets	49,000	0
Deferred tax liabilities	0	(21,194)
	49,000	(21,194)

Deferred tax assets

Deferred tax relates to intangible assets, plant and equipment, inventories and other provisions.

11 Prepayments

Prepayments contains insurances and rent.

12 Other payables

	2021 DKK	2020 DKK
Other costs payable	15,812	0
	15,812	0

13 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK
Deposits	75,000
Payables to associates	37,984
Other payables	15,812
	128,796

14 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in inventories	(4,074,743)	(9,882,789)
Increase/decrease in receivables	24,895,952	(8,190,935)
Increase/decrease in trade payables etc.	(33,708,409)	36,104
	(12,887,200)	(18,037,620)

15 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Frismodt Holding ApS, Aarhus

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Frismodt Holding ApS, Aarhus

17 Subsidiaries

	Registered in	Corporate form	Ownership %
Ejendomsselskabet Æbeløgade 11, Aarhus C ApS	Denmark	ApS	100.00
Carechel ApS	Denmark	ApS	100
4Wheels ApS	Denmark	ApS	100

Parent income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		(2,467,863)	1,038,180
Depreciation, amortisation and impairment losses	1	(269,874)	(72,704)
Operating profit/loss		(2,737,737)	965,476
Income from investments in group enterprises		(808,205)	14,430,751
Income from investments in associates		110,558,808	(85,000)
Other financial income	2	835,691	0
Other financial expenses	3	(765,418)	(294,322)
Profit/loss before tax		107,083,139	15,016,905
Tax on profit/loss for the year	4	40,686	(148,053)
Profit/loss for the year	5	107,123,825	14,868,852

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Leasehold improvements		741,968	622,225
Property, plant and equipment	6	741,968	622,225
Investments in group enterprises		3,147,170	5,192,485
Investments in associates		17,481,301	1,755,835
Other investments		10,000,257	0
Other receivables		10,588,611	1,352,698
Financial assets	7	41,217,339	8,301,018
Fixed assets		41,959,307	8,923,243
Receivables from group enterprises		22,134,195	29,259,476
Receivables from associates		5,675,439	0
Deferred tax	8	54,000	19,000
Other receivables		590,065	100,000
Tax receivable		22,779	1,842,947
Receivables		28,476,478	31,221,423
Cash		87,831,170	11,057,791
Current assets		116,307,648	42,279,214
Assets		158,266,955	51,202,457

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		125,000	125,000
Retained earnings		157,875,478	50,891,653
Proposed dividend for the financial year		140,000	113,000
Equity		158,140,478	51,129,653
Payables to group enterprises		0	12,186
Payables to owners and management		78,875	34,772
Tax payable		31,506	0
Other payables		16,096	25,846
Current liabilities other than provisions		126,477	72,804
Liabilities other than provisions		126,477	72,804
Equity and liabilities		158,266,955	51,202,457
Employees	9		
Contingent liabilities	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	125,000	0	50,891,653	113,000	51,129,653
Ordinary dividend paid	0	0	0	(113,000)	(113,000)
Dividends from group enterprises	0	(7,646,978)	7,646,978	0	0
Transfer to reserves	0	7,646,978	(7,646,978)	0	0
Profit/loss for the year	0	0	106,983,825	140,000	107,123,825
Equity end of year	125,000	0	157,875,478	140,000	158,140,478

Notes to parent financial statements

1 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Depreciation on property, plant and equipment	198,134	72,704
Profit/loss from sale of intangible assets and property, plant and equipment	71,740	0
	269,874	72,704

2 Other financial income

	2021 DKK	2020 DKK
Financial income from participating interests	678,740	0
Other interest income	156,951	0
	835,691	0

3 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	331,308	255,777
Exchange rate adjustments	434,110	38,545
	765,418	294,322

4 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	(5,686)	157,053
Change in deferred tax	(35,000)	(9,000)
	(40,686)	148,053

5 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Ordinary dividend for the financial year	140,000	113,000
Retained earnings	106,983,825	14,755,852
	107,123,825	14,868,852

6 Property, plant and equipment

	Leasehold improvements DKK
Cost beginning of year	749,530
Additions	317,876
Cost end of year	1,067,406
Depreciation and impairment losses beginning of year	(127,304)
Depreciation for the year	(198,134)
Depreciation and impairment losses end of year	(325,438)
Carrying amount end of year	741,968

7 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Other investments DKK	Other receivables DKK
Cost beginning of year	9,012,233	1,755,835	0	1,352,698
Additions	40,000	2,634,323	10,000,257	10,588,611
Disposals	(5,335,536)	(1,755,835)	0	(1,352,698)
Cost end of year	3,716,697	2,634,323	10,000,257	10,588,611
Revaluations beginning of year	(3,819,748)	0	0	0
Share of profit/loss for the year	(808,204)	14,846,978	0	0
Reversal of revaluations	4,058,425	0	0	0
Revaluations end of year	(569,527)	14,846,978	0	0
Carrying amount end of year	3,147,170	17,481,301	10,000,257	10,588,611

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Investments in associates	Registered in	Corporate form	Ownership %
EverRest Production d.o.o.	Serbia	d.o.o.	10
Forsco ApS	Denmark	ApS	45.00

8 Deferred tax

	2021 DKK	2020 DKK
Changes during the year		
Beginning of year	19,000	10,000
Recognised in the income statement	35,000	9,000
End of year	54,000	19,000

Deferred tax assets

Deferred tax relates to leasehold improvements.

9 Employees

Average number of employees: 1 (2020: 1).

10 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

11 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

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

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction

date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, costs of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Costs of raw materials and consumables

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets, plant and equipment.

Other operating expenses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises dividends etc. received from the individual associates in the financial year.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Impairment losses on financial assets

Impairment losses on financial assets comprises impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intellectual property rights etc.**

Intellectual property rights etc. comprise development projects completed and in progress with related

intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

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

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these

consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

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

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

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

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

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