



M Dansk Logistical Holdings ApS

Balticagade 15, 2.
8000 Aarhus
CVR No. 41859148

Annual report 2021

The Annual General Meeting adopted the
annual report on 29.06.2022

Aaron David Womack

Chairman of the General Meeting

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Entity details

Entity

M Dansk Logistical Holdings ApS

Balticagade 15, 2.

8000 Aarhus

Business Registration No.: 41859148

Registered office: Aarhus

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Brian Anthony Child

Jared Calvin Erickson

Jeffrey David Steed

Aaron David Womack

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of M Dansk Logistical Holdings ApS for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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.

Aarhus, 29.06.2022

Executive Board

Brian Anthony Child

Jared Calvin Erickson

Jeffrey David Steed

Aaron David Womack

Independent auditor's report

To the shareholders of M Dansk Logistical Holdings ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of M Dansk Logistical Holdings ApS for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 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 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 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.

Aarhus, 29.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Søren Marquart Alsen

State Authorised Public Accountant
Identification No (MNE) mne40040

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000
Key figures		
Gross profit/loss	35,621	0
Operating profit/loss	7,909	0
Net financials	653	0
Profit/loss for the year	3,488	0
Profit for the year excl. minority interests	913	0
Balance sheet total	218,468	0
Investments in property, plant and equipment	1,086	0
Equity	123,391	0
Equity excl. minority interests	46,685	0
Cash flows from operating activities	(2,782)	0
Cash flows from investing activities	(82,284)	0
Cash flows from financing activities	117,207	0
Ratios		
Equity ratio (%)	21.37	0.00

As the group was established in 2021 there is no comparison numbers.

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

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The principal activity of the Group is primarily to operate in trade and in related business and consultancy business.

M Dansk Logistical Holdings ApS' activity consists in investing in Forsco ApS. In the following, the name Group is used as a general name covering all companies and therefore applies to the Group, M Dansk Logistical Holdings ApS, Forsco ApS and all underlying subsidiaries.

Development in activities and finances

As the Group was established in January 2021, when acquiring 55% of the shares in Forsco ApS, there is no comparison numbers.

The Group realized a profit of DKK 3.487.568 of which DKK 2.574.387 is attributable to minority interests.

Management considers profit for the financial year 2021 satisfactory.

Profit/loss for the year in relation to expected developments

The COVID-19 pandemic has affected revenue and profit for the year 2021 negatively compared to the expectations for the year.

Outlook

Management expects an increase in the activity level for the coming financial year, primarily driven by more sales to existing customers, and sales to new customers. The profit for the Group is expected to increase by up to 300% in 2022.

The parent company plans to acquire additional shares in Forsco ApS during the financial year 2022. Regarding future performance, the development of the USD exchange rate must be taken into account as all trading is done in USD.

We do not use future exchange contracts. Exchanges are done when the exchange rate is favorable.

Environmental performance

The Group makes an effort to constantly reduce the environmental impact related to our activities. We are in progress with finalizing our ESG report in medio 2022, which outlines our sustainability strategy, commitments and clear traceable objectives for every commitment. In the coming years those commitments will be:

1. Continuous improvement of the social and environmental performance of our supply chain
2. Supply long-lasting, circular and certified products that benefits people and planet
3. Reduce our GHG emissions and use of natural resources
4. Build continuous and transparent communication of our achievements and challenges.

Events after the balance sheet date

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

Consolidated income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		35,620,514	0
Staff costs	2	(13,207,221)	0
Depreciation, amortisation and impairment losses	3	(14,504,613)	0
Operating profit/loss		7,908,680	0
Other financial income	4	1,838,402	0
Other financial expenses	5	(1,185,607)	0
Profit/loss before tax		8,561,475	0
Tax on profit/loss for the year	6	(5,073,906)	0
Profit/loss for the year	7	3,487,569	0

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		394,121	0
Goodwill		140,649,831	0
Intangible assets	8	141,043,952	0
Other fixtures and fittings, tools and equipment		459,100	0
Property, plant and equipment	9	459,100	0
Deposits		336,688	0
Financial assets	10	336,688	0
Fixed assets		141,839,740	0
Trade receivables		43,886,717	0
Deferred tax	11	5,249	0
Other receivables		25,056	0
Joint taxation contribution receivable		420,362	0
Prepayments	12	150,436	0
Receivables		44,487,820	0
Cash		32,140,561	0
Current assets		76,628,381	0
Assets		218,468,121	0

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		50,000	0
Retained earnings		46,635,497	0
Equity belonging to Parent's shareholders		46,685,497	0
Equity belonging to minority interests		76,705,587	0
Equity		123,391,084	0
Deferred tax	11	42,848	0
Provisions		42,848	0
Bank loans		29,639,741	0
Non-current liabilities other than provisions	13	29,639,741	0
Current portion of non-current liabilities other than provisions	13	8,510,353	0
Trade payables		44,227,570	0
Payables to group enterprises		934,182	0
Payables to associates		5,675,440	0
Tax payable		3,498,393	0
Other payables		2,548,510	0
Current liabilities other than provisions		65,394,448	0
Liabilities other than provisions		95,034,189	0
Equity and liabilities		218,468,121	0
Events after the balance sheet date	1		
Contingent liabilities	15		
Assets charged and collateral	16		
Transactions with related parties	17		
Group relations	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	40,000	0	40,000	0	40,000
Effect of mergers and business combinations	0	0	0	74,131,200	74,131,200
Increase of capital	10,000	45,700,865	45,710,865	0	45,710,865
Exchange rate adjustments	0	21,450	21,450	0	21,450
Profit/loss for the year	0	913,182	913,182	2,574,387	3,487,569
Equity end of year	50,000	46,635,497	46,685,497	76,705,587	123,391,084

Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		7,908,680	0
Amortisation, depreciation and impairment losses		14,504,613	0
Working capital changes	14	(22,449,597)	0
Cash flow from ordinary operating activities		(36,304)	0
Financial expenses paid		(1,171,635)	0
Taxes refunded/(paid)		(1,574,391)	0
Cash flows from operating activities		(2,782,330)	0
Acquisition etc. of intangible assets		(299,198)	0
Acquisition etc. of property, plant and equipment		(94,843)	0
Acquisition of fixed asset investments		(85,125)	0
Acquisition of enterprises		(81,804,800)	0
Cash flows from investing activities		(82,283,966)	0
Free cash flows generated from operations and investments before financing		(85,066,296)	0
Loans raised		38,150,094	0
Cash capital increase		45,710,865	0
Other cash flows from financing activities		33,345,898	0
Cash flows from financing activities		117,206,857	0
Increase/decrease in cash and cash equivalents		32,140,561	0
Cash and cash equivalents end of year		32,140,561	0
Cash and cash equivalents at year-end are composed of:			
Cash		32,140,561	0
Cash and cash equivalents end of year		32,140,561	0

Notes to consolidated financial statements

1 Events after the balance sheet date

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

2 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	12,811,553	0
Pension costs	178,738	0
Other social security costs	68,995	0
Other staff costs	147,935	0
	13,207,221	0
Average number of full-time employees	16	0

3 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	14,295,480	0
Depreciation on property, plant and equipment	209,133	0
	14,504,613	0

4 Other financial income

	2021 DKK	2020 DKK
Exchange rate adjustments	1,838,402	0
	1,838,402	0

5 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from associates	86,951	0
Other interest expenses	1,046,243	0
Exchange rate adjustments	52,413	0
	1,185,607	0

6 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	5,076,501	0
Change in deferred tax	(2,595)	0
	5,073,906	0

7 Proposed distribution of profit/loss

	2021	2020
	DKK	DKK
Retained earnings	913,182	0
Minority interests' share of profit/loss	2,574,387	0
	3,487,569	0

8 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Addition through business combinations etc	682,301	154,658,154
Additions	299,198	0
Cost end of year	981,499	154,658,154
Addition through business combinations etc	(300,221)	0
Amortisation for the year	(287,157)	(14,008,323)
Amortisation and impairment losses end of year	(587,378)	(14,008,323)
Carrying amount end of year	394,121	140,649,831

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Addition through business combinations etc	987,068
Additions	99,190
Cost end of year	1,086,258
Addition through business combinations etc	(418,025)
Depreciation for the year	(209,133)
Depreciation and impairment losses end of year	(627,158)
Carrying amount end of year	459,100

10 Financial assets

	Deposits DKK
Addition through business combinations etc	251,563
Additions	85,125
Cost end of year	336,688
Carrying amount end of year	336,688

11 Deferred tax

	2021 DKK
Changes during the year	
Recognised in the income statement	(2,595)
Other adjustmenst	40,194
End of year	37,599

Deferred tax relates to property, and plant and equipment.

Deferred tax assets

Deferred tax consists of timely difference between tax and financial depreciations.

12 Prepayments

Prepayments and accrued income consist of prepaid expenses.

13 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due after more than 12 months 2021 DKK
Bank loans	8,510,353	29,639,741
	8,510,353	29,639,741

14 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in receivables	(25,348,853)	0
Increase/decrease in trade payables etc.	4,197,336	0
Other changes	(1,298,080)	0
	(22,449,597)	0

15 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which M Dansk Logistical Holding 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 liable for income taxes etc. for the jointly taxed entities, and also 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.

16 Assets charged and collateral

As security for bank commitments the company has provided a floating charge of DKK 1 million.

17 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
M Dansk Logistical Holdings ApS, Aarhus

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
M Dansk Logistical Holdings ApS, Aarhus

19 Subsidiaries

	Registered in	Corporate form	Ownership %
Forsco ApS	Denmark	ApS	55.00

Parent income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		(1,535,060)	0
Income from investments in group enterprises		3,146,472	0
Other financial income	2	29,231	0
Other financial expenses	3	(1,153,073)	0
Profit/loss before tax		487,570	0
Tax on profit/loss for the year	4	425,611	0
Profit/loss for the year	5	913,181	0

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Investments in group enterprises		84,972,722	0
Deposits		75,000	0
Financial assets	6	85,047,722	0
Fixed assets		85,047,722	0
Deferred tax	7	5,249	0
Other receivables		11,262	40,000
Joint taxation contribution receivable		420,362	0
Receivables		436,873	40,000
Cash		1,073,731	0
Current assets		1,510,604	40,000
Assets		86,558,326	40,000

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		50,000	40,000
Reserve for net revaluation according to equity method		3,167,922	0
Retained earnings		43,467,574	0
Equity		46,685,496	40,000
Bank loans		29,639,741	0
Non-current liabilities other than provisions	8	29,639,741	0
Current portion of non-current liabilities other than provisions	8	8,510,353	0
Payables to group enterprises		1,020,426	0
Other payables	9	702,310	0
Current liabilities other than provisions		10,233,089	0
Liabilities other than provisions		39,872,830	0
Equity and liabilities		86,558,326	40,000

Events after the balance sheet date	1
Employees	10
Contingent liabilities	11
Related parties with controlling interest	12
Transactions with related parties	13

Parent statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	40,000	0	0	40,000
Increase of capital	10,000	0	45,700,865	45,710,865
Other entries on equity	0	21,450	0	21,450
Profit/loss for the year	0	3,146,472	(2,233,291)	913,181
Equity end of year	50,000	3,167,922	43,467,574	46,685,496

Notes to parent financial statements

1 Events after the balance sheet date

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

2 Other financial income

	2021 DKK	2020 DKK
Exchange rate adjustments	29,231	0
	29,231	0

3 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	1,100,659	0
Exchange rate adjustments	52,414	0
	1,153,073	0

4 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	(420,362)	0
Change in deferred tax	(5,249)	0
	(425,611)	0

5 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Retained earnings	913,181	0
	913,181	0

6 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Additions	81,804,800	75,000
Cost end of year	81,804,800	75,000
Adjustments on equity	21,450	0
Amortisation of goodwill	(7,704,578)	0
Share of profit/loss for the year	10,851,050	0
Revaluations end of year	3,167,922	0
Carrying amount end of year	84,972,722	75,000
Goodwill or negative goodwill recognised during the financial year	84,050,000	

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

7 Deferred tax

	2021 DKK
Changes during the year	
Recognised in the income statement	5,249
End of year	5,249

Deferred tax relates to equipment.

Deferred tax assets

Deferred tax consists of timely difference between tax and financial depreciations.

8 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due after more than 12 months 2021 DKK
Bank loans	8,510,353	29,639,741
	8,510,353	29,639,741

9 Other payables

	2021 DKK	2020 DKK
Other costs payable	702,310	0
	702,310	0

10 Employees

The Entity has no employees other than the Executive Board.

11 Contingent liabilities

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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

12 Related parties with controlling interest

M. Logistical Holdings B.V. owns all shares in the Entity, thus exercising control.

13 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

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 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 acquisition

date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, cost of raw materials and consumables and external expenses. Referring to section 32 of the Danish Financial Statements Act, no Revenue or Cost of sales are shown.

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.

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.

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.

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.

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. It has not been possible to estimate useful life reliably, for which reason such useful life has been set at 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:

Other fixtures and fittings, tools and equipment	5 years
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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 the 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. It has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

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

Receivables

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

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.

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.

Other financial liabilities

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

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.

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 financial income, financial expenses and income tax paid.

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, 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.