



Triarca A/S

Bjørnkærvej 3-3
8783 Hornsyld
CVR No. 40481672

Annual report 2023

The Annual General Meeting adopted the annual report on 19.06.2024

Benny Zakrisson

Chairman of the General Meeting

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Entity details

Entity

Triarca A/S
Bjørnkærvej 3-3
8783 Hornsyld

Business Registration No.: 40481672
Registered office: Hedensted
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Benny Zakrisson, Chairman
Lars Prisak
Michael Reeslev

Executive Board

Lars Prisak, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Triarca A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Hornsyld, 21.05.2024

Executive Board

Lars Prisak
CEO

Board of Directors

Benny Zakrisson
Chairman

Lars Prisak

Michael Reeslev

Independent auditor's report

To the shareholders of Triarca A/S

Opinion

We have audited the financial statements of Triarca A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the 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 misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 21.05.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Jacob Tækker Nørgaard

State Authorised Public Accountant

Identification No (MNE) mne40049

Management commentary

Financial highlights

	2023	2022	2021/22	2020/21	2019/20
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	45,426	28,519	45,023	42,774	39,945
Operating profit/loss	15,699	12,788	23,125	23,592	23,680
Net financials	(1,140)	(214)	(1,426)	(36)	(928)
Profit/loss for the year	11,374	9,792	16,920	18,373	17,749
Total assets	96,667	109,367	108,407	77,293	78,710
Equity	57,088	48,714	38,922	40,302	31,429
Average number of employees	75	79	83	74	72
Ratios					
Return on assets (%)	15.24	11.70	24.90	30.30	30.40
Return on equity (%)	21.50	22.35	42.71	51.23	67.90
Equity ratio (%)	59.06	44.54	35.90	52.14	39.93

The 2022 figures are not comparable as the fiscal year was reduced to 8 months due to a change of fiscal year from 01. May to 30. April to 01. January to 31. December.

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

Return on assets (%):

$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} * 100$

Average assets

Return on equity (%):

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

Average equity

Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets

Primary activities

Triarca's business is manufacturing and selling of fuse lists, circuit breakers and enclosure products primarily for low voltage electrical distribution, e-mobility and communication, but also for other segments where outdoor climate enclosures are needed, in mainly Denmark, Sweden, Norway, Finland, Germany and France. Since July 2023 the business also includes a German sales subsidiary, Triarca GmbH.

Governance

Triarca A/S is owned 100% by Triarca Holding ApS. Triarca Holding ApS has since July 2021 been 100% owned by AE2017 Bidco ApS. The majority owner of AE2017 Bidco ApS is Accent Equity 2017 AB. For additional information regarding Accent Equity 2017 AB go to www.accentequity.com. The remaining shares are owned by key employees and board members of AE2017 Bidco ApS.

The Board of Directors consists of:

Benny Zakrisson, Chairman

Lars Prisak

Michael Reeslev

All board members have been appointed to the Board of Directors by the General Assembly.

Development in activities and finances

The income statement for 2023 shows a profit of DKK 11.374 thousand against a profit of DKK 9.792 thousand last year (8 months), and the balance sheet on December 31st, 2023, shows equity of DKK 57.088 thousand.

The number of employees in the group has been stable over the period and was at YE 78 employees and expected to increase with increased activity in 2024.

Profit/loss for the year in relation to expected developments

The profit for 2023 was below expectations as especially the activity level and sales in the second half of the year was slower than anticipated.

Unusual circumstances affecting recognition and measurement

The comparison numbers are affected by change of fiscal year. In 2022, the fiscal year was shortened to eight months to align with the calendar year.

Outlook

The activity level for the upcoming period is expected to gradually increase. The core markets are experiencing some headwinds but remain strong, and the Company plans to market new products. The Company will continue to be focused on executing internal process improvements and increasing activities to ensure profitability and growth in the coming years.

Use of financial instruments

Business risk

AE2017 Bidco ApS's Board of Directors has assigned a committee for questions relating to risk assessment, internal control, financial reporting, and auditing (the Audit Committee). The Audit Committee shall form an opinion regarding the risk situation in the Group and assess whether the applied policies for internal control and governance are appropriate and efficient.

The assessment of risk situation and internal control including recommendations shall be presented to the

AE2017 Bidco ApS's Board of Directors for consideration and approval. These assessments and recommendations shall form the basis for decision and approval of overall policies, procedures, and controls of important areas in the day-to-day operation of Triarca Holding ApS. The Board of Directors is the decision-making body.

The assessments of significant risks and internal controls in connection with the Group's activities are done on an annual basis (at least). On this basis, ongoing actions are evaluated and adopted to eliminate and/or reduce risks, including business and financial risks.

The most important business risk is the ability to be strongly positioned in the markets the Company operates in. It is important for the Company to be at the forefront of technological development to maintain the Company's market shares.

Triarca is exposed to some financial risks, including market risks (currency and interest rate risks) as well as liquidity and financing risks. During Covid-19 and the war in Ukraine, the dependencies on good supplier relations and exposure to raw material prices have been emphasized. Our production relies on sufficient available energy, mainly natural gas and electricity.

Financial exposure

As the main markets are Denmark and the Nordic Countries the Company's primary currency exchange challenges are towards NOK and SEK with some exposure also to USD and CNY due to non-EU suppliers.

Triarca A/S has a fiscal policy that sets the overall framework for financial risk management. It is the Company's policy not to engage in speculation of financial risks. The Company's financial policy focuses only on the management and reduction of the financial risks that are a direct consequence of the Company's operations, investments, and financing.

Knowledge resources

The Group is committed to be attractive to key employees and currently faces no challenges with intellectual capital resources.

Environmental performance

Impact on the external environment

Triarca holds an ISO14001 certificate concerning environmental issues which is yearly approved by the authorities. The ISO audits during the period have resulted in no special activities.

Sustainability

The Company believes that the incorporation of environmental, social, and corporate governance (ESG) aspects into the business model and a focus on sustainability issues are significant components to build lasting values and mitigating risks. Hence, the Company strives to incorporate ESG factors in the business activities and incorporate responsible investment aspects into the investment practices and business processes.

Research and development activities

The activities have increased during the period and new products and services have been offered with success to the market.

Statutory report on corporate governance

Triarca A/S is owned 100% by Triarca Holding ApS. Triarca Holding ApS has since July 2021 been 100% owned by

AE2017 Bidco ApS. The majority owner of AE2017 Bidco ApS is Accent Equity 2017 AB. For additional information regarding Accent Equity 2017 AB go to www.accentequity.com. The remaining shares are owned by key employees and board members of AE2017 Bidco ApS.

The Board of Directors consists of:

Benny Zakrisson, Chairman

Lars Prisak

Michael Reeslev

All board members have been appointed to the Board of Directors by the General Assembly.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of the annual report.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Gross profit/loss		45,426	28,523
Distribution costs		(15,836)	(7,511)
Administrative expenses		(13,891)	(8,220)
Operating profit/loss		15,699	12,792
Other financial income	3	805	764
Other financial expenses	4	(1,945)	(982)
Profit/loss before tax		14,559	12,574
Tax on profit/loss for the year	5	(3,185)	(2,782)
Profit/loss for the year	6	11,374	9,792

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired intangible assets		3,821	2,988
Goodwill		11,473	12,464
Development projects in progress	8	4,361	2,597
Intangible assets	7	19,655	18,049
Plant and machinery		6,355	6,644
Other fixtures and fittings, tools and equipment		1,190	1,496
Leasehold improvements		1,745	2,198
Property, plant and equipment in progress		423	111
Property, plant and equipment	9	9,713	10,449
Investments in group enterprises		186	0
Financial assets	10	186	0
Fixed assets		29,554	28,498
Raw materials and consumables		20,352	27,201
Manufactured goods and goods for resale		11,506	13,281
Inventories		31,858	40,482
Trade receivables		21,620	25,510
Receivables from group enterprises		3,524	0
Other receivables		0	58
Prepayments	11	938	838
Receivables		26,082	26,406
Cash		9,173	13,981
Current assets		67,113	80,869
Assets		96,667	109,367

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		400	400
Reserve for development expenditure		3,402	1,740
Retained earnings		33,786	43,574
Proposed dividend		19,500	3,000
Equity		57,088	48,714
Deferred tax	12	2,048	1,232
Provisions		2,048	1,232
Other payables		3,049	2,999
Non-current liabilities other than provisions	13	3,049	2,999
Trade payables		11,605	25,585
Payables to group enterprises		7,233	19,609
Tax payable		11	0
Joint taxation contribution payable		3,591	1,243
Other payables		12,042	9,985
Current liabilities other than provisions		34,482	56,422
Liabilities other than provisions		37,531	59,421
Equity and liabilities		96,667	109,367
Staff costs	1		
Amortisation, depreciation and impairment losses	2		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		
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Statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	400	1,740	43,574	3,000	48,714
Ordinary dividend paid	0	0	0	(3,000)	(3,000)
Transfer to reserves	0	1,662	(1,662)	0	0
Profit/loss for the year	0	0	(8,126)	19,500	11,374
Equity end of year	400	3,402	33,786	19,500	57,088

Notes

1 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	43,704	28,072
Pension costs	3,183	1,949
Other social security costs	238	585
Other staff costs	908	1,602
	48,033	32,208
Staff costs classified as assets	(21,412)	(15,504)
	26,621	16,704
Number of employees at balance sheet date	78	79
Average number of full-time employees	75	79

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

2 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Amortisation of intangible assets	1,672	985
Depreciation of property, plant and equipment	2,665	2,381
	4,337	3,366

3 Other financial income

	2023	2022
	DKK'000	DKK'000
Exchange rate adjustments	665	721
Other financial income	140	43
	805	764

4 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	347	329
Exchange rate adjustments	749	427
Other financial expenses	849	226
	1,945	982

5 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	2,347	2,782
Change in deferred tax	816	0
Adjustment concerning previous years	22	0
	3,185	2,782

6 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Ordinary dividend for the financial year	19,500	3,000
Retained earnings	(8,126)	6,792
	11,374	9,792

7 Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	3,553	17,085	2,597
Transfers	1,515	0	(1,515)
Additions	0	0	3,279
Cost end of year	5,068	17,085	4,361
Amortisation and impairment losses beginning of year	(565)	(4,622)	0
Amortisation for the year	(682)	(990)	0
Amortisation and impairment losses end of year	(1,247)	(5,612)	0
Carrying amount end of year	3,821	11,473	4,361

8 Development projects

Triarca develops and delivers solutions within areas such as electrical distribution, e-mobility, communication, and automation. We continuously develop new solutions in response to the evolving needs of our customers and, ultimately, consumers. Additionally, we actively contribute to the green transition, which significantly drives the demand for innovative solutions.

Our ongoing development projects serve to enhance and expand our company's product range. Regularly, we introduce new products and upgraded solutions. Our assessment of these projects is based on their ability to enhance the application value of existing products and to introduce new products to the B2B market, thereby driving future sales.

We anticipate completing the currently ongoing development projects within the next 1-3 years.

9 Property, plant and equipment

	Plant and machinery 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	18,522	2,659	4,089	110
Transfers	1,618	0	0	(1,618)
Additions	0	0	0	1,931
Cost end of year	20,140	2,659	4,089	423
Depreciation and impairment losses beginning of year	(11,878)	(1,163)	(1,892)	0
Depreciation for the year	(1,907)	(306)	(452)	0
Depreciation and impairment losses end of year	(13,785)	(1,469)	(2,344)	0
Carrying amount end of year	6,355	1,190	1,745	423

10 Financial assets

	Investments in group enterprises DKK'000
Additions	186
Cost end of year	186
Carrying amount end of year	186

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Triarca GmbH	Germany	GmbH	100.00

11 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

12 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	1,176	23
Property, plant and equipment	664	777
Inventories	414	342
Provisions	(206)	0
Other deductible temporary differences	0	90
Deferred tax	2,048	1,232

	2023	2022
Changes during the year	DKK'000	DKK'000
Beginning of year	1,232	1,288
Recognised in the income statement	816	(56)
End of year	2,048	1,232

13 Non-current liabilities other than provisions

	Due after more than 12 months 2023	Outstanding after 5 years 2023
	DKK'000	DKK'000
Other payables	3,049	3,049
	3,049	3,049

Non-current other payables consists of accruals regarding holiday according to Danish law. It is not possible to determine the remaining accrual due after 5 years.

14 Unrecognised rental and lease commitments

	2023	2022
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	23,666	18,947

Rent and lease liabilities include a rent obligation totalling DKK 21,882 thousand in interminable rent agreements with remaining contract terms of up to 5 years and 8 months. Furthermore, the Company has liabilities under operating leases, totalling DKK 1,784 thousand, with remaining contract terms of 1-5 years.

15 Contingent liabilities

The Company has entered into contractual commitments regarding purchase of inventory of a total of DKK 5,144 thousand.

The Entity participates in a Danish joint taxation arrangement where AE 2017 Admin ApS serves as the administration company. 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 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.

16 Assets charged and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

17 Related parties with controlling interest

Triarca Holding ApS (CVR: 39452626) owns all shares in the Entity, thus exercising control.

AE2017 Bidco ApS (CVR: 42462594) owns all shares in Triarca Holding ApS and therefore has controlling interest.

18 Transactions with related parties

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions in 2023 have been carried out on an arm's length basis.

Triarca A/S has purchased services of employees from group companies for DKK 7.271 thousand and paid interest to group companies for 347 thousand. There have been no other related party transactions.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

AE2017 Bidco ApS

Bjørnkærvej 3, 8783 Hornsyld

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year, with a few reclassifications.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability

The company has last year changed fiscal year with effect from 1st May – 31st December. Therefore the comparative figures only consist of 8 months.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

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

Production costs

Production costs comprise cost of sales for the financial year, including ordinary writedown of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

Cost of sales

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

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

The Entity is jointly taxed with all 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 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 20 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 acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

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 over the term of the agreement.

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

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

	Useful life
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-15 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 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.

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

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

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.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Other financial liabilities

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

Tax receivable or payable

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been 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.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of AE2017 Bidco ApS, Business Reg. No 42462594