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# ***Nagel Liller A/S***

Nimvej 2, DK-7120 Vejle Øst

## **Annual Report for 1 January - 31 December 2022**

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CVR No 38 33 88 62

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/5 2023

Jan Gantenbrink  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nagel Liller A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vejle, 30 May 2023

## Executive Board

Christian Gustav Berlin

Ole Brødsgaard

Jens Henrik Olesen

## Board of Directors

Jan Gantenbrink  
Chairman

Christian Gustav Berlin

Sina Wiedau

# Independent Auditor's Report

To the Shareholders of Nagel Liller A/S

## Opinion

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

We have audited the Financial Statements of Nagel Liller A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

# Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing 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 Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the

# Independent Auditor's Report

disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Trekantområdet, 30 May 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jan Bunk Harbo Larsen  
State Authorised Public Accountant  
mne30224

Henrik Forthoft Lind  
State Authorised Public Accountant  
mne34169

## **Company Information**

### **The Company**

Nagel Liller A/S  
Nimvej 2  
DK-7120 Vejle Øst

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Facsimile: + 45 74 30 74 00  
E-mail: [dk.info@nagel-group.dk](mailto:dk.info@nagel-group.dk)  
Website: [www.nagel-group.dk](http://www.nagel-group.dk)

CVR No: 38 33 88 62  
Financial period: 1 January - 31 December  
Incorporated: 16 January 2017  
Financial year: 6th financial year  
Municipality of reg. office: Vejle

### **Board of Directors**

Jan Gantenbrink, Chairman  
Christian Gustav Berlin  
Sina Wiedau

### **Executive Board**

Christian Gustav Berlin  
Ole Brødsgaard  
Jens Henrik Olesen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	625.457	545.613	525.291	557.561	525.926
Gross profit/loss	211.458	191.027	191.298	174.144	144.604
Profit/loss before financial income and expenses	5.666	-2.718	7.417	-8.809	-34.358
Net financials	-1.011	-713	-1.193	-1.460	-1.013
Net profit/loss for the year	8.235	-606	11.553	-1.792	-34.224
<b>Balance sheet</b>					
Balance sheet total	148.155	128.350	125.899	125.877	107.552
Equity	-45.067	-53.302	-52.696	-64.249	-62.457
Investment in property, plant and equipment	888	2.327	2	157	-78
Number of employees	337	332	329	325	309
<b>Ratios</b>					
Gross margin	33,8%	35,0%	36,4%	31,2%	27,5%
Profit margin	0,9%	-0,5%	1,4%	-1,6%	-6,5%
Return on assets	3,8%	-2,1%	5,9%	-7,0%	-31,9%
Solvency ratio	-30,4%	-41,5%	-41,9%	-51,0%	-58,1%
Return on equity	N/A	N/A	N/A	N/A	N/A

For definitions, see under accounting policies.



# Management's Review

## Key activities

The company's main activities comprise domestic logistics services with focus on especially temperature-controlled transportation for the food processing industry and trade in Denmark.

The company moreover offers chilled and frozen storage, dry goods storage, re-usable packaging systems, analyses and consultancy services.

## Development in the year

Revenue for the year reached DKK 625 million compared to the last year's DKK 545 million. The net result for the year amounted to DKK 8,2 million compared to DKK -0,6 million last year.

Cost increases, especially on energy, continued in 2022. This, as well as capacity constraints, lack of drivers and delays in components deliveries needed for operation have put pressure on the transport industry. Nagel Liller has followed the developments closely and weathered the turmoil satisfactorily.

The profit before tax of DKK 4,7 million is slightly below expectations expressed in the Annual Report 2021.

The profit before tax and the net result are considered satisfactory.

## Development expectations

Also 2023 is expected to be challenging for both the transport industry and Nagel Liller due to capacity constraints, traffic bottlenecks, competition and continued high energy cost as well as general cost increases.

Nagel Liller has started a program of modernizing the whole facility infrastructure and will in 2023 move into new, modern, energy-efficient crossdock and warehouse facilities in Vejle and Ringsted, while closing more older and less energy-efficient facilities. The optimized infrastructure and added warehouse capacity will enable a further increase in turnover.

Nagel Liller expects a profit before tax in 2023 in the range of DKK 15 - 19 million.

## Statement of corporate social responsibility ref. Danish Financial Statements Act section 99a

Regarding the statement of corporate social responsibility, the management refers to the group annual report for Nagel Danmark A/S (CVR: 81745528).

## Statement on gender composition ref. Danish Financial Statements Act section 99b

*Target for female representation on the Board of Directors*

When appointing candidates for the Board of Directors it is important that the candidates show a

## Management's Review

specific professional background and qualifications. It is moreover important that appointments are made with no regard to ethnicity, religious belief, political conviction, age or gender.

In respect of gender representation, the company is attentive to comply with new legislation from 2023 re. female representation on Board of Directors as well as on management level 1 and 2.

Target until 2028: One female member, equal to 33%, on the Board of Directors.

Currently Nagel Liller has one female member on the Board of Directors, equal to 33%. Thus, the firm has obtained gender equality on the Board of directors cf. The Danish Business Authorities.

### *Target for female representation on other management levels*

The company considers a diverse workforce an asset. We employ our staff based on qualifications and personality and we offer all our employees equal opportunities with no regard to their background, ethnicity, religious belief, political conviction, age or gender. The company encourages every employee to pursue and realize his or her personal goals.

In respect of gender representation, the company is attentive to comply with new legislation from 2023 re. female representation on Board of Directors as well as on management level 1 and 2.

The company has for more years been working on promoting its female talents. This work has produced a result that is satisfactory for the industry but still inadequate to achieve the target of 40% on management level 1 and 2 in the new legislation.

Currently Nagel Liller has zero female representatives at management level 1 and 2. At management level 3 the female representation is 36%.

Target until 2028: Gradually develop in order to be in compliance with 40% representation in 2028.

Achieving 40% female representation on management level 1 and 2 is difficult given the majority of male employees in the industry and will not be possible to achieve in a few years. A long term plan has been established with various activities planned with focus on recruiting and education as well as further developing a culture supporting gender equality.

### **Statement on data ethics ref. Danish Financial Statements Act section 99d**

Nagel Liller complies with the Danish legislation on GDPR with regards to employee and personal data.

Given our business model and activities we acquire data from external sources in support of our market strategy and the services we provide to clients. However, all data are considered business critical and will as such never be shared with or in any way be made available to third parties. Consequently, the management of Nagel Liller see no immediate need for approving a policy on data ethics but will follow the topic closely with the aim of setting such a policy in due time.

## Income Statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
<b>Revenue</b>	2	<b>625.457</b>	<b>545.613</b>
Other operating income		13.414	12.108
Direct freight expenses		-382.755	-333.110
Other external expenses		-44.658	-33.584
<b>Gross profit/loss</b>		<b>211.458</b>	<b>191.027</b>
Staff expenses	4	-204.282	-192.797
Depreciation, amortisation and impairment of property, plant and equipment		-1.510	-948
<b>Profit/loss before financial income and expenses</b>		<b>5.666</b>	<b>-2.718</b>
Financial income	5	736	994
Financial expenses	6	-1.747	-1.707
<b>Profit/loss before tax</b>		<b>4.655</b>	<b>-3.431</b>
Tax on profit/loss for the year	7	3.580	2.825
<b>Net profit/loss for the year</b>		<b>8.235</b>	<b>-606</b>

# Balance Sheet 31 December

## Assets

	Note	2022 TDKK	2021 TDKK
Software		1.860	2.558
Development projects in progress		4.620	354
<b>Intangible assets</b>	8	<b>6.480</b>	<b>2.912</b>
Other fixtures and fittings, tools and equipment		1.267	2.098
<b>Property, plant and equipment</b>	9	<b>1.267</b>	<b>2.098</b>
Other investments		1.032	681
Deposits		1.692	1.589
<b>Fixed asset investments</b>	10	<b>2.724</b>	<b>2.270</b>
<b>Fixed assets</b>		<b>10.471</b>	<b>7.280</b>
Trade receivables		123.347	112.626
Receivables from group enterprises		418	359
Other receivables		0	38
Deferred tax asset	13	10.256	6.481
Corporation tax		0	59
Prepayments	11	3.663	1.506
<b>Receivables</b>		<b>137.684</b>	<b>121.069</b>
<b>Cash at bank and in hand</b>		<b>0</b>	<b>1</b>
<b>Currents assets</b>		<b>137.684</b>	<b>121.070</b>
<b>Assets</b>		<b>148.155</b>	<b>128.350</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		500	500
Reserve for development costs		5.054	2.271
Retained earnings		-50.621	-56.073
<b>Equity</b>		<b>-45.067</b>	<b>-53.302</b>
Other provisions	14	13	8.574
<b>Provisions</b>		<b>13</b>	<b>8.574</b>
Prepayments received from customers		45	46
Trade payables		86.403	82.450
Payables to group enterprises		83.550	69.715
Payables to group enterprises relating to corporation tax		115	0
Other payables		23.096	20.867
<b>Short-term debt</b>		<b>193.209</b>	<b>173.078</b>
<b>Debt</b>		<b>193.209</b>	<b>173.078</b>
<b>Liabilities and equity</b>		<b>148.155</b>	<b>128.350</b>
Going concern	1		
Subsequent events	3		
Distribution of profit	12		
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## Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	500	2.271	-56.073	-53.302
Development costs for the year	0	2.783	-2.783	0
Net profit/loss for the year	0	0	8.235	8.235
<b>Equity at 31 December</b>	<b>500</b>	<b>5.054</b>	<b>-50.621</b>	<b>-45.067</b>

# Notes to the Financial Statements

## 1 Going concern

Management has continued in 2022 with the initiated measures with a view to strengthening and improving operations, which will continue further in 2023. Moreover, the Company's Parent Company has provided adequate financing for the Company to carry on its operations in the year ahead.

Consequently, the Annual Report has been prepared under the going concern assumption.

	<u>2022</u> TDKK	<u>2021</u> TDKK
<b>2 Revenue</b>		
<b>Geographical segments</b>		
Denmark	625.457	545.613
	<b>625.457</b>	<b>545.613</b>
<b>Business segments</b>		
Freight by road	595.981	531.748
Various	29.476	13.865
	<b>625.457</b>	<b>545.613</b>

## 3 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
<b>4 Staff expenses</b>		
Wages and salaries	186.288	175.026
Pensions	14.217	14.021
Other social security expenses	3.777	3.750
	<b>204.282</b>	<b>192.797</b>
Including remuneration to the Executive Board of: Executive Board	1.157	1.095
	<b>1.157</b>	<b>1.095</b>
<b>Average number of employees</b>	<b>337</b>	<b>332</b>
<b>5 Financial income</b>		
Interest received from group enterprises	1	64
Other financial income	716	928
Exchange gains	19	2
	<b>736</b>	<b>994</b>
<b>6 Financial expenses</b>		
Interest paid to group enterprises	1.236	1.076
Other financial expenses	380	510
Exchange loss	131	121
	<b>1.747</b>	<b>1.707</b>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	195	0
Deferred tax for the year	-3.775	-2.825
	<b>-3.580</b>	<b>-2.825</b>



# Notes to the Financial Statements

## 8 Intangible assets

	Software TDKK	Development projects in progress TDKK
Cost at 1 January	3.488	354
Additions for the year	0	4.620
Disposals for the year	0	-134
Transfers for the year	0	-220
Cost at 31 December	<u>3.488</u>	<u>4.620</u>
Impairment losses and amortisation at 1 January	930	0
Amortisation for the year	698	0
Impairment losses and amortisation at 31 December	<u>1.628</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>1.860</u></b>	<b><u>4.620</u></b>
Amortised over	<u>5 years</u>	
Development projects in progress relate to the rental of buildings.		

## 9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK
Cost at 1 January	2.975
Additions for the year	668
Disposals for the year	-1.265
Transfers for the year	220
Cost at 31 December	<u>2.598</u>
Impairment losses and depreciation at 1 January	877
Depreciation for the year	812
Reversal of impairment and depreciation of sold assets	-358
Impairment losses and depreciation at 31 December	<u>1.331</u>
<b>Carrying amount at 31 December</b>	<b><u>1.267</u></b>
Depreciated over	<u>3-5 years</u>

# Notes to the Financial Statements

## 10 Fixed asset investments

	Other investments TDKK	Deposits TDKK
Cost at 1 January	681	1.589
Additions for the year	351	103
Cost at 31 December	<u>1.032</u>	<u>1.692</u>
<b>Carrying amount at 31 December</b>	<b><u>1.032</u></b>	<b><u>1.692</u></b>

## 11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

## 12 Distribution of profit

	2022 TDKK	2021 TDKK
Retained earnings	8.235	-606
	<b><u>8.235</u></b>	<b><u>-606</u></b>

## 13 Deferred tax asset

Deferred tax asset at 1 January	6.481	3.655
Amounts recognised in the income statement for the year	3.775	2.825
Amounts recognised in equity for the year	0	1
<b>Deferred tax asset at 31 December</b>	<b><u>10.256</u></b>	<b><u>6.481</u></b>

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company having implemented efficiency measures which are expected to increase the Company's income.

## Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
<b>14 Other provisions</b>		
Other provisions include obligations in respect of pallets and packing materials and are recognised net in the balance sheet.		
Other provisions	13	8.574
	<b>13</b>	<b>8.574</b>

## 15 Contingent assets, liabilities and other financial obligations

### Contingent assets

An unrecognized deferred tax asset, due to historic tax losses carry forward, of the value of approximately DKK 3-5 mio., is not recognized in the income statement and balance sheet.

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	19.711	18.510
Between 1 and 5 years	29.181	11.403
After 5 years	7.954	185
	<b>56.846</b>	<b>30.098</b>
Rental obligations, period of interminability up to 15 years (2021 16 years)	173.579	176.731

### Other contingent liabilities

The Danish group enterprises are jointly and severally liable for tax on the consolidated jointly taxed income etc. The total corporation tax payable is shown in the Annual Report of Nagel Danmark A/S, which is the management company of the joint taxation. The Danish group enterprises are moreover jointly and severally liable for Danish withholding taxes. Any subsequent adjustments of corporation tax and withholding taxes may imply that the Company is liable for a higher amount.

The company has registered a pledge ban regarding the company's accounts receivables.

# Notes to the Financial Statements

## 16 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Nagel Danmark A/S, Thorsvej 19, 6330 Padborg	Immediate Parent Company
<b>Other related parties</b>	
Nagel-Group SE & Co. KG, D-33775 Versmold	Ultimate Parent Company

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The company is included in the Consolidated Financial Statements of its parent company Nagel Danmark A/S, CVR No 81 74 55 28.

Moreover, the company is included in the Consolidated Financial Statements of its ultimate parent company, Nagel-Group SE & Co. KG.

<u>Name</u>	<u>Place of registered office</u>
Nagel-Group SE & Co. KG	D-33775 Versmold, Germany
Nagel Danmark A/S	6330 Padborg, Denmark

The Group Annual Report of Nagel-Group SE & Co. KG may be obtained at the following address:

Friedrich-Menzefricke-Straße 6  
D-33775 Versmold  
Germany

## Notes to the Financial Statements

### 16 Related parties (continued)

The Group Annual Report of Nagel Danmark A/S may be obtained at the following address:

Thorsvej 19  
Frøslev  
6330 Padborg  
Denmark

### 17 Fee to auditors appointed at the general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, the fee to the auditors appointed at the general meeting has been disclosed in the Consolidated Financial Statements of Nagel Danmark A/S, Padborg, Denmark.

# Notes to the Financial Statements

## 18 Accounting Policies

The Annual Report of Nagel Liller A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Nagel Danmark A/S, the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Segment reporting

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Income Statement

### Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Direct freight expenses

Direct freight expenses comprise the transport costs etc. incurred to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the parent company Nagel Danmark A/S and its subsidiaries. Nagel Danmark A/S has been selected as the administrative company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.



# Notes to the Financial Statements

## 18 Accounting Policies (continued)

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment      2 - 5    years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Other fixed asset investments

Other fixed asset investments consist of other investments which are measured in the balance sheet at the lower of amortised cost and net realisable value.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$