

# **Q Invest 2021 ApS**

Morsøgade 10, 6700 Esbjerg  
CVR no. 42 50 18 32

## **Annual report for the financial year 29.06.21 - 31.05.22**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 03.10.22

Axel Manøe Jepsen  
Dirigent



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**The company**

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Q Invest 2021 ApS  
Morsøgade 10  
6700 Esbjerg  
Registered office: Esbjerg  
CVR no.: 42 50 18 32  
Financial year: 01.06 - 31.05

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**Executive Board**

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Esben Bay Jørgensen

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**Board of Directors**

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Axel Manø Jepsen  
Jesper Hilarius Kalko  
Claus Peter Skov

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

## **Statement by the Executive Board and Board of Directors on the annual report**

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We have on this day presented the annual report for the financial year 29.06.21 - 31.05.22 for Q Invest 2021 ApS.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.05.22 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 29.06.21 - 31.05.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Esbjerg, October 3, 2022

### **Executive Board**

Esben Bay Jørgensen

### **Board of Directors**

Axel Manøe Jepsen  
Chairman

Jesper Hilarius Kalko

Claus Peter Skov

**To the capital owner of Q Invest 2021 ApS****Opinion**

We have audited the consolidated financial statements and parent company financial statements of Q Invest 2021 ApS for the financial year 29.06.21 - 31.05.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.05.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 29.06.21 - 31.05.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

**Basis for Opinion**

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

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

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

In preparing the consolidated financial statements and parent company financial state-

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and 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 regarding the management's review**

Management is responsible for management's review.

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

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

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



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

Aarhus, October 3, 2022

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Flemming Laigaard

State Authorized Public Accountant  
MNE-no. mne29497

**GROUPS FINANCIAL HIGHLIGHTS****Key figures**

	29.06.21
Figures in DKK '000	31.05.22

*Profit/loss*

Gross result	84,017
Index	100

Profit/loss before depreciation, amortisation, write-downs and impairment losses	25,531
Index	100

Total net financials	-5,303
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Profit for the year	9,988
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*Balance*

Total assets	255,686
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Investments in property, plant and equipment	3,211
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Equity	29,934
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**Ratios**

29.06.21  
31.05.22

*Profitability*

Return on equity 40%

*Equity ratio*

Solvency ratio 12%

*Ratios definitions*

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

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

**Primary activities**

The Group's activities comprise of supplying intelligent logistics solutions; customized to the specific demands of the individual customer. We are especially strong on solutions for the handling of products such as insulation boards/rolls, ceiling boards, roof tiles, kitchen elements, biomass etc.

With more than 45 years of experience we supply our customers with every aspect of the internal logistics; from the development of new machines and systems to implementation and aftersales services. We handle design and programming; manufacturing and testing and deliver the installation as a turnkey solution.

**Development in activities and financial affairs**

The income statement for the period 29.06.21 - 31.05.22 shows a profit/loss of DKK'000 9,988. The balance sheet shows equity of DKK'000 29,934.

Going into the fiscal year, we had expected significant earnings and activity from our Russian pipeline. With geopolitical unrest forcing a new strategy, we secured our profit on new markets and managed to both bolster the equity and building new markets in the process.

**Outlook**

The company expects a profit before tax in the region of DKK 5.000.000 for the coming year. The company's investments in the expansion of the distribution network are expected to be fully realised in the coming year and contribute to improved results.

## Income statement

	Group	Parent
	29.06.21 31.05.22	29.06.21 31.05.22
Note	DKK '000	DKK '000
<b>Gross result</b>	<b>84,017</b>	<b>-351</b>
1 Staff costs	-58,486	-567
<b>Profit/loss before depreciation, amortisation, write-downs and impairment losses</b>	<b>25,531</b>	<b>-918</b>
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-7,779	0
<b>Operating profit/loss</b>	<b>17,752</b>	<b>-918</b>
2 Income from equity investments in group enterprises	0	12,734
3 Financial income	23	123
4 Financial expenses	-5,326	-2,651
<b>Profit before tax</b>	<b>12,449</b>	<b>9,288</b>
Tax on profit for the year	-2,461	700
<b>Profit for the year</b>	<b>9,988</b>	<b>9,988</b>

5 Proposed appropriation account

<b>ASSETS</b>		Group	Parent
		31.05.22 DKK '000	31.05.22 DKK '000
Note			
	Completed development projects	2,920	0
	Goodwill	52,000	0
<b>6</b>	<b>Total intangible assets</b>	<b>54,920</b>	<b>0</b>
	Land and buildings	54,969	0
	Plant and machinery	483	0
	Other fixtures and fittings, tools and equipment	9,678	0
<b>7</b>	<b>Total property, plant and equipment</b>	<b>65,130</b>	<b>0</b>
8	Equity investments in group enterprises	-1	91,219
8	Other investments	97	0
9	Other receivables	289	0
	<b>Total investments</b>	<b>385</b>	<b>91,219</b>
	<b>Total non-current assets</b>	<b>120,435</b>	<b>91,219</b>
	Raw materials and consumables	6,482	0
	Work in progress	14,495	0
	Prepayments for goods	196	0
	<b>Total inventories</b>	<b>21,173</b>	<b>0</b>
10	Work in progress for third parties	19,505	0
	Trade receivables	11,423	0
	Receivables from group enterprises	0	6,123
	Deferred tax asset	1,707	0
	Income tax receivable	178	700
	Other receivables	10,053	0
	Prepayments	924	0
	<b>Total receivables</b>	<b>43,790</b>	<b>6,823</b>
	<b>Cash</b>	<b>70,288</b>	<b>95</b>
	<b>Total current assets</b>	<b>135,251</b>	<b>6,918</b>
	<b>Total assets</b>	<b>255,686</b>	<b>98,137</b>

		Group	Parent
		31.05.22 DKK '000	31.05.22 DKK '000
<b>EQUITY AND LIABILITIES</b>			
Note			
11	Share capital	500	500
	Foreign currency translation reserve	333	0
	Retained earnings	29,101	29,434
	<b>Total equity</b>	<b>29,934</b>	<b>29,934</b>
12	Provisions for deferred tax	11,196	0
13	Other provisions	7,713	0
	<b>Total provisions</b>	<b>18,909</b>	<b>0</b>
14	Subordinate loan capital	31,873	31,873
14	Mortgage debt	22,862	0
14	Payables to other credit institutions	27,650	27,650
14	Lease commitments	2,406	0
14	Other payables	1,833	0
	<b>Total long-term payables</b>	<b>86,624</b>	<b>59,523</b>
14	Short-term part of long-term payables	10,341	8,000
	Payables to other credit institutions	5,815	0
10	Prepayments received from work in progress for third parties	45,086	0
	Trade payables	33,064	0
	Income taxes	1,402	0
	Other payables	23,195	680
15	Deferred income	1,316	0
	<b>Total short-term payables</b>	<b>120,219</b>	<b>8,680</b>
	<b>Total payables</b>	<b>206,843</b>	<b>68,203</b>
	<b>Total equity and liabilities</b>	<b>255,686</b>	<b>98,137</b>

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  - 19 Charges and security
  - 20 Related parties



## Statement of changes in equity

Figures in DKK '000	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
Group:					
Statement of changes in equity for 29.06.21 - 31.05.22					
Capital contributed on establishment	40	0	0	0	40
Capital increase	460	19,500	0	0	19,960
Other changes in equity	0	0	0	-54	-54
Transfers to/from other reserves	0	-19,500	333	19,167	0
Net profit/loss for the year	0	0	0	9,988	9,988
Balance as at 31.05.22	500	0	333	29,101	29,934

Parent:

Statement of changes in equity for 29.06.21 - 31.05.22

Capital contributed on establishment	40	0	0	0	40
Capital increase	460	19,500	0	0	19,960
Other changes in equity	0	0	0	-54	-54
Transfers to/from other reserves	0	-19,500	0	19,500	0
Net profit/loss for the year	0	0	0	9,988	9,988
Balance as at 31.05.22	500	0	0	29,434	29,934

## Consolidated cash flow statement

	Group
	29.06.21
	31.05.22
Note	DKK '000
<b>Profit for the year</b>	<b>9,988</b>
21 Adjustments	15,489
Change in working capital:	
Inventories	-12,990
Receivables	-5,244
Trade payables	-5,912
Other payables relating to operating activities	56,092
Other provisions	-3,339
<b>Cash flows from operating activities before net financials</b>	<b>54,084</b>
Interest income and similar income received	23
Interest expenses and similar expenses paid	-5,326
Income tax paid	-791
<b>Cash flows from operating activities</b>	<b>47,990</b>
Purchase of intangible assets	-1,229
Purchase of property, plant and equipment	-86,987
<b>Cash flows from investing activities</b>	<b>-88,216</b>
Raising of additional capital	20,000
Arrangement of mortgage debt	95,541
Repayment of mortgage debt	-10,842
<b>Cash flows from financing activities</b>	<b>104,699</b>
<b>Total cash flows for the year</b>	<b>64,473</b>
<b>Cash, end of year</b>	<b>64,473</b>
Cash, end of year, comprises:	
Cash	70,288
Short-term payables to credit institutions	-5,815
<b>Total</b>	<b>64,473</b>

	Group	Parent
	29.06.21	29.06.21
	31.05.22	31.05.22
	DKK '000	DKK '000

### 1. Staff costs

Wages and salaries	50,626	567
Pensions	3,928	0
Other social security costs	452	0
Other staff costs	3,480	0
<b>Total</b>	<b>58,486</b>	<b>567</b>

Average number of employees during the year	191	0
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Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	2,514	567
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### 2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	12,734
<b>Total</b>	<b>0</b>	<b>12,734</b>

### 3. Financial income

Interest, group enterprises	0	123
Fair value adjustment of derivative financial instruments	23	0
<b>Total</b>	<b>23</b>	<b>123</b>

**4. Financial expenses**

Foreign exchange losses	503	0
Other financial expenses	4,823	2,651
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Total	5,326	2,651
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**5. Proposed appropriation account**

Retained earnings	9,988	9,988
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## 6. Intangible assets

Figures in DKK '000	Completed development projects	Goodwill	Total
Group:			
Additions relating to mergers and acquisition of enterprises	39,296	62,365	101,661
Additions during the year	0	17,287	17,287
Cost as at 31.05.22	39,296	79,652	118,948
Additions relating to mergers and acquisition of enterprises	-34,441	-25,176	-59,617
Amortisation during the year	-1,935	-2,476	-4,411
Amortisation and impairment losses as at 31.05.22	-36,376	-27,652	-64,028
Carrying amount as at 31.05.22	2,920	52,000	54,920

Completed development projects include the development of machines for automation within packaging and stacking of insulation material

Costs consist in form of materials, personel costs (own and hired employees) and indirect productions costs.

Incurred development costs mainly relate to the development of new machine types aimed for the American market.

The newly development machines are expected to bring competitive advantages, and there is a significant potential in the sale of these machines in the American market.

It is assessed here whether the recovery value in the form of the useful value exceeds the book value.

The recovery value is calculated on the basis of expected realized contribution margin on the basis of expecter sales in the years 2022/23 - 2025/26.

## 7. Property, plant and equipment

Figures in DKK '000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:			
Additions relating to mergers and acquisition of enterprises	101,681	7,148	35,680
Foreign currency translation adjustment of foreign enterprises	-265	0	-186
Additions during the year	493	249	2,470
Disposals during the year	0	-76	-803
Cost as at 31.05.22	101,909	7,321	37,161
Additions relating to mergers and acquisition of enterprises	-45,436	-6,791	-26,657
Foreign currency translation adjustment of foreign enterprises	78	0	123
Depreciation during the year	-1,582	-123	-1,663
Reversal of depreciation of and impairment losses on disposed assets	0	76	714
Depreciation and impairment losses as at 31.05.22	-46,940	-6,838	-27,483
Carrying amount as at 31.05.22	54,969	483	9,678
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.05.22	0	0	0
Carrying amount of assets held under finance leases as at 31.05.22	0	0	1,947

**8. Investments**

Figures in DKK '000	Equity invest- ments in group enterprises	Other invest- ments
Additions relating to mergers and acquisition of enterprises	0	54
Cost as at 31.05.22	0	54
Additions relating to mergers and acquisition of enterprises	387	20
Impairment losses during the year	0	23
Other equity adjustments relating to equity investments	-388	0
Depreciation and impairment losses as at 31.05.22	-1	43
Carrying amount as at 31.05.22	-1	97
Additions during the year	94,538	0
Cost as at 31.05.22	94,538	0
Foreign currency translation adjustment of foreign enterprises	334	0
Net profit/loss from equity investments	12,734	0
Dividend relating to equity investments	-16,000	0
Other equity adjustments relating to equity investments	-387	0
Depreciation and impairment losses as at 31.05.22	-3,319	0
Carrying amount as at 31.05.22	91,219	0
Positive balances ascertainable on initial recognition of equity investments measured at equity value	17,287	0
Name and registered office:		Ownership interest
Subsidiaries:		
Qubiqa Holding A/S, Esbjerg		100%

**9. Other non-current financial assets**

Figures in DKK '000	Other receivables
Group:	
Cost as at 29.06.21	289
Cost as at 31.05.22	289
Carrying amount as at 31.05.22	289

**10. Work in progress for third parties**

Work in progress for third parties	210,131	0
On-account invoicing	-235,712	0
Total work in progress for third parties	-25,581	0
Work in progress for third parties	19,505	0
Prepayments received from work in progress for third parties, short-term payables	-45,086	0
Total	-25,581	0



**11. Share capital**

The share capital consists of:

	Quantity	Total nominal value
Share capital	500	500,000
Capital increase during the financial year	460	460,000

**12. Deferred tax**

Additions relating to mergers and acquisition of enterprises	6,652	0
Deferred tax recognised in the income statement	2,837	0
Deferred tax as at 31.05.22	9,489	0

Deferred tax is recognized in the balance sheet as:

Deferred tax asset	-1,707	0
Provisions for deferred tax	11,196	0
Total	9,489	0

As at 31.05.22, the company has recognised a deferred tax asset of DKK 1.707k. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

**13. Other provisions**

Figures in DKK '000	Warranty commitments	
Group:		
Additions relating to mergers and acquisition of enterprises		11,061
Applied during the year		-3,348
Provisions as at 31.05.22		7,713
	31.05.22	31.05.22
	DKK '000	DKK '000
Other provisions are expected to be distributed as follows:		
Current liabilities	7,713	0

**14. Long-term payables**

	Repayment first year DKK '000	Outstanding debt after 5 years DKK '000	Total payables at 31.05.22 DKK '000
Group:			
Subordinate loan capital	0	0	31,873
Mortgage debt	1,296	22,862	24,158
Payables to other credit institutions	8,000	0	35,650
Lease commitments	1,045	1,418	3,451
Other payables	0	1,717	1,833
<b>Total</b>	<b>10,341</b>	<b>25,997</b>	<b>96,965</b>

## Parent:

Subordinate loan capital	0	0	31,873
Payables to other credit institutions	8,000	0	35,650
<b>Total</b>	<b>8,000</b>	<b>0</b>	<b>67,523</b>

The full amount of the subordinate loan capital ranks after the company's existing and future creditors. The subordinate loan capital carries interest at a rate of 8% p.a. and falls due for payment in full when the capital and cash flow situation of the Company allows so or 5 years after the execution of the loan agreement..

There are no other terms associated with the subordination.

**15. Deferred income**

Deferred income		1,316	0
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**16. Fair value information**

Figures in DKK '000	Derivative financial instruments	Total
Group:		
Fair value as at 31.05.22	-256	-256

Calculated market value at years end made by the bank.

**17. Derivative financial instruments**

Group:

The board determines the framework for entering into contracts on derivative financial instruments. The company only enters into contracts with the aim of hedging the exchange rate risk on future sales of goods in foreign currency.

**18. Contingent liabilities**

Group:

*Lease commitments*

The group has concluded lease agreements with terms to maturity of 55 months a total of DKK 4.448k. .

*Recourse guarantee commitments*

The group has provided a guarantee with subsidiaries debts to credit institutions. The Group enterprises' debt to the credit institutions concerned amounts to DKK 5.815k at the balance sheet date.

**18. Contingent liabilities** - continued -

Parent:

*Other contingent liabilities*

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed companies is DKK 0k at the balance sheet date, of which DKK 0k is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

**19. Charges and security**

Group:

Land and buildings with a book value of DKK 41.409k have been provided as security for mortgage debt of DKK 24.158k.

To ensure the Group's involvement with Jyske Bank, owner mortgages of nom. 56,250 t.kr have been deposited. with mortgages on properties and related production plants and machinery.

The carrying amount of pledged properties amounts to DKK 41.409k., and on the carrying amount of pledged production facilities amounts to DKK 3.580k.

To ensure the Group's involvement with Jyske Bank, indemnification letter nom. DKK 10,000k has been deposited. receivables arising from the sale of goods and services, as well as inventory.

The carrying amount of pledged receivables and inventory amounts to DKK 9.473k.

The company has provided security for all outstanding balances with share in Oubiqa Sp. Z.oo. nominal DKK 1,485k, whose accounting value pr. 31.05.22 amounts to DKK 20,732k.

Parent:

As security for the group's bank debt, a pledge has been given in capitals shares in affiliated companies. The accounting value of the capital shares amounts to DKK 91.218 thousand per 31.05.2022

## 20. Related parties

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

## 21. Adjustments for the cash flow statement

Other operating income	-12
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	7,779
Financial income	-23
Financial expenses	5,325
Tax on profit or loss for the year	2,462
Other adjustments	-42
<hr/>	
Total	15,489
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## 22. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C.

No comparative figures have been provided as this is the parents' and the group's first financial year.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

**22. Accounting policies** - continued -**CURRENCY**

The annual report is presented in Danish kroner (DKK).

On recognition of integrated foreign entities, monetary items are translated using the exchange rates applicable at the balance sheet date. Non-monetary items are translated using the exchange rates applicable at the date of acquisition or the date of subsequent revaluation or impairment of the asset. The items in the income statement are translated at the exchange rates applicable at the transaction date, while items derived from non-monetary items are translated at the historical exchange rates for such non-monetary items.

**DERIVATIVE FINANCIAL INSTRUMENTS**

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

**LEASES**

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet.



## 22. Accounting policies - continued -

On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

## INCOME STATEMENT

### Gross result

Gross result comprises revenue, other operating income, raw materials and consumables and cost of sales and other external expenses.

### Revenue

### Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

### Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

### Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in

**22. Accounting policies** - continued -

inventories, including write-downs to the extent that these do not exceed normal write-downs.

**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

**Depreciation, amortisation and impairment losses**

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	3-5	0
Goodwill	20	0
Buildings	10-40	10,000
Plant and machinery	3-7	0
Other plant, fixtures and fittings, tools and equipment	3-7	0

Goodwill is amortised over 20 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

## 22. Accounting policies - continued -

### Other operating expenses

#### Income from equity investments in group enterprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

#### Other net financials

Interest income and interest expenses, the interest element of finance lease payments etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

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

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

## BALANCE SHEET

## 22. Accounting policies - continued -

### Intangible assets

#### *Completed development projects*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

#### *Goodwill*

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

#### *Gains or losses on the disposal of intangible assets*

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

### Property, plant and equipment

Property, plant and equipment comprise land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost, for land and buildings with revaluation at fair value recognised under the revaluation reserve in equity, however, and less accumulated depreciation and impairment losses. The fair value for land and buildings is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has not been

**22. Accounting policies** - continued -

used to determine the fair value.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

**Equity investments in group enterprises**

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

## 22. Accounting policies - continued -

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

### Impairment losses on fixed assets

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

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

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

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

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

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

### Inventories

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

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

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account

**22. Accounting policies** - continued -

marketability, obsolescence and the expected development in the selling price.

**Receivables**

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

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

**Work in progress for third parties**

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**Other investments**

Other securities are measured at fair value, equivalent to the market value at the balance

**22. Accounting policies** - continued -

sheet date.

**Cash**

Cash includes deposits in bank accounts as well as operating cash.

**Equity**

Revaluation reserve comprises in the financial statements of the parent revaluation of land and buildings at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation and amortisation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

**Provisions**

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under



**22. Accounting policies** - continued -

receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

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

**Deferred income**

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from

**22. Accounting policies** - continued -

operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.