

# CTB Denmark Holding ApS

Gdanskgade 18, 2150 Nordhavn

CVR no. 37 97 10 06

## Annual report for 2023

This annual report has been adopted at the annual general meeting on 18.06.24

Marc Frederick Plastow

Chairman of the meeting

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**The company**

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CTB Denmark Holding ApS  
c/o Bech-Bruun  
Gdanskgade 18  
2150 Nordhavn

Registered office: Copenhagen  
CVR no.: 37 97 10 06  
Financial year: 01.01 - 31.12

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**Executive Boards**

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Marc Frederick Plastow

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

## **Statement by the Executive Boards on the annual report**

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I have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for CTB Denmark Holding ApS.

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

In my opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.23 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.23 - 31.12.23.

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

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

Copenhagen, June 18, 2024

### **Executive Boards**

Marc Frederick Plastow

**To the Shareholder of CTB Denmark Holding ApS****Opinion**

We have audited the consolidated financial statements and financial statements of CTB Denmark Holding ApS for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including 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 financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.23 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

**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 consolidated financial statements and 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 on the management's review**

Management is responsible for the management's review.

Our opinion on the consolidated financial statements and financial statements does not cover the 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 financial statements, it is our responsibility 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 the management's review is in accordance with the consolidated financial statements and 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's review.

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

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

In preparing the consolidated financial statements and financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and 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 financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 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 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 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 financial statements, including the disclosures, and whether the consolidated financial statements and 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.

Soeborg, Copenhagen, June 18, 2024

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Kim Larsen  
State Authorized Public Accountant  
MNE-no. mne32179

Henrik Welinder  
State Authorized Public Accountant  
MNE-no. mne23366

**GROUPS FINANCIAL HIGHLIGHTS****Key figures**

Figures in DKK '000

	2023	2022	2021	2020	2019
<i>Profit/loss</i>					
Revenue	417,868	401,846	379,259	317,868	388,918
Gross profit	95,237	69,522	58,112	30,316	44,720
Operating profit/loss	23,629	25,492	22,660	4,019	6,453
Total net financials	-2,267	-2,553	198	-4,959	-2,409
Profit for the year	12,186	12,340	12,158	-6,482	-2,506

*Balance*

Total assets	432,239	450,890	437,713	463,051	373,758
Investments in property, plant and equipment	4,832	549	5,083	31,368	15,067
Equity	298,565	285,312	271,605	253,517	260,554

**Ratios**

	2023	2022	2021	2020	2019
<i>Profitability</i>					
Return on equity	4%	4%	5%	-3%	-1%
Gross margin	23%	17%	15%	10%	11%



**Ratios** - continued -

	2023	2022	2021	2020	2019
<i>Equity ratio</i>					
Solvency ratio	69%	63%	62%	55%	70%

*Others*

Number of employees (average)	286	286	288	288	309
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*Ratios definitions*

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result} \times 100}{\text{Revenue}}$
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

**Primary activities**

CTB Denmark Holding ApS' primary activity is the ownership of Cabinplant A/S including subsidiaries.

The group's activities is to engage in the development, production and sales of machines and hightech processing and weighing/packing lines for the food processing industry.

The solutions are sold domestically and worldwide directly from the parent company and its sales subsidiaries in Poland, Germany, USA and Spain as well as from a network of sales agents in more than 35 countries.

**Development in activities and financial affairs**

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK 12,185,523 against DKK 12,340,203 for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 298,564,957.

The group has experienced a satisfactory development during the year within its activities.

The earnings expectations for 2023 were a net profit of DKK 6-11 mill. The realized net profit is in this perspective satisfactory.

In 2023 the result has been positively affected by several big projects within the vegetable segment.

**Outlook**

The group expects a profit before tax on DKK 29 mill. in 2024. The present international market conditions may affect the expected result.

**Knowledge resources**

The group has developed considerable knowhow on the development and production of machines and hightech processing and weighing/packing lines for the food processing industry. To a great extent, such intellect resources are anchored in employees with a high level of education. It is the company's clear policy to maintain and accumulate the intellect of its employees.

**Financial risks**

Due to its operations, investments and financing, the group is exposed to financial risks. The group's policy is not to speculate actively in financial risks. None of the below-mentioned risks are seen to have a material influence on ongoing operations and results.

*Price risks*

The group is exposed to commodity price risks, as the group's products contain various raw materials which are subject to fluctuating prices, primarily steel and aluminium. Commodity price risks are not hedged. Previously, the impact on the group's results has been limited, as price fluctuations of the most important raw materials used are primarily passed on to the group's selling prices.

*Foreign currency risks*

The group is exposed to foreign currency risks primarily from EUR, GBP, NOK and USD 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. However will even larger changes in interest rates not have any material effect upon the results.

*Credit risks*

The group's primary credit risk relates to trade receivables. The Group has considerable focus on the credit risks in relation to the customers and the total credit risk is therefore considered low.

*Liquidity risks*

The group is exposed to liquidity risks due to its ongoing activities and repayment agreements for loan finance.

**Research and development activities**

Product research activities proceeded satisfactorily during the past year. Product research was implemented particularly for the weighing/packing segments resulting in new market leading solutions.

**Subsequent events**

No important events have occurred after the end of the financial year to this date which would influence the evaluation of this annual report.

## Corporate social responsibility

### *Business model*

As the company's only activity is owning shares in Cabinplant A/S, the statement on corporate social responsibility will be based on Cabinplant A/S' activities.

Precise by nature sums up the heart and soul of Cabinplant. The nature of our brand. The way we work with constant care. Our reason d'être.

We believe precision is key when it comes to exploiting the full potential in food processing by optimizing yield, throughput, and product quality. And we believe that our industry knowhow is the enabler.

We've been pioneering food processing since 1969. With more than 50 years of experience, our track record is a testament to our expertise. We know our customers, their raw materials, and their markets. This enables us to deliver tailor-made products and solutions with built-in knowhow, state-of-the-art technology, and superior precision.

We constantly strive to innovate new things and drive market standards across the international food industry. We're passionate team workers, and we're truly dedicated when it comes to engineering industry-leading solutions with clients from all around the world.

The group wishes to develop its core business and meet its strategic challenges in a financially and socially responsible way. This means that the group complies with legislation in the countries and local communities in which it operates, and that the group implements voluntary activities and commitments of a socially responsible character to attain the strategic objects.

### *Principal risks*

The group is aware that the manufacturing of machinery is related to a negative impact on the environment and climate due to the CO<sub>2</sub> emission related to it. The group always try to find ways to minimize the CO<sub>2</sub> emission related to its production.

The management has not identified any significant negative risk regarding the environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

### *Environmental matters*

The group manufactures machinery primarily composed of steel and metal, resulting in CO<sub>2</sub> emissions during processing and transportation. The group is constantly engaged in optimization of resource application to continuously minimize the main environmental impacts. The group focuses on optimizing their products in terms of energy and productivity.

The management expect a continued reduction of emissions year by year.

*Social and employee matters*

The majority of the company is run in Denmark, where the social and employee conditions are highly regulated by legislation and norms that ensure good conditions for all employees. We employ people with a professional attitude and respect cultural differences.

At Cabinplant we recognize that we are an international company, and that our business affects the world around us. In the light of this, we want to take our responsibility seriously. When talking about corporate social responsibility we find it natural to take our responsibilities further than legal obligations. We recognize that as a company employing several hundred people across the globe, we hold a unique position in relation to our employees, environment and surroundings.

At Cabinplant, we perceive education to be an investment in the future, which is why we rely on and entrust our apprentices, trainees and interns with meaningful tasks in our daily work.

We acknowledge that people are different and that some have challenges in having a job, be it physical or psychological. Thus, we aim to have openings for employees who cannot usually be employed on normal conditions, by securing and maintaining an open and good working environment, with room for everyone.

We feel that it is of benefit to the employee, to the company and to the society as a whole that companies offer this possibility for more people to be active members of the workforce.

Cabinplant has a working environment policy which includes employee satisfaction and security governed by a local work environment committee. In 2023 no employee satisfaction measurement were performed, but is expected to be conducted in 2024. In connection with the upcoming employee satisfaction measurement, there will be a follow-up on the results and any necessary measures where needed. The company's working environment group continually monitors sick days and any injuries. All incidents throughout the year are handled in accordance with workplace safety legislation.

We have a goal of no major injuries and this goal has been reached in 2023.

*Respect for human rights*

We support the protection of human rights, and it is an integral part of our General Company Employer Policies.

Cabinplant wants to live up to human rights as described by the UN, the EU and in Danish legislation. No violations were found in 2023.

Since the implementation of the group's whistleblower scheme in 2021, there have been no reported incidents, which also aligns with our expectations for 2024.

*Anti-corruption and bribery matters*

Management does not accept corruption, bribery or extortion in any form. Being part of the Berkshire Hathaway group means that Cabinplant is applying the highest standards and code of conduct in regards to ethical and legal business performance.

Cabinplants policy is to comply with US OFAC & FCPA regulations as well as similar EU and UN sanctions embargoes.

If any customers, suppliers, or partners violate international sanction regulations, the group will terminate the collaboration in accordance with the group's code of conduct. There have been no exclusions throughout the year.

**Gender composition of the management***Supreme management body*

As the Company is a ApS there is no Board of Directors.

	31.12.23	31.12.22	31.12.21	31.12.20	31.12.19
Number of members	1	*)	*)	*)	*)
Underrepresented sex (%)	0%	*)	*)	*)	*)

\*) The table does not contain information for 2022 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

Exempt from the requirement to set targets due to the Board of Directors having less than three members

The company's Supreme management body consists of 1 member. Since the company's Supreme management body has less than the statutory minimum of three members, there is no need to report on gender distribution in the Supreme management body. However, the company is not exempt from having to state the total number of people on the Supreme management body (see the table above).

Accounting policies

The gender diversity ratio in the supreme management body is calculated as the proportion of female board members on the Board of Directors. It only includes board members elected by the general meeting. Employee representatives are not included.

*Other management levels*

Other levels of management include the Executive Board, and people with responsibility for personnel who report directly to the Executive Board.

	31.12.23	31.12.22	31.12.21	31.12.20	31.12.19
Number of managers	0	*)	*)	*)	*)

\*) The table does not contain information for 2022 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

Exempt from the requirement to set targets due to having less than three people in other management levels

The company's other management levels consist of 0 managers, as the company is a ApS and only have a CEO in the Supreme management body. Since the company has less than the statutory minimum of three managers at other management levels, there is no need to report on gender distribution at the other management levels. However, the company is not exempt from having to state the total number of people at the other management levels, and the proportion of the underrepresented sex (see the table above).

Accounting policies

The gender diversity ratio at other management levels is calculated as the proportion of female managers with responsibility for personnel out of the total number of managers with responsibility for personnel at the other management levels.

**Data ethics**

Statement on data ethics can be found on the website of the company [www.cabinplant.com/about-us/personal-data-handling/](http://www.cabinplant.com/about-us/personal-data-handling/).

## Income statement

Note	Group		Parent		
	2023	2022	2023	2022	
	DKK	DKK	DKK	DKK	
1	<b>Revenue</b>	<b>417,868,238</b>	<b>401,845,962</b>	<b>0</b>	<b>0</b>
	Production costs	-322,630,768	-332,323,564	0	0
	<b>Gross profit</b>	<b>95,237,470</b>	<b>69,522,398</b>	<b>0</b>	<b>0</b>
	Distribution costs	-38,390,381	-27,097,998	0	0
	Administration costs	-33,554,294	-17,134,122	-89,456	-69,904
	Other operating income	335,721	202,164	0	0
	<b>Operating profit/loss</b>	<b>23,628,516</b>	<b>25,492,442</b>	<b>-89,456</b>	<b>-69,904</b>
4	Income from equity investments in group enterprises	0	0	11,300,190	11,002,493
5	Financial income	14,684,018	3,831,605	958	0
6	Financial expenses	-16,950,825	-6,384,340	0	-88,242
	<b>Profit before tax</b>	<b>21,361,709</b>	<b>22,939,707</b>	<b>11,211,692</b>	<b>10,844,347</b>
	Tax on profit for the year	-9,176,186	-10,599,504	19,504	34,803
	<b>Profit for the year</b>	<b>12,185,523</b>	<b>12,340,203</b>	<b>11,231,196</b>	<b>10,879,150</b>
<b>Proposed appropriation account</b>					
	Non-controlling interests	1,473,457	1,461,052	0	0
	Retained earnings	10,712,066	10,879,151	11,231,196	10,879,150
	<b>Total</b>	<b>12,185,523</b>	<b>12,340,203</b>	<b>11,231,196</b>	<b>10,879,150</b>



ASSETS		Group		Parent	
		31.12.23 DKK	31.12.22 DKK	31.12.23 DKK	31.12.22 DKK
Note					
	Completed development projects	12,171,639	17,978,318	0	0
	Goodwill	77,597,311	101,660,078	0	0
	Development projects in progress	5,350,331	2,236,574	0	0
8	<b>Total intangible assets</b>	<b>95,119,281</b>	<b>121,874,970</b>	<b>0</b>	<b>0</b>
	Land and buildings	49,867,823	49,852,217	0	0
	Plant and machinery	2,896,395	1,982,817	0	0
	Other fixtures and fittings, tools and equipment	1,990,374	2,769,448	0	0
	Property, plant and equipment under construction	2,782,825	433,068	0	0
9	<b>Total property, plant and equipment</b>	<b>57,537,417</b>	<b>55,037,550</b>	<b>0</b>	<b>0</b>
10	Equity investments in group enterprises	0	0	282,440,489	270,641,934
11	Deposits	51,816	51,816	0	0
	<b>Total investments</b>	<b>51,816</b>	<b>51,816</b>	<b>282,440,489</b>	<b>270,641,934</b>
	<b>Total non-current assets</b>	<b>152,708,514</b>	<b>176,964,336</b>	<b>282,440,489</b>	<b>270,641,934</b>
	Raw materials and consumables	42,599,358	41,120,077	0	0
	Manufactured goods and goods for resale	12,913,016	11,775,539	0	0
	<b>Total inventories</b>	<b>55,512,374</b>	<b>52,895,616</b>	<b>0</b>	<b>0</b>
12	Work in progress for third parties	16,867,167	42,987,945	0	0
	Trade receivables	72,755,235	70,356,266	0	0
	Receivables from group enterprises	0	175,239	0	175,239
	Income tax receivable	2,274,968	1,368,286	19,504	34,803
	Other receivables	5,173,145	7,877,041	0	0
13	Prepayments	10,065,827	2,338,300	0	0
	<b>Total receivables</b>	<b>107,136,342</b>	<b>125,103,077</b>	<b>19,504</b>	<b>210,042</b>
	<b>Cash</b>	<b>116,881,951</b>	<b>95,926,798</b>	<b>896,526</b>	<b>2,036,274</b>
	<b>Total current assets</b>	<b>279,530,667</b>	<b>273,925,491</b>	<b>916,030</b>	<b>2,246,316</b>
	<b>Total assets</b>	<b>432,239,181</b>	<b>450,889,827</b>	<b>283,356,519</b>	<b>272,888,250</b>

EQUITY AND LIABILITIES		Group		Parent	
		31.12.23 DKK	31.12.22 DKK	31.12.23 DKK	31.12.22 DKK
Note					
	Share capital	50,000	50,000	50,000	50,000
	Cash flow hedging reserve	1,476,429	1,717,370	0	0
	Retained earnings	281,780,991	269,810,489	283,257,420	271,527,859
	<b>Equity attributable to owners of the parent</b>	<b>283,307,420</b>	<b>271,577,859</b>	<b>283,307,420</b>	<b>271,577,859</b>
14	Non-controlling interests	15,257,537	13,734,080	0	0
	<b>Total equity</b>	<b>298,564,957</b>	<b>285,311,939</b>	<b>283,307,420</b>	<b>271,577,859</b>
15	Provisions for deferred tax	12,261,630	14,432,658	0	0
	<b>Total provisions</b>	<b>12,261,630</b>	<b>14,432,658</b>	<b>0</b>	<b>0</b>
16	Mortgage debt	7,976,032	8,866,993	0	0
16	Other payables	12,902,971	12,502,484	0	0
	<b>Total long-term payables</b>	<b>20,879,003</b>	<b>21,369,477</b>	<b>0</b>	<b>0</b>
16	Short-term part of long-term payables	1,250,080	1,336,766	0	0
12	Prepayments received from work in progress for third parties	25,425,777	67,504,669	0	0
	Prepayments received from customers	2,488,624	2,398,010	0	0
	Trade payables	56,740,761	47,984,361	0	0
	Payables to group enterprises	90,026	49,099	49,099	1,310,391
	Other payables	14,538,323	10,502,848	0	0
	<b>Total short-term payables</b>	<b>100,533,591</b>	<b>129,775,753</b>	<b>49,099</b>	<b>1,310,391</b>
	<b>Total payables</b>	<b>121,412,594</b>	<b>151,145,230</b>	<b>49,099</b>	<b>1,310,391</b>
	<b>Total equity and liabilities</b>	<b>432,239,181</b>	<b>450,889,827</b>	<b>283,356,519</b>	<b>272,888,250</b>
17	Fair value information				
18	Derivative financial instruments				
19	Contingent assets				
20	Contingent liabilities				
21	Charges and security				
22	Related parties				

## Statement of changes in equity

Figures in DKK	Share capital	Cash flow hedging reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:						
Statement of changes in equity for 01.01.23 - 31.12.23						
Balance as at 01.01.23	50,000	1,717,370	269,810,489	271,577,859	13,734,080	285,311,939
Foreign currency translation adjustment of foreign enterprises	0	0	1,489,739	1,489,739	0	1,489,739
Fair value adjustment of hedging instruments	0	-308,899	0	-308,899	0	-308,899
Other changes in equity	0	0	-231,303	-231,303	0	-231,303
Tax on changes in equity	0	67,958	0	67,958	0	67,958
Net profit/loss for the year	0	0	10,712,066	10,712,066	1,473,457	12,185,523
Balance as at 31.12.23	50,000	1,476,429	281,780,991	283,307,420	15,207,537	298,514,957

## Parent:

Statement of changes in equity for 01.01.23 - 31.12.23						
Balance as at 01.01.23	50,000	0	271,527,859	271,577,859	0	271,577,859
Foreign currency translation adjustment of foreign enterprises	0	0	729,668	729,668	0	729,668
Other changes in equity	0	0	-231,303	-231,303	0	-231,303
Net profit/loss for the year	0	0	11,231,196	11,231,196	0	11,231,196
Balance as at 31.12.23	50,000	0	283,257,420	283,307,420	0	283,307,420

## Consolidated cash flow statement

Note	Group	
	2023 DKK	2022 DKK
	<b>12,185,523</b>	<b>12,340,203</b>
<b>Profit for the year</b>		
23 Adjustments	43,549,055	45,905,081
Change in working capital:		
Inventories	-2,616,759	-12,387,332
Receivables	18,873,418	1,996,117
Trade payables	8,756,401	6,105,280
Other payables relating to operating activities	-39,248,285	615,188
<b>Cash flows from operating activities before net financials</b>	<b>41,499,353</b>	<b>54,574,537</b>
Interest income and similar income received	14,684,018	3,831,605
Interest expenses and similar expenses paid	-16,950,826	-6,384,340
Income tax paid	-9,806,000	-8,122,000
<b>Cash flows from operating activities</b>	<b>29,426,545</b>	<b>43,899,802</b>
Purchase of intangible assets	-2,024,736	-3,109,947
Purchase of property, plant and equipment	-4,831,950	-548,634
Sale of property, plant and equipment	223,746	3,791,027
<b>Cash flows from investing activities</b>	<b>-6,632,940</b>	<b>132,446</b>
Repayment of mortgage debt	-999,554	-3,851,362
Repayment of lease commitments	29,970	-3,796,763
Repayment of payables to group enterprises	-1,261,292	-1,261,292
Arrangement of other long-term payables	392,424	217,336
<b>Cash flows from financing activities</b>	<b>-1,838,452</b>	<b>-8,692,081</b>
<b>Total cash flows for the year</b>	<b>20,955,153</b>	<b>35,340,167</b>
Cash, beginning of year	95,926,798	60,586,631
<b>Cash, end of year</b>	<b>116,881,951</b>	<b>95,926,798</b>
Cash, end of year, comprises:		
Cash	116,881,951	95,926,798
<b>Total</b>	<b>116,881,951</b>	<b>95,926,798</b>

	Group		Parent	
	2023 DKK	2022 DKK	2023 DKK	2022 DKK

## 1. Revenue

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

Revenue comprises the following activities:

Revenue, activity	417,868,238	401,845,962	0	0
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Revenue comprises the following geographical markets:

Revenue, Denmark	13,666,392	16,133,842	0	0
Revenue, rest of Europe	252,416,950	211,569,441	0	0
Revenue, other countries	151,784,896	174,142,679	0	0
Total	417,868,238	401,845,962	0	0

## 2. Employee aspects

Wages and salaries	143,884,888	136,295,578	0	0
Pensions	10,867,940	9,565,917	0	0
Other social security costs	5,872,381	5,001,114	0	0
Other staff costs	5,393,338	4,684,490	0	0
Total	166,018,547	155,547,099	0	0

Average number of employees during the year	286	286	0	0
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Remuneration for the management:

Salaries for the Executive Board	4,608,775	3,233,073	0	0
Remuneration for the Board of Directors	0	0	0	0
Remuneration for the Executive Board and Board of Directors	4,851,825	3,233,073	0	0

	Group		Parent	
	2023 DKK	2022 DKK	2023 DKK	2022 DKK
<b>3. Fees to auditors appointed by the general meeting</b>				
Statutory audit of the financial statements	381,189	363,689	86,250	68,750
Other assurance engagements	268,750	37,775	0	0
<b>Total</b>	<b>649,939</b>	<b>401,464</b>	<b>86,250</b>	<b>68,750</b>

#### **4. Income from equity investments in group enterprises**

Share of profit or loss of group enterprises	0	0	35,362,957	35,065,260
Amortisation of goodwill	0	0	-24,062,767	-24,062,767
<b>Total</b>	<b>0</b>	<b>0</b>	<b>11,300,190</b>	<b>11,002,493</b>

#### **5. Financial income**

Other interest income	2,399,959	467,167	156	0
Foreign currency translation adjustments	802	0	802	0
Foreign exchange gains	12,283,257	3,361,559	0	0
Other financial income	0	2,879	0	0
<b>Total</b>	<b>14,684,018</b>	<b>3,831,605</b>	<b>958</b>	<b>0</b>

#### **6. Financial expenses**

Other interest expenses	817,376	640,216	0	416
Foreign exchange losses	14,848,382	4,536,369	0	87,826
Other financial expenses	1,285,067	1,207,755	0	0
<b>Total</b>	<b>16,950,825</b>	<b>6,384,340</b>	<b>0</b>	<b>88,242</b>

	Group		Parent	
	2023 DKK	2022 DKK	2023 DKK	2022 DKK

### 7. Proposed appropriation account

Non-controlling interests	1,473,457	1,461,052	0	0
Retained earnings	10,712,066	10,879,151	11,231,196	10,879,150
<b>Total</b>	<b>12,185,523</b>	<b>12,340,203</b>	<b>11,231,196</b>	<b>10,879,150</b>

### 8. Intangible assets

Figures in DKK	Completed development projects	Goodwill	Development projects in progress
Group:			
Cost as at 01.01.23	31,221,459	242,012,318	2,236,574
Additions during the year	0	0	2,024,736
Disposals during the year	-9,214	0	0
Transfers during the year to/from other items	-1,089,021	0	1,089,021
<b>Cost as at 31.12.23</b>	<b>30,123,224</b>	<b>242,012,318</b>	<b>5,350,331</b>
Amortisation and impairment losses as at 01.01.23	-13,243,141	-140,352,240	0
Amortisation during the year	-4,717,636	-24,062,767	0
Reversal of amortisation of and impairment losses on disposed assets	9,192	0	0
<b>Amortisation and impairment losses as at 31.12.23</b>	<b>-17,951,585</b>	<b>-164,415,007</b>	<b>0</b>
<b>Carrying amount as at 31.12.23</b>	<b>12,171,639</b>	<b>77,597,311</b>	<b>5,350,331</b>

Development and production of machines and high-tech processing and weighing/packing line for the food processing industry. Especially software and control systems. Ongoing development projects are following the timeframe and resource planning.

## 9. Property, plant and equipment

Figures in DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Group:				
Cost as at 01.01.23	60,905,845	5,105,573	15,894,708	433,068
Foreign currency translation adjustment of foreign enterprises	1,092,075	420,887	317,440	20,613
Additions during the year	1,133,517	1,333,495	0	2,364,938
Disposals during the year	0	0	-484,663	-35,794
Cost as at 31.12.23	63,131,437	6,859,955	15,727,485	2,782,825
Depreciation and impairment losses as at 01.01.23	-11,053,628	-3,122,755	-13,125,260	0
Foreign currency translation adjustment of foreign enterprises	-224,979	-255,564	-31,464	0
Depreciation during the year	-1,985,007	-585,241	-877,098	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	296,711	0
Depreciation and impairment losses as at 31.12.23	-13,263,614	-3,963,560	-13,737,111	0
Carrying amount as at 31.12.23	49,867,823	2,896,395	1,990,374	2,782,825
Parent:				
Carrying amount of assets held under finance leases as at 31.12.23	0	0	61,421	0



**10. Equity investments in group enterprises**

Figures in DKK	Equity invest- ments in group enterprises		
Parent:			
Cost as at 01.01.23			296,431,035
Cost as at 31.12.23			296,431,035
Revaluations as at 01.01.23			-25,789,101
Foreign currency translation adjustment of foreign enterprises			729,668
Amortisation of goodwill			-24,062,767
Net profit/loss from equity investments			35,362,957
Other adjustments relating to equity investments			-231,303
Revaluations as at 31.12.23			-13,990,546
Carrying amount as at 31.12.23			282,440,489
Positive balances ascertainable on initial recognition of equity investments measured at equity value			261,499,858
Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK
Subsidiaries:			
Cabinplant A/S, Haarby	96%	213,031,535	36,836,414

**11. Other non-current financial assets**

Figures in DKK	Deposits
Group:	
Cost as at 01.01.23	51,816
Cost as at 31.12.23	51,816
Carrying amount as at 31.12.23	51,816

	Group		Parent	
	31.12.23 DKK	31.12.22 DKK	31.12.23 DKK	31.12.22 DKK

**12. Work in progress for third parties**

Work in progress for third parties	89,782,775	108,312,737	0	0
On-account invoicing	-98,341,385	-132,829,461	0	0
Total work in progress for third parties	-8,558,610	-24,516,724	0	0
Work in progress for third parties	16,867,167	42,987,945	0	0
Prepayments received from work in progress for third parties, short-term payables	-25,425,777	-67,504,669	0	0
Total	-8,558,610	-24,516,724	0	0

**13. Prepayments**

Prepaid insurance premiums	1,281,075	455,141	0	0
Prepaid membership fees and subscriptions	0	127,640	0	0
Prepaid suppliers	6,642,962	581,664	0	0
Other prepayments	2,141,790	1,173,855	0	0
Total	10,065,827	2,338,300	0	0

	Group		Parent	
	31.12.23 DKK	31.12.22 DKK	31.12.23 DKK	31.12.22 DKK

**14. Non-controlling interests**

Non-controlling interests, beginning of year	13,784,080	12,223,087	0	0
Other changes in equity	0	49,941	0	0
Net profit/loss for the year (distribution of net profit)	1,473,457	1,461,052	0	0
<b>Total</b>	<b>15,257,537</b>	<b>13,734,080</b>	<b>0</b>	<b>0</b>

**15. Deferred tax**

Deferred tax as at 01.01.23	14,432,657	13,180,336	0	0
Deferred tax recognised in the income statement	-2,171,027	1,252,321	0	0
Deferred tax as at 31.12.23	12,261,630	14,432,657	0	0

Deferred tax is recognized in the balance sheet as:

Provisions for deferred tax	12,261,630	14,432,658	0	0
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**16. Long-term payables**

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.23	Total payables at 31.12.22
Group:				
Mortgage debt	877,718	4,129,426	8,853,750	9,853,304
Lease commitments	232,751	0	232,751	202,781
Other payables	139,611	10,543,300	13,042,582	12,650,158
<b>Total</b>	<b>1,250,080</b>	<b>14,672,726</b>	<b>22,129,083</b>	<b>22,706,243</b>

**17. Fair value information**

Figures in DKK	Derivative financial instruments
Group:	
Fair value as at 31.12.23	127,297
Unrealised changes of fair value recognised in equity for the year	-308,899
Parent:	
Fair value as at 31.12.23	0

**18. Derivative financial instruments**

Group:

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The company concludes contracts for the sole purpose of hedging the currency risk on the future payment of variable interest on mortgage debt.

The company has entered into an interest rate swap to hedge future interest payments on a variable rate mortgage loan. The principal of the interest rate swap is DKK 9,806k with a term of ten years for expiry on 30.06.2032. The interest rate swap is recognised a fair value, amounting to DKK 127k at the balance sheet date. The change in fair value has been recognised directly on the equity. The interest rate swap has been concluded with a Danish financial institution.

**19. Contingent assets**

The group has no contingent assets.

The company has no contingent assets.

## 20. Contingent liabilities

Group:

### *Lease commitments*

The company has concluded lease agreements with terms to maturity of 1-48 months and total lease payments of DKK 3,211k.

Parent:

### *Other contingent liabilities*

The company is taxed jointly with the other companies in the group and has joint, several and unlimited liability for income taxes for the jointly taxed companies. The total known tax liability for the jointly taxed companies is DKK 0 at the balance sheet date, of which DKK 0 is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

## 21. Charges and security

Group:

Land and buildings with a carrying amount of DKK 49,868k have been provided as security for mortgage debt of DKK 8,764k. As security for bank engagements a letter of indemnity of DKK 10,000k is registered.

## 22. Related parties

Controlling influence	Basis of influence
CTB Legacy Holding B.V., Holland	Ownership
Berkshire Hathaway Inc., Omaha, Nebraska, USA	Ownership

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 2. Employee aspects.

	Group	
	2023 DKK	2022 DKK
<b>23. Adjustments for the cash flow statement</b>		
Other operating income	-120,904	0
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	32,226,967	32,752,841
Financial income	-14,684,018	-3,831,605
Financial expenses	16,950,826	6,384,340
Tax on profit or loss for the year	9,176,184	10,599,505
<b>Total</b>	<b>43,549,055</b>	<b>45,905,081</b>

## 24. Accounting policies

### GENERAL

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

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

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

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

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

### CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

### 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

**24. Accounting policies** - continued -

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.

**DERIVATIVE FINANCIAL INSTRUMENTS**

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



**24. Accounting policies** - continued -

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

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

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

**LEASES**

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

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

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

**GRANTS**

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

**24. Accounting policies** - continued -

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

**INCOME STATEMENT****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.

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

**Production costs**

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

**Distribution costs**

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

**Administrative expenses**

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

**24. Accounting policies** - continued -**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.

**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
Completed development projects	5	0
Goodwill	5-10	0
Buildings	20-30	0
Plant and machinery	10-20	0
Other plant, fixtures and fittings, tools and equipment	3-8	0

Goodwill is amortised over 5-10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

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

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

**Income from equity investments in group enterprises**

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

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

## 24. Accounting policies - continued -

### Other net financials

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

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

### Tax on profit/loss for the year

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

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

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

## BALANCE SHEET

### Intangible assets

#### *Completed development projects and development projects in progress*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly or indirectly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

**24. Accounting policies** - continued -

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

*Goodwill*

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

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

*Gains and losses on the disposal of intangible assets*

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

**Property, plant and equipment**

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

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

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

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

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

*Property, plant and equipment under construction*

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

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

Gains and losses on the disposal of property, plant and equipment are determined as the difference

**24. Accounting policies** - continued -

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 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.

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.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

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 10 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

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.

**24. Accounting policies** - continued -

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

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

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

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

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

**Inventories**

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

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

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

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

**Receivables**

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

**24. Accounting policies** - continued -

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.

**Work in progress for third parties**

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

**Prepayments**

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

**Cash**

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

**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.



**24. Accounting policies** - continued -

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

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

**Current and deferred tax**

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

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

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

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

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

**Payables**

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

**24. Accounting policies** - continued -

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

**Prepayments received from customers**

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

**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 financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

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.