BEIERHOLM
VI SKABER BALANCE

CTB Denmark Holding ApS

Langelinie Allé 35, 2100 Copenhagen

CVR no. 37 97 10 06

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 12.06.23

Marc Frederick Plastow
Dirigent

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Group information etc.

The company

CTB Denmark Holding ApS
c/o Bech-Bruun
Langelinie Allé 35
2100 Copenhagen
Registered office: Copenhagen
CVR no.: 37 97 10 06
Financial year: 01.01 - 31.12

Executive Boards

Marc Frederick Plastow

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Boards on the annual report

I have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for CTB Denmark Holding ApS.

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

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 31.12.22 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.22 - 31.12.22.

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, May 31, 2023

Executive Boards

Marc Frederick Plastow

Independent auditor's report

To the Shareholder of CTB Denmark Holding ApS

Opinion

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

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

Basis for Opinion

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

Statement regarding the management's review

Management is responsible for management's review.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Soeborg, Copenhagen, May 31, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Kim Larsen	Henrik Welinder
State Authorized Public Accountant	State Authorized Public Accountant
MNE-no. mne32179	MNE-no. mne23366

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2022	2021	2020	2019	2018
Profit/loss					
Revenue	401,846	379,259	317,868	388,918	392,254
Gross profit	69,522	58,112	30,316	44,720	38,491
Operating profit/loss	25,492	22,660	4,019	6,453	-2,627
Total net financials	-2,553	198	-4,959	-2,409	348
Profit for the year	12,340	12,158	-6,482	-2,506	-6,898
Balance					
Total assets	450,890	437,713	463,051	373,758	393,877
Investments in property, plant and equipment	549	5,083	31,368	15,067	666
Equity	285,312	271,605	253,517	260,554	263,290

Ratios

	2022	2021	2020	2019	2018
Profitability					
Return on equity	4%	5%	-3%	-1%	-3%
Gross margin	17%	15%	10%	11%	10%

Ratios - continued -

	2022	2021	2020	2019	2018
Equity ratio					
Solvency ratio	63%	62%	55%	70%	67%
Others					
Number of employees (average)	286	288	288	309	298

Ratios definitions

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

Gross margin: $\dfrac{\text{Gross result x 100}}{\text{Revenue}}$

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

Primary activities

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 sudsidiaries in Poland, Germany, USA and Spain as well as from a network of sales agents in more than 35 countries.

Uncertainty concerning recognition and measurement

There are no uncertainties on recognition or measurement of the individual entries in the annual accounts.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK 12,340,203 against DKK 12,158,014 for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK 285,311,939.

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

The earnings expectations for 2022 were a net profit of DKK 12 mill. The realized net profit is in this perspective satisfactory.

Outlook

The company expects activities and profit at a higher level for 2023.

Knowledge resources

Each year the company invests considerable resources in training and development of the company's employees at all levels of the organisation. This is based on a systematic and targeted approach in the form of both compulsory and voluntary training of the company's employees. Investments in competence development are increasing and constitute an essential pillar in the company's continued development.

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.

Credit risks

The group's primary credit risk relates to trade receivables.

The credit risk on work in progress for third parties is limited.

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

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

Material risk from the four environmental and social conditions
The management has not identified any significant negative risk regarding the four environmentaland social conditions.

Environmental Policy

The company is constantly engaged in optimization of resource application to continuously minimize the main environmental impacts. The company focuses on optimizing their products in terms of energy and productivity.

In 2022 Cabinplant participated in the funded program for implementation of environmental reporting system “Klimaklar produktion”, and is thereby preparing for GHG (greenhouse gas emission) reporting.

The management expect a continued reduction of emissions year-by-year.
Policy for social and employee relations

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.

The group has a working environment policy which includes employee satisfaction and security governed by a local work environment committee. In 2022 no employee satisfaction measurement were performed, but is expected to be conducted in 2023.

Policy for human rights

We support the protection of human rights and it is an integral part of our General Company Employer Policies.
The group wants to live up to human rights as described by the UN, the EU and in Danish legislation.
No violents were found in 2022.

Anti-corruption and bribery

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

The group's policy is to comply with US OFAC & FCPA regulations as well as similar EU and UN sanctions embargoes.

The management do not see any significant risks in relation to corporate and social responsibility.

Gender diversity

Target figures for the supreme management body

The Board of Directors has set a target figure of 33% for the underrepresented gender on the Board of Directors, corresponding to 1 out of 3 board members.

Cabinplant A/S fully respects the current legislation, with the aim of a more balanced gender composition in both the Board of Directors and in other management positions. We strive to reach a balanced gender composition on all levels including management levels.

The Board of Directors consists of 3 members, which are all same gender. There has been no change to the Board of Directors during 2022. Due to that it has not been possible to reach the goal of an even gender composition.

We expect fulfillment of target figure by end 2025.

Policy to increase the share of the underrepresented gender at other management levels

Development initiatives contain:
Support for preparation of individual career plans

Mentoring schemes
Staff policy to promote equal career opportunities for both genders
Recruitment procedures that help ensure uniform recruitment opportunities for both genders

It is Cabinplant´s policy to employ more employees of the underrepresented gender, whenever qualified candidates are available. In 2022 there have not been changes in the management levels and therefore no increase of the underrepresented gender.

Data ethics

Statement on data ethics can be found on the website of the company www.cabinplant.com/about-us/personal-data-handling/ .

Income statement

Note		Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 DKK
1	**Revenue**	**401,845,962**	**379,259,264**	**0**	**0**
	Production costs	-332,323,564	-321,147,101	0	0
	Distribution costs	-27,097,998	-19,626,224	0	0
	Administration costs	-17,134,121	-15,951,908	-69,904	-395,659
	Other operating income	202,164	126,090	0	0
	Operating profit/loss	**25,492,443**	**22,660,121**	**-69,904**	**-395,659**
4	Income from equity investments in group enterprises	0	0	11,002,493	6,209,348
5	Financial income	3,831,653	2,254,705	0	20
6	Financial expenses	-6,384,388	-2,056,571	-88,242	-23,922
	Profit before tax	**22,939,708**	**22,858,255**	**10,844,347**	**5,789,787**
	Tax on profit for the year	-10,599,505	-10,700,241	34,803	20,848
	Profit for the year	**12,340,203**	**12,158,014**	**10,879,150**	**5,810,635**

Proposed appropriation account

	Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 DKK
Non-controlling interests	1,461,052	6,347,379	0	0
Retained earnings	10,879,151	5,810,635	10,879,150	5,810,635
Total	**12,340,203**	**12,158,014**	**10,879,150**	**5,810,635**

Balance sheet

ASSETS

Note		Group 31.12.22 DKK	Group 31.12.21 DKK	Parent 31.12.22 DKK	Parent 31.12.21 DKK
	Completed development projects	17,978,318	21,823,617	0	0
	Goodwill	101,660,078	125,844,646	0	0
	Development projects in progress	2,236,574	1,087,829	0	0
8	**Total intangible assets**	**121,874,970**	**148,756,092**	**0**	**0**
	Land and buildings	49,852,217	52,054,454	0	0
	Plant and machinery	1,982,817	2,338,837	0	0
	Other fixtures and fittings, tools and equipment	2,769,448	7,110,726	0	0
	Property, plant and equipment under construction	433,068	399,966	0	0
9	**Total property, plant and equipment**	**55,037,550**	**61,903,983**	**0**	**0**
10	Equity investments in group enterprises	0	0	270,641,934	258,322,190
11	Deposits	51,816	61,251	0	0
	Total investments	**51,816**	**61,251**	**270,641,934**	**258,322,190**
	Total non-current assets	**176,964,336**	**210,721,326**	**270,641,934**	**258,322,190**
	Raw materials and consumables	41,120,077	32,311,682	0	0
	Manufactured goods and goods for resale	11,775,539	8,196,602	0	0
	Total inventories	**52,895,616**	**40,508,284**	**0**	**0**
12	Work in progress for third parties	42,987,945	36,152,726	0	0
	Trade receivables	70,356,266	82,528,072	0	0
	Receivables from group enterprises	175,239	0	175,239	0
	Income tax receivable	1,368,286	175,452	34,803	20,848
	Other receivables	7,877,041	1,988,199	0	0
13	Prepayments	2,338,300	5,052,476	0	0
	Total receivables	**125,103,077**	**125,896,925**	**210,042**	**20,848**
	Cash	**95,926,798**	**60,586,631**	**2,036,274**	**1,087,519**
	Total current assets	**273,925,491**	**226,991,840**	**2,246,316**	**1,108,367**
	Total assets	**450,889,827**	**437,713,166**	**272,888,250**	**259,430,557**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK
	Share capital	50,000	50,000	50,000	50,000
	Cash flow hedging reserve	1,717,370	468,862	0	0
	Retained earnings	269,810,489	258,862,596	271,527,859	259,331,458
	Equity attributable to owners of the parent	**271,577,859**	**259,381,458**	**271,577,859**	**259,381,458**
14	Non-controlling interests	13,734,080	12,223,087	0	0
	Total equity	**285,311,939**	**271,604,545**	**271,577,859**	**259,381,458**
15	Provisions for deferred tax	14,432,658	13,180,336	0	0
	Total provisions	**14,432,658**	**13,180,336**	**0**	**0**
16	Mortgage debt	8,866,993	9,958,978	0	0
16	Lease commitments	0	2,220,630	0	0
16	Other payables	12,502,484	12,432,822	0	0
	Total long-term payables	**21,369,477**	**24,612,430**	**0**	**0**
16	Short-term part of long-term payables	1,336,766	5,524,601	0	0
12	Prepayments received from work in progress for third parties	67,504,669	64,378,450	0	0
	Prepayments received from customers	2,398,010	2,549,675	0	0
	Trade payables	47,984,361	41,879,081	0	0
	Payables to group enterprises	49,099	49,099	1,310,391	49,099
	Other payables	10,502,848	13,934,949	0	0
	Total short-term payables	**129,775,753**	**128,315,855**	**1,310,391**	**49,099**
	Total payables	**151,145,230**	**152,928,285**	**1,310,391**	**49,099**
	Total equity and liabilities	**450,889,827**	**437,713,166**	**272,888,250**	**259,430,557**

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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 01.01.21 - 31.12.21						
Balance as at 01.01.21	50,000	37,549	231,447,676	231,535,225	21,969,214	253,504,439
Net effect of mergers and acquisition of enterprises	0	0	0	0	-16,114,928	-16,114,928
Adjusted balance as at 01.01.21	50,000	37,549	231,447,676	231,535,225	5,854,286	237,389,511
Foreign currency translation adjustment of foreign enterprises	0	0	16,538	16,538	338	16,876
Group contribution	0	0	21,605,000	21,605,000	0	21,605,000
Fair value adjustment of hedging instruments	0	552,966	0	552,966	0	552,966
Other changes in equity	0	0	-17,253	-17,253	21,084	3,831
Tax on changes in equity	0	-121,653	0	-121,653	0	-121,653
Net profit/loss for the year	0	0	5,810,635	5,810,635	6,347,379	12,158,014
Balance as at 31.12.21	50,000	468,862	258,862,596	259,381,458	12,223,087	271,604,545
Statement of changes in equity for 01.01.22 - 31.12.22						
Balance as at 01.01.22	50,000	468,862	258,862,596	259,381,458	12,223,087	271,604,545
Foreign currency translation adjustment of foreign enterprises	0	0	242,313	242,313	0	242,313
Fair value adjustment of hedging instruments	0	1,600,651	0	1,600,651	0	1,600,651
Other changes in equity	0	0	-173,571	-173,571	49,941	-123,630
Tax on changes in equity	0	-352,143	0	-352,143	0	-352,143
Net profit/loss for the year	0	0	10,879,151	10,879,151	1,461,052	12,340,203
Balance as at 31.12.22	50,000	1,717,370	269,810,489	271,577,859	13,734,080	285,311,939

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
Parent:						
Statement of changes in equity for 01.01.21 - 31.12.21						
Balance as at 01.01.21	50,000	0	231,493,663	231,543,663	0	231,543,663
Foreign currency translation adjustment of foreign enterprises	0	0	8,100	8,100	0	8,100
Group contribution	0	0	21,605,000	21,605,000	0	21,605,000
Other changes in equity	0	0	414,060	414,060	0	414,060
Net profit/loss for the year	0	0	5,810,635	5,810,635	0	5,810,635
Balance as at 31.12.21	50,000	0	259,331,458	259,381,458	0	259,381,458
Statement of changes in equity for 01.01.22 - 31.12.22						
Balance as at 01.01.22	50,000	0	259,331,458	259,381,458	0	259,381,458
Foreign currency translation adjustment of foreign enterprises	0	0	118,684	118,684	0	118,684
Other changes in equity	0	0	1,198,567	1,198,567	0	1,198,567
Net profit/loss for the year	0	0	10,879,150	10,879,150	0	10,879,150
Balance as at 31.12.22	50,000	0	271,527,859	271,577,859	0	271,577,859

Consolidated cash flow statement

Note		Group 2022 DKK	Group 2021 DKK
	Profit for the year	**12,340,203**	**12,158,014**
23	Adjustments	45,905,081	49,096,673
	Change in working capital:		
	Inventories	-12,387,332	-4,645,908
	Receivables	1,996,117	2,647,763
	Trade payables	6,105,280	5,518,481
	Other payables relating to operating activities	615,188	-22,530,576
	Cash flows from operating activities before net financials	**54,574,537**	**42,244,447**
	Interest income and similar income received	3,831,653	2,254,706
	Interest expenses and similar expenses paid	-6,384,388	-2,056,572
	Income tax paid	-8,122,000	-8,090,000
	Cash flows from operating activities	**43,899,802**	**34,352,581**
	Purchase of intangible assets	-3,109,947	-3,109,947
	Purchase of property, plant and equipment	-548,634	-5,082,631
	Sale of property, plant and equipment	3,791,027	192,701
	Purchase of subsidaries and operations	0	-35,352,309
	Cash flows from investing activities	**132,446**	**-43,352,186**
	Raising of additional capital	0	21,605,000
	Repayment of mortgage debt	-3,851,362	-987,011
	Repayment of payables to credit institutions	0	-853,770
	Repayment of lease commitments	-3,796,763	182,218
	Repayment of payables to group entreprises	-1,261,292	-25,680,503
	Arrangement of other long-term payables	217,336	0
	Repayment of other long-term payables	0	-103,192
	Cash flows from financing activities	**-8,692,081**	**-5,837,258**
	Total cash flows for the year	**35,340,167**	**-14,836,863**
	Cash, beginning of year	60,586,631	75,430,322
	Short-term payables to credit institutions, beginning of year	0	-6,828
	Cash, end of year	**95,926,798**	**60,586,631**
	Cash, end of year, comprises:		
	Cash	95,926,798	60,586,631
	Total	**95,926,798**	**60,586,631**

	Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 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:

	Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 DKK
Revenue, activity	401,845,962	379,259,264	0	0

Revenue comprises the following geographical markets:

	Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 DKK
Revenue, Denmark	16,133,842	24,551,940	0	0
Revenue, rest of Europe	211,569,441	193,427,351	0	0
Revenue, other countries	174,142,679	161,279,973	0	0
Total	401,845,962	379,259,264	0	0

2. Employee aspects

	Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 DKK
Wages and salaries	136,295,578	132,780,078	0	0
Pensions	9,565,917	9,296,138	0	0
Other social security costs	5,001,114	4,817,566	0	0
Other staff costs	4,684,490	3,747,062	0	0
Total	155,547,099	150,640,844	0	0
Average number of employees during the year	286	288	0	0

Remuneration for the management:

	Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 DKK
Salaries for the Executive Board	3,233,073	3,323,026	0	0
Remuneration for the Board of Directors	0	0	0	0
Remuneration for the Executive Board and Board of Directors	3,233,073	3,323,026	0	0

	Group		Parent	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK

3. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	363,689	353,750	68,750	68,750
Other assurance engagements	37,775	75,700	0	0
Total	401,464	429,450	68,750	68,750

4. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	35,065,260	30,272,115
Amortisation of goodwill	0	0	-24,062,767	-24,062,767
Total	0	0	11,002,493	6,209,348

5. Financial income

Other interest income	467,215	7,070	0	20
Foreign exchange gains	3,361,559	2,193,667	0	0
Other financial income	2,879	53,968	0	0
Total	3,831,653	2,254,705	0	20

6. Financial expenses

Interest, group enterprises	0	356,734	0	0
Other interest expenses	640,264	693,248	416	23,922
Foreign exchange losses	4,536,369	0	87,826	0
Other financial expenses	1,207,755	1,006,589	0	0
Other financial expenses total	6,384,388	1,699,837	88,242	23,922
Total	6,384,388	2,056,571	88,242	23,922

	Group		Parent	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK

7. Proposed appropriation account

Non-controlling interests	1,461,052	6,347,379	0	0
Retained earnings	10,879,151	5,810,635	10,879,150	5,810,635
Total	12,340,203	12,158,014	10,879,150	5,810,635

8. Intangible assets

Figures in DKK	Completed development projects	Goodwill	Development projects in progress
Group:			
Cost as at 01.01.22	29,916,123	242,012,318	1,087,830
Additions during the year	9,740	0	2,444,340
Transfers during the year to/from other items	1,295,596	0	-1,295,596
Cost as at 31.12.22	31,221,459	242,012,318	2,236,574
Amortisation and impairment losses as at 01.01.22	-8,092,506	-116,167,672	0
Amortisation during the year	-5,150,635	-24,184,568	0
Amortisation and impairment losses as at 31.12.22	-13,243,141	-140,352,240	0
Carrying amount as at 31.12.22	17,978,318	101,660,078	2,236,574

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 01.01.22	61,116,812	5,032,928	6,819,290	399,966
Foreign currency translation adjustment of foreign enterprises	-210,967	0	67,889	0
Additions during the year	0	72,645	442,887	33,102
Disposals during the year	0	0	-7,404,700	0
Cost as at 31.12.22	60,905,845	5,105,573	-74,634	433,068
Depreciation and impairment losses as at 01.01.22	-9,062,358	-2,694,092	291,436	0
Foreign currency translation adjustment of foreign enterprises	0	0	-57,062	0
Depreciation during the year	-1,991,270	-428,664	-1,003,965	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	3,613,673	0
Depreciation and impairment losses as at 31.12.22	-11,053,628	-3,122,756	2,844,082	0
Carrying amount as at 31.12.22	49,852,217	1,982,817	2,769,448	433,068
Parent:				
Carrying amount of assets held under finance leases as at 31.12.22	0	0	330,086	0

10. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Parent:	
Cost as at 01.01.22	296,431,035
Cost as at 31.12.22	296,431,035
Revaluations as at 01.01.22	-38,108,845
Foreign currency translation adjustment of foreign enterprises	118,684
Amortisation of goodwill	-24,062,767
Net profit/loss from equity investments	35,065,260
Other adjustments relating to equity investments	1,198,567
Revaluations as at 31.12.22	-25,789,101
Carrying amount as at 31.12.22	270,641,934
Positive balances ascertainable on initial recognition of equity investments measured at equity value	240,627,672

Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK
Subsidiaries:			
Cabinplant A/S, Haarby	96%	175,675,991	36,526,312
Cabinplant Deutschland GmbH, Hermsdorf	100%	12,825,849	3,011,316
Cabinplant Sp. Z.o.o., Katy Wroclawskie	100%	1,245,094	1,455,950
Cabinplant SL, Barcelona	100%	-5,577,511	-234,491
Cabinplant Inc., Georgia, USA	100%	12,478,947	6,158,192

11. Other non-current financial assets

Figures in DKK	Deposits
Group:	
Cost as at 01.01.22	61,251
Disposals during the year	-9,435
Cost as at 31.12.22	51,816
Carrying amount as at 31.12.22	51,816

	Group		Parent	
	31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK
12. Work in progress for third parties				
Work in progress for third parties	108,312,737	98,121,052	0	0
On-account invoicing	-132,829,461	-61,968,326	0	0
Total work in progress for third parties	-24,516,724	36,152,726	0	0
Work in progress for third parties	42,987,945	36,152,726	0	0
Prepayments received from work in progress for third parties, short-term payables	-67,504,669	-64,378,450	0	0
Total	-24,516,724	-28,225,724	0	0

13. Prepayments

	Group 31.12.22 DKK	Group 31.12.21 DKK	Parent 31.12.22 DKK	Parent 31.12.21 DKK
Prepaid insurance premiums	455,141	950,770	0	0
Prepaid membership fees and subscriptions	127,640	0	0	0
Prepaid suppliers	581,664	2,979,691	0	0
Other prepayments	1,173,855	1,122,015	0	0
Total	2,338,300	5,052,476	0	0

	Group		Parent	
	31.12.22 DKK	31.12.21 DKK	31.12.22 DKK	31.12.21 DKK

14. Non-controlling interests

Non-controlling interests, beginning of year	12,223,087	21,969,214	0	0
Net effect of mergers and acquisition of enterprises	0	-16,114,928	0	0
Foreign currency translation adjustment of foreign enterprises	0	338	0	0
Other changes in equity	49,941	21,084	0	0
Net profit/loss for the year (distribution of net profit)	1,461,052	6,347,379	0	0
Total	13,734,080	12,223,087	0	0

15. Deferred tax

Deferred tax as at 01.01.22	13,180,336	11,090,937	0	0
Deferred tax recognised in the income statement	1,252,321	2,089,399	0	0
Deferred tax as at 31.12.22	14,432,657	13,180,336	0	0
Deferred tax is recognized in the balance sheet as:				
Provisions for deferred tax	14,432,658	13,180,336	0	0

16. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Group:				
Mortgage debt	986,311	4,741,038	9,853,304	13,704,665
Lease commitments	202,781	0	202,781	3,999,544
Other payables	147,674	10,678,766	12,650,158	12,432,822
Total	1,336,766	15,419,804	22,706,243	30,137,031

17. Fair value information

Figures in DKK	Derivative financial instruments	Total
Group:		
Fair value as at 31.12.22	438,196	438,196
Unrealised changes of fair value recognised in the income statement for the year	1,600,651	1,600,651

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 438k 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 finansial 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 5,311k.

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 49,852k have been provided as security for mortgage debt of DKK 9,853k. 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	
	2022 DKK	2021 DKK

23. Adjustments for the cash flow statement

	2022 DKK	2021 DKK
Other operating income	0	-127,696
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	32,752,841	31,055,696
Financial income	-3,831,653	-2,254,706
Financial expenses	6,384,388	2,056,572
Tax on profit or loss for the year	10,599,505	10,700,241
Other adjustments	0	7,666,566
Total	45,905,081	49,096,673

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 entreprises

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 directlyor 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 entreprises

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.

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

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at years for equity investments in 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.

24. Accounting policies - continued -

Impairment losses on fixed assets

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

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

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

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

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

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

Inventories

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

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

The 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.

24. Accounting policies - continued -

Receivables

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

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

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

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.

24. Accounting policies - continued -

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.

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.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

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

24. Accounting policies - continued -

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.

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

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.