



## **TBS Maskinpower ApS**

Smedebakken 7  
7200 Grindsted  
CVR No. 39006979

### **Annual report 2022**

The Annual General Meeting adopted the  
annual report on 12.05.2023

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**Jan Garder**

Chairman of the General Meeting

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# Entity details

## Entity

TBS Maskinpower ApS

Smedebakken 7

7200 Grindsted

Business Registration No.: 39006979

Registered office: Varde

Financial year: 01.01.2022 - 31.12.2022

## Executive Board

Jan Garder, CEO

Jens Bertram Gaarsvig Hansen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

# Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of TBS Maskinpower ApS for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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

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

Starup, 12.05.2023

## Executive Board

**Jan Garder**  
CEO

**Jens Bertram Gaarsvig Hansen**

# Independent auditor's report

## To the shareholders of TBS Maskinpower ApS

### Opinion

We have audited the consolidated financial statements and the parent financial statements of TBS Maskinpower ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Kolding, 12.05.2023

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Lars Ørum Nielsen**

State Authorised Public Accountant  
Identification No (MNE) mne26771

# Management commentary

## Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	804,914	561,783	475,769	332,311	250,094
Gross profit/loss	93,194	68,210	61,082	44,966	35,176
Operating profit/loss	7,073	4,099	4,855	6,538	6,163
Net financials	(4,877)	(3,374)	(2,294)	(3,009)	(2,409)
Profit/loss for the year	2,555	1,231	2,214	2,458	2,735
Profit for the year excl. minority interests	2,326	985	1,646	2,291	2,735
Balance sheet total	423,516	447,440	371,254	292,189	163,913
Investments in property, plant and equipment	22,144	11,885	7,639	4,268	2,738
Equity	17,402	14,847	13,616	11,402	8,899
Equity excl. minority interests	16,146	13,820	12,835	11,189	8,899
Cash flows from operating activities	49,020	(26,977)	(69,180)	(34,084)	2,031
Cash flows from investing activities	(20,296)	(1,445)	(10,861)	(9,119)	(30,923)
Cash flows from financing activities	(45,717)	53,520	83,945	32,035	22,282
<b>Ratios</b>					
Gross margin (%)	11.58	12.14	12.84	13.53	14.07
Net margin (%)	0.32	0.22	0.47	0.74	1.09
Return on equity (%)	15.52	7.39	13.70	22.81	363.00
Equity ratio (%)	3.81	3.09	3.46	3.83	5.43

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

### Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

### Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue



**Return on equity (%):**

Profit/loss for the year excl. minority interests \* 100

Average equity excl. minority interests

**Equity ratio (%):**

Equity excl. minority interests \* 100

Balance sheet total

### Primary activities

The Group's activity consist in sale, service and repair of agricultural machinery, as well as the sale of spare parts for agricultural machinery.

### Development in activities and finances

The Group's revenue amounted to DKK 804.913 k against a revenue of DKK 561.783 k last year. The profit after tax for the year amounted to DKK 2.555 k against a profit of DKK 1.231 k last year. The equity represent DKK 17.401 k as of 31.12.2022.

### Profit/loss for the year in relation to expected developments

The general market conditions taken into consideration and due to substantial internal activities the Management considers the profit for the year 2022 a little lower than the expectations.

### Outlook

The management expects an increase in profit after tax for year 2023. The Group will still seek to improve market shares in Denmark in 2023. Though is the Group concerned about consequences caused by lack of supply of machines in 2023.

### Knowledge resources

The Entity's most critical resources include the skills and knowledge of the employees. Thus, the Entity continually invest in development of the employees.

### Environmental performance

The company takes its social responsibility seriously. It is reflected in all decision-making within the company. Policies and actions in relation to CSR issues are described in more detail elsewhere in this report.

### Statutory report on corporate social responsibility

As part of our statutory reporting, we report on risks and activities in relation to social responsibility concerning employee conditions, environment and climate, human rights and corruption and bribery. We also report on gender balance in management, and on data ethics, all in accordance with articles 99a, 99b and 99d of the Danish Financial Statements Act. This is described in the following sections.

### Business model

The primary activities of TBS consist of sales and repair from our 8 departments in Jutland and Funen of agricultural machinery as well as the sale of spare parts for machinery used in the agricultural and contractor business. We primarily service the Danish market, but also export a small amount of used machinery to other European markets.

As our business has grown in recent years, we have acquired additional land in Gravens during 2022 where we in 2023 will be initiating the construction of a new facility. In light of this, we will have focused efforts directed at meeting the relevant standards and continuing our existing work with employee conditions, related human rights as well as environmental protection during 2023.

### Employee conditions

The primary risk in relation to employee conditions could arise in relation to the health and safety of our employees. If such a risk would occur, this could impact our ability to attract and retain employees. We strive to ensure that our employees are motivated and that we live up to regulations regarding health and safety.

Due to other internal activities our expected implementation of a new employee handbook, which employees shall receive when joining the company was postponed. The handbook covers working hours, holiday, time registration, insurance and other employee-related matters. We also offer apprenticeships; our number of apprenticeships in 2022 was exceeding several times than prescribed by AUB (Arbejdsgivernes Uddannelsesbidrag).

During 2022, employees have attended training courses in relation to their areas of expertise in order to ensure that they are always able to complete their daily work tasks in a safe and consistent manner. In the financial year, we have reviewed our health and safety activities for potential opportunities for improvement and for sharing good practice among our staff. We have finalized and inaugurated a renovation of various workshop and office facilities, including focus on safe access to equipment and general health and safety for employees. We believe that our activities in 2022 have contributed to maintaining a good workplace environment in the TBS-group.

### **Environment and climate**

Concerning environment and climate, the primary risk that could arise would be if we use materials or inputs in our repair workshop, which would not be compliant with applicable regulations and standards. In case such a risk would occur, this which could cause a negative impact on the local environment by potentially contributing to pollution downstream when the equipment is used by customers.

We are committed to following the regulations and restrictions in Denmark concerning environment and climate. For example, we ensure that we only use products in our repair workshop facilities, which comply to applicable regulations. An important focus that was also part of our health and safety assessment in the year, as mentioned in the above section. Additionally, we pursue optimizations to our operations with a view to both minimize environmental impacts and to reduce costs over the longer term.

Looking back at 2022, we believe that our activities in the financial year have contributed to minimizing our negative impact on the environment and climate. We have initiated optimizations to the lighting in our facilities and will continue this work during 2023.

### **Human rights**

The primary risk concerning human rights could be if discrimination against an employee occurs that is in breach of universal human rights standards and principles and applicable Danish regulation. We have zero-tolerance towards breaching human rights and while we do not have a stand-alone formalized human rights policy, our coming employee handbook sets out our expectations around mutual respect, non-discrimination, trust, well-being and safety.

By promoting mutual respect and teamwork in our workplace we ensure that we treat each other with respect for human rights during our daily work. Our coming employee handbook also confirms our respect for trade unions and the agreements they negotiate. We hold regular employee development dialogues to ensure that we address their well-being and career goals. We have policies for handling personal data for customers, business partners and employees as required by the General Data Protection regulation.

We are not aware of any breaches historically concerning human rights, including during the financial year reported on.

### **Corruption and bribery**

The primary risk concerning corruption and bribery could be if an employee uses illegal means to obtain an advantage from a business partner, customer or other stakeholder or vice versa. If the risk would occur this could

lead to breach of regulation and fines. We have a zero-tolerance policy in relation to corruption and bribery. We have a special focus on guidelines concerning anti-money laundering, which restrict us from accepting cash payments of 20,000 DKK and above. These guidelines are shared and enforced with all employees.

We are not aware of any breaches concerning bribery and corruption in TBS in 2022. We expect to continue our effort with the above-mentioned focus on anti-corruption in the future.

#### **Statutory report on the underrepresented gender**

Currently there are no women in the Group's Executive Board which consist of 2 persons. There are no current plans to change the composition of the Executive Board, but if this would be relevant, we would consider all relevant qualifications of the right person for the job, including professional experiences and skills along with diversity factors including also educational background and gender.

We have set a target to increase gender balance in the Executive Board by adding a woman to the Board by 2024. In the event of future changes in - or expansions of - the Executive Board, this target will be considered during the recruitment process.

We strive towards an equal representation of both genders in the upper management level. In TBS, our policy is to focus on any barriers that may prevent the underrepresented gender from being appointed to managerial positions. This applies to all steps of recruitment – from job descriptions and advertisements to job interviews. Whenever it is possible, we strive to ensure that both women and men are considered for interviews for management positions.

Across our organization we predominantly have men employed, approximately 95%, largely due to the nature of our business and the industry we are in.

As we have grown our business in recent years, we have considered available options during recruitment to obtain a greater gender balance, because we believe it is a strength to our business to have a diverse workforce, and specifically we have in 2022 expanded our administration where 2 women and 2 men have joined TBS.

#### **Statutory report on data ethics policy**

We are conscious and aware of the many opportunities and uncertainties that come with the use of digital tools. As part of our work to ensure best practice in handling data responsibly and in accordance with the General Data Protection Regulation (GDPR), we have articulated our requirements and expectations to our employees around GDPR in a policy. We do not use complex technologies, our data landscape is fairly simple at the moment. Based on the above, we have not found it necessary to develop a specific policy around data ethics. However, we continuously consider ethical matters, in the way we handle and use data in order to ensure the rights and expectations of our employees and our customers.

#### **Events after the balance sheet date**

See note 1.

# Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	2	804,914	561,783
Other operating income		73	505
Cost of sales		(670,978)	(465,917)
Other external expenses	3	(40,815)	(28,161)
<b>Gross profit/loss</b>		<b>93,194</b>	<b>68,210</b>
Staff costs	4	(80,573)	(60,820)
Depreciation, amortisation and impairment losses	5	(5,548)	(3,215)
Other operating expenses		0	(76)
<b>Operating profit/loss</b>		<b>7,073</b>	<b>4,099</b>
Income from investments in associates		1,410	976
Other financial income	6	355	491
Other financial expenses	7	(5,232)	(3,865)
<b>Profit/loss before tax</b>		<b>3,606</b>	<b>1,701</b>
Tax on profit/loss for the year	8	(1,051)	(470)
<b>Profit/loss for the year</b>	9	<b>2,555</b>	<b>1,231</b>

# Consolidated balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired intangible assets		229	0
Goodwill		12,769	6,313
<b>Intangible assets</b>	10	<b>12,998</b>	<b>6,313</b>
Land and buildings		12,475	3,677
Other fixtures and fittings, tools and equipment		14,032	15,553
Leasehold improvements		2,914	485
Property, plant and equipment in progress		0	134
<b>Property, plant and equipment</b>	11	<b>29,421</b>	<b>19,849</b>
Investments in associates		4,080	3,479
Receivables from associates		849	849
Other investments		11	0
Deposits		1,272	1,902
<b>Financial assets</b>	12	<b>6,212</b>	<b>6,230</b>
<b>Fixed assets</b>		<b>48,631</b>	<b>32,392</b>
Manufactured goods and goods for resale		253,884	296,441
<b>Inventories</b>		<b>253,884</b>	<b>296,441</b>
Trade receivables		87,483	60,185
Contract work in progress		7,461	7,156
Receivables from group enterprises		9	1,450
Other receivables		9,871	17,070
Joint taxation contribution receivable		134	0
Prepayments	13	2,272	1,982
<b>Receivables</b>		<b>107,230</b>	<b>87,843</b>
<b>Cash</b>		<b>13,771</b>	<b>30,764</b>
<b>Current assets</b>		<b>374,885</b>	<b>415,048</b>

<b>Assets</b>	<b>423,516</b>	<b>447,440</b>
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**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Contributed capital		7,050	7,050
Retained earnings		9,096	6,770
<b>Equity belonging to Parent's shareholders</b>		<b>16,146</b>	<b>13,820</b>
<b>Equity belonging to minority interests</b>		<b>1,256</b>	<b>1,027</b>
<b>Equity</b>		<b>17,402</b>	<b>14,847</b>
Deferred tax	14	1,479	943
<b>Provisions</b>		<b>1,479</b>	<b>943</b>
Lease liabilities		7,032	9,708
Other payables		3,413	3,448
<b>Non-current liabilities other than provisions</b>	15	<b>10,445</b>	<b>13,156</b>
Bank loans		11,426	62,351
Lease liabilities		934	3,312
Prepayments received from customers		35,344	17,395
Trade payables		147,903	162,977
Payables to group enterprises		174,924	162,934
Tax payable		483	0
Joint taxation contribution payable		0	125
Other payables		23,146	9,400
Deferred income	16	30	0
<b>Current liabilities other than provisions</b>		<b>394,190</b>	<b>418,494</b>
<b>Liabilities other than provisions</b>		<b>404,635</b>	<b>431,650</b>
<b>Equity and liabilities</b>		<b>423,516</b>	<b>447,440</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Group relations	22		
Subsidiaries	23		



# Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	7,050	6,770	13,820	1,027	14,847
Profit/loss for the year	0	2,326	2,326	229	2,555
<b>Equity end of year</b>	<b>7,050</b>	<b>9,096</b>	<b>16,146</b>	<b>1,256</b>	<b>17,402</b>

# Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		7,073	4,099
Amortisation, depreciation and impairment losses		5,548	3,220
Working capital changes	17	41,655	(30,670)
<b>Cash flow from ordinary operating activities</b>		<b>54,276</b>	<b>(23,351)</b>
Financial income received		355	905
Financial expenses paid		(5,232)	(4,278)
Taxes refunded/(paid)		(379)	(204)
Other cash flows from operating activities		0	(49)
<b>Cash flows from operating activities</b>		<b>49,020</b>	<b>(26,977)</b>
Acquisition etc. of intangible assets		(749)	0
Acquisition etc. of property, plant and equipment		(12,150)	(11,886)
Sale of property, plant and equipment		2,525	19
Dividends received from associates		809	113
Acquisition of activities		(11,360)	0
Acquisition not owned by Entity/financial leases		0	10,309
Deposits received		629	0
<b>Cash flows from investing activities</b>		<b>(20,296)</b>	<b>(1,445)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>28,724</b>	<b>(28,422)</b>
Loans raised		0	56,787
Repayments of loans etc.		(57,707)	4,875
Incurrence of debt to group enterprises		11,990	3,993
Loans raised relating to financial leases		0	(12,135)
<b>Cash flows from financing activities</b>		<b>(45,717)</b>	<b>53,520</b>

<b>Increase/decrease in cash and cash equivalents</b>	<b>(16,993)</b>	<b>25,098</b>
Cash and cash equivalents beginning of year	30,764	5,666
<b>Cash and cash equivalents end of year</b>	<b>13,771</b>	<b>30,764</b>
Cash and cash equivalents at year-end are composed of:		
Cash	13,771	30,764
<b>Cash and cash equivalents end of year</b>	<b>13,771</b>	<b>30,764</b>

# Notes to consolidated financial statements

## 1 Events after the balance sheet date

The company has with effect from 1. January 2023 acquired 70% of the company Holmsland Maskinforretning A/S. No other events have occurred after the balance sheet date, which would influence the evaluation of this annual report.

## 2 Revenue

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Denmark	727,770	531,978
EU	71,744	18,850
Other	5,400	10,955
<b>Total revenue by geographical market</b>	<b>804,914</b>	<b>561,783</b>

## 3 Fees to the auditor appointed by the Annual General Meeting

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Statutory audit services	350	215
Other services	364	18
	<b>714</b>	<b>233</b>

## 4 Staff costs

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	65,535	51,491
Pension costs	5,407	3,840
Other social security costs	1,764	1,068
Other staff costs	7,867	4,421
	<b>80,573</b>	<b>60,820</b>
Average number of full-time employees	151	119

	<b>Remuneration of manage- ment 2022 DKK'000</b>	<b>Remuneration of manage- ment 2021 DKK'000</b>
Executive Board	2,293	2,637
	<b>2,293</b>	<b>2,637</b>

### 5 Depreciation, amortisation and impairment losses

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Amortisation of intangible assets	1,676	954
Depreciation on property, plant and equipment	4,140	2,261
Profit/loss from sale of intangible assets and property, plant and equipment	(268)	0
	<b>5,548</b>	<b>3,215</b>

### 6 Other financial income

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Other interest income	354	372
Exchange rate adjustments	1	119
	<b>355</b>	<b>491</b>

### 7 Other financial expenses

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Financial expenses from group enterprises	1,960	1,360
Other interest expenses	3,226	1,920
Other financial expenses	46	585
	<b>5,232</b>	<b>3,865</b>

### 8 Tax on profit/loss for the year

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Current tax	456	125
Change in deferred tax	585	141
Adjustment concerning previous years	10	204
	<b>1,051</b>	<b>470</b>

## 9 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Retained earnings	2,326	985
Minority interests' share of profit/loss	229	246
	<b>2,555</b>	<b>1,231</b>

## 10 Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000
Cost beginning of year	0	9,539
Additions	259	8,102
<b>Cost end of year</b>	<b>259</b>	<b>17,641</b>
Amortisation and impairment losses beginning of year	0	(3,226)
Amortisation for the year	(30)	(1,646)
<b>Amortisation and impairment losses end of year</b>	<b>(30)</b>	<b>(4,872)</b>
<b>Carrying amount end of year</b>	<b>229</b>	<b>12,769</b>

## 11 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	4,012	21,750	1,250	134
Addition through business combinations etc	0	6,359	3,635	0
Additions	9,375	2,252	523	0
Disposals	0	(5,117)	0	(134)
<b>Cost end of year</b>	<b>13,387</b>	<b>25,244</b>	<b>5,408</b>	<b>0</b>
Depreciation and impairment losses beginning of year	(335)	(6,197)	(765)	0
Addition through business combinations etc	0	(4,568)	(1,607)	0
Depreciation for the year	(577)	(3,441)	(122)	0
Reversal regarding disposals	0	2,994	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(912)</b>	<b>(11,212)</b>	<b>(2,494)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>12,475</b>	<b>14,032</b>	<b>2,914</b>	<b>0</b>
Recognised assets not owned by Entity	0	7,416	0	0

## 12 Financial assets

	Investments in associates DKK'000	Receivables from associates DKK'000	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	2,396	849	0	1,902
Addition through business combinations etc	0	0	11	0
Disposals	0	0	0	(630)
<b>Cost end of year</b>	<b>2,396</b>	<b>849</b>	<b>11</b>	<b>1,272</b>
Revaluations beginning of year	1,083	0	0	0
Amortisation of goodwill	(9)	0	0	0
Share of profit/loss for the year	1,419	0	0	0
Dividend	(809)	0	0	0
<b>Revaluations end of year</b>	<b>1,684</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>4,080</b>	<b>849</b>	<b>11</b>	<b>1,272</b>

Associates	Registered in	Ownership %
Agrotek A/S	Hobro	25

## 13 Prepayments

Prepayments relate to various prepaid items.

## 14 Deferred tax

	2022 DKK'000	2021 DKK'000
Intangible assets	662	328
Property, plant and equipment	409	334
Receivables	667	331
Provisions	(90)	(45)
Liabilities other than provisions	0	5
Tax losses carried forward	(34)	(13)
Other taxable temporary differences	(135)	3
<b>Deferred tax</b>	<b>1,479</b>	<b>943</b>

Changes during the year	2022 DKK'000	2021 DKK'000
Beginning of year	943	801
Recognised in the income statement	536	142
<b>End of year</b>	<b>1,479</b>	<b>943</b>

### 15 Non-current liabilities other than provisions

	<b>Due after more than 12 months 2022 DKK'000</b>
Lease liabilities	7,032
Other payables	3,413
	<b>10,445</b>

### 16 Deferred income

Deferred income relates to various cutting items regarding reconciliation of bank accounts.

### 17 Changes in working capital

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Increase/decrease in inventories	53,349	(36,696)
Increase/decrease in receivables	(14,396)	(3,054)
Increase/decrease in trade payables etc.	2,702	9,080
	<b>41,655</b>	<b>(30,670)</b>

### 18 Unrecognised rental and lease commitments

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Total liabilities under rental or lease agreements until maturity	15,460	13,985
Of this, liabilities under rental or lease agreements with group enterprises	7,823	5,883

### 19 Contingent liabilities

The Group has guaranteed for customers residual value towards financing company who has financed the customers acquisition of machinery. The guarantees amount to DKK 1.283k.

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which TBS Maskinpower ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore secondarily liable for income taxes etc. for the jointly taxed entities, limited to the equity interest by which the Entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 20 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on assets of DKK 1.250k nominal.

Goods for resale with a booked value of DKK 77.333k is provided as collateral for trade payables.



Bank loans are secured by the way of mortgage deed of DKK 77.500k nominal total. The carrying amount of mortgaged assets is DKK 250.954k.

### 21 Transactions with related parties

The annual report discloses only transactions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

### 22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Raiffeisen Waren GmbH, Kassel, Germany

The consolidated financial statement for the above mentioned company can be requested at: [www.rw.net](http://www.rw.net)

### 23 Subsidiaries

	Registered in	Corporate form	Ownership %
Askildrup Agro A/S	Randers	A/S	80.00
TBS FYN A/S	Nyborg	A/S	100.00
SM af 07.01.2023 A/S (under frivillig likvidation)	Rebild	A/S	100.00

# Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	2	669,938	481,235
Other operating income		1,150	505
Cost of sales		(575,718)	(401,347)
Other external expenses		(28,446)	(24,793)
<b>Gross profit/loss</b>		<b>66,924</b>	<b>55,600</b>
Staff costs	3	(57,549)	(50,635)
Depreciation, amortisation and impairment losses	4	(4,649)	(2,788)
Other operating expenses		0	(76)
<b>Operating profit/loss</b>		<b>4,726</b>	<b>2,101</b>
Income from investments in group enterprises		278	726
Income from investments in associates		1,410	976
Other financial income	5	794	643
Other financial expenses	6	(4,463)	(3,344)
<b>Profit/loss before tax</b>		<b>2,745</b>	<b>1,102</b>
Tax on profit/loss for the year	7	(419)	(117)
<b>Profit/loss for the year</b>	8	<b>2,326</b>	<b>985</b>

# Parent balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired intangible assets		607	0
Goodwill		8,338	4,360
<b>Intangible assets</b>	9	<b>8,945</b>	<b>4,360</b>
Land and buildings		14,460	3,677
Other fixtures and fittings, tools and equipment		13,455	15,105
Leasehold improvements		931	474
<b>Property, plant and equipment</b>	10	<b>28,846</b>	<b>19,256</b>
Investments in group enterprises		19,430	6,062
Investments in associates		4,080	3,479
Receivables from associates		849	849
Deposits		1,197	1,827
<b>Financial assets</b>	11	<b>25,556</b>	<b>12,217</b>
<b>Fixed assets</b>		<b>63,347</b>	<b>35,833</b>
Manufactured goods and goods for resale		210,009	263,609
<b>Inventories</b>		<b>210,009</b>	<b>263,609</b>
Trade receivables		50,813	26,502
Contract work in progress		6,164	6,582
Receivables from group enterprises		54,620	33,252
Other receivables		9,824	17,068
Joint taxation contribution receivable		619	235
Prepayments	12	1,045	1,970
<b>Receivables</b>		<b>123,085</b>	<b>85,609</b>
<b>Cash</b>		<b>9,000</b>	<b>30,756</b>
<b>Current assets</b>		<b>342,094</b>	<b>379,974</b>
<b>Assets</b>		<b>405,441</b>	<b>415,807</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Contributed capital		7,050	7,050
Reserve for net revaluation according to equity method		5,234	4,357
Retained earnings		3,861	2,412
<b>Equity</b>		<b>16,145</b>	<b>13,819</b>
Deferred tax	13	1,263	961
<b>Provisions</b>		<b>1,263</b>	<b>961</b>
Lease liabilities		7,033	9,708
Other payables		3,121	3,154
<b>Non-current liabilities other than provisions</b>	14	<b>10,154</b>	<b>12,862</b>
Bank loans		6,396	46,100
Lease liabilities		934	3,312
Prepayments received from customers		27,213	11,073
Trade payables		142,952	158,951
Payables to group enterprises		178,348	162,934
Tax payable		483	0
Other payables		21,553	5,795
<b>Current liabilities other than provisions</b>		<b>377,879</b>	<b>388,165</b>
<b>Liabilities other than provisions</b>		<b>388,033</b>	<b>401,027</b>
<b>Equity and liabilities</b>		<b>405,441</b>	<b>415,807</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Transactions with related parties	19		

# Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	7,050	4,357	2,412	13,819
Dividends from associates	0	(809)	809	0
Profit/loss for the year	0	1,686	640	2,326
<b>Equity end of year</b>	<b>7,050</b>	<b>5,234</b>	<b>3,861</b>	<b>16,145</b>

# Notes to parent financial statements

## 1 Events after the balance sheet date

The company has with effect from 1. January 2023 acquired 70% of the company Holmsland Maskinforretning A/S. No other events have occurred after the balance sheet date, which would influence the evaluation of this annual report.

## 2 Revenue

	2022 DKK'000	2021 DKK'000
DK	617,773	459,086
EU	47,419	13,603
Other	4,746	8,546
<b>Total revenue by geographical market</b>	<b>669,938</b>	<b>481,235</b>

## 3 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	46,384	42,784
Pension costs	3,938	3,222
Other social security costs	1,517	975
Other staff costs	5,710	3,654
	<b>57,549</b>	<b>50,635</b>

Average number of full-time employees	103	98
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## Remuneration Remuneration

	of Manage- ment 2022 DKK'000	of Manage- ment 2021 DKK'000
Executive Board	2,293	2,637
	<b>2,293</b>	<b>2,637</b>

## 4 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Amortisation of intangible assets	1,034	694
Depreciation on property, plant and equipment	3,615	2,094
	<b>4,649</b>	<b>2,788</b>

## 5 Other financial income

	2022 DKK'000	2021 DKK'000
Financial income from group enterprises	524	414
Other interest income	270	110
Exchange rate adjustments	0	119
	<b>794</b>	<b>643</b>

## 6 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	1,960	1,360
Other interest expenses	2,360	1,902
Other financial expenses	143	82
	<b>4,463</b>	<b>3,344</b>

## 7 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	106	0
Change in deferred tax	303	148
Adjustment concerning previous years	10	204
Refund in joint taxation arrangement	0	(235)
	<b>419</b>	<b>117</b>

## 8 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Retained earnings	2,326	985
	<b>2,326</b>	<b>985</b>

## 9 Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000
Cost beginning of year	0	6,936
Additions	676	4,943
<b>Cost end of year</b>	<b>676</b>	<b>11,879</b>
Amortisation and impairment losses beginning of year	0	(2,576)
Amortisation for the year	(69)	(965)
<b>Amortisation and impairment losses end of year</b>	<b>(69)</b>	<b>(3,541)</b>
<b>Carrying amount end of year</b>	<b>607</b>	<b>8,338</b>

## 10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	4,012	19,534	575
Additions	11,360	3,293	523
Disposals	0	(2,055)	0
<b>Cost end of year</b>	<b>15,372</b>	<b>20,772</b>	<b>1,098</b>
Depreciation and impairment losses beginning of year	(335)	(4,429)	(101)
Depreciation for the year	(577)	(2,972)	(66)
Reversal regarding disposals	0	84	0
<b>Depreciation and impairment losses end of year</b>	<b>(912)</b>	<b>(7,317)</b>	<b>(167)</b>
<b>Carrying amount end of year</b>	<b>14,460</b>	<b>13,455</b>	<b>931</b>
Recognised assets not owned by entity	0	7,416	0

## 11 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Receivables from associates DKK'000	Deposits DKK'000
Cost beginning of year	2,787	2,396	849	1,827
Additions	13,091	0	0	0
Disposals	0	0	0	(630)
<b>Cost end of year</b>	<b>15,878</b>	<b>2,396</b>	<b>849</b>	<b>1,197</b>
Revaluations beginning of year	3,275	1,083	0	0
Amortisation of goodwill	(903)	(9)	0	0
Share of profit/loss for the year	6,715	1,419	0	0
Adjustment of intra-group profits	(5,535)	0	0	0
Dividend	0	(809)	0	0
<b>Revaluations end of year</b>	<b>3,552</b>	<b>1,684</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>19,430</b>	<b>4,080</b>	<b>849</b>	<b>1,197</b>

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

Investments in associates	Registered in	Ownership %
Agrotek A/S	Hobro	25%

## 12 Prepayments

Prepayments relate to various prepaid items.



### 13 Deferred tax

	2022 DKK'000	2021 DKK'000
Intangible assets	626	328
Property, plant and equipment	330	319
Receivables	386	322
Liabilities other than provisions	(45)	5
Tax losses carried forward	(34)	(13)
<b>Deferred tax</b>	<b>1,263</b>	<b>961</b>

	2022 DKK'000	2021 DKK'000
<b>Changes during the year</b>		
Beginning of year	961	813
Recognised in the income statement	302	148
<b>End of year</b>	<b>1,263</b>	<b>961</b>

### 14 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK'000
Lease liabilities	7,033
Other payables	3,121
	<b>10,154</b>

### 15 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	14,140	12,289
Of this, liabilities under rental or lease agreements with group enterprises	7,823	5,883

### 16 Contingent liabilities

The Entity has guaranteed for customers residual value towards financing company who has financed the customers acquisition of machinery. The guarantees amount to DKK 1.283k.

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

**17 Assets charged and collateral**

Goods for resale with a booked value of DKK 77.333k is provided as collateral for trade payables.

Bank loans are secured by the way of mortgage deed of DKK 60.000k nominal total. The carrying amount of mortgaged assets is DKK 194.970k.

**Collateral provided for group enterprises**

The Entity has guaranteed group enterprises' debt to bank. The maximum limit of the guarantee is DKK 1.000k. Bank loans of group enterprises amount to DKK 5.031 k.

The Entity has guaranteed group enterprises' real estate lease. The guarantee is maximized to DKK 840k.

**18 Related parties with controlling interest**

Raiffeisen Waren GmbH, Kassel, Germany holds 80% of the shares in the Company.

**19 Transactions with related parties**

The annual report discloses only transactions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

# Accounting policies

## Reporting class

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

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

## Recognition and measurement

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

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

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

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

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

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

## Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date,

with net assets having been calculated at fair value.

### **Foreign currency translation**

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

### **Income statement**

#### **Revenue**

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

#### **Other operating income**

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

#### **Cost of sales**

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

#### **Other external expenses**

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

#### **Staff costs**

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

#### **Depreciation, amortisation and impairment losses**

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

#### **Other operating expenses**

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

#### **Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises'

profit/loss after full elimination of intra-group profits or losses.

#### **Income from investments in associates**

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

#### **Other financial income**

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

#### **Other financial expenses**

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

#### **Tax on profit/loss for the year**

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

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### **Balance sheet**

#### **Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

#### **Intellectual property rights etc.**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

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

#### **Property, plant and equipment**

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

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

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

	<b>Useful life</b>
Buildings	20-50 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5-10 years

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

Estimated useful lives and residual values are reassessed annually.

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

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

**Investments in associates**

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in associates.

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

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

**Receivables**

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

**Other investments**

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

**Inventories**

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

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

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

**Joint taxation contributions payable or receivable**

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Minority interests**

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

**Deferred tax**

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

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

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

**Lease liabilities**

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference



between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Operating leases**

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

**Other financial liabilities**

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

**Prepayments received from customers**

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

**Tax payable or receivable**

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

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

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

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

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

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

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