



Norbert Acquisition ApS

Vestervej 48
9240 Nibe
CVR No. 43664239

Annual report 24.11.2022 - 31.12.2022

The Annual General Meeting adopted the
annual report on 12.05.2023

Bernd Strack
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2022	9
Consolidated balance sheet at 31.12.2022	10
Consolidated statement of changes in equity for 2022	12
Consolidated cash flow statement for 2022	13
Notes to consolidated financial statements	14
Parent income statement for 2022	19
Parent balance sheet at 31.12.2022	20
Parent statement of changes in equity for 2022	22
Notes to parent financial statements	23
Accounting policies	25

Entity details

Entity

Norbert Acquisition ApS

Vestervej 48

9240 Nibe

Business Registration No.: 43664239

Registered office: Aalborg

Financial year: 24.11.2022 - 31.12.2022

Executive Board

Bernd Strack

Stefan Andreas Walter Happak

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Norbert Acquisition ApS for the financial year 24.11.2022 - 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 24.11.2022 - 31.12.2022.

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

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

Aalborg, 12.05.2023

Executive Board

Bernd Strack

Stefan Andreas Walter Happak

Independent auditor's report

To the shareholders of Norbert Acquisition ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Norbert Acquisition ApS for the financial year 24.11.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 24.11.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board 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.

Aalborg, 12.05.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Winther Pedersen

State Authorised Public Accountant
Identification No (MNE) mne34173

Management commentary

Financial highlights

	2022
	DKK'000
Key figures	
Gross profit/loss	1,243
Operating profit/loss	(6,257)
Net financials	(478)
Profit/loss for the year	(6,738)
Profit for the year excl. minority interests	(4,755)
Balance sheet total	279,227
Investments in property, plant and equipment	2,121
Equity	99,402
Equity excl. minority interests	57,410
Cash flows from operating activities	(2,301)
Cash flows from investing activities	(159,680)
Cash flows from financing activities	189,187
Ratios	
Equity ratio (%)	20.56

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 company's primary activity is investments in group enterprises.

The Group's activities consist of imports and wholesale of bindery articles, pots and crafts.

Development in activities and finances

For the Group's first year, they have realised a loss of TDKK 6,738.

In the fiscal year 2022, the parent company bought the majority of share capital of Nordiq A/S, which have influenced the Group's financial status. Control was established at december 19., thus fiscal year does not contain a full year of ownership of Nordiq A/S.

Outlook

A positive developments is expected in 2023, with results greater than 2022 due to increased time of ownership of Nordiq A/S.

Use of financial instruments

Currency risks are offset using forward swaps. It is estimated that there is a low risk in relation to changes in prices, creditworthiness, liquidity and cash flows.

Knowledge resources

It is estimated that the Group has the necessary resources.

Environmental performance

The Group has high focus on the environment, both in relation to product range, as well as in daily operations.

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 2022

	Notes	2022 DKK
Gross profit/loss		1,242,960
Staff costs	1	(603,389)
Depreciation, amortisation and impairment losses	2	(682,148)
Other operating expenses		(6,214,575)
Operating profit/loss		(6,257,152)
Other financial income		15,904
Other financial expenses	3	(494,005)
Profit/loss before tax		(6,735,253)
Tax on profit/loss for the year	4	(2,563)
Profit/loss for the year	5	(6,737,816)

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK
Acquired intangible assets		7,227,292
Acquired rights		29,901,370
Goodwill		154,833,246
Intangible assets	6	191,961,908
Other fixtures and fittings, tools and equipment		1,607,139
Leasehold improvements		465,522
Property, plant and equipment	7	2,072,661
Deposits		944,445
Financial assets	8	944,445
Fixed assets		194,979,014
Manufactured goods and goods for resale		42,725,118
Prepayments for goods		1,751,002
Inventories		44,476,120
Trade receivables		10,235,188
Other receivables		2,331,438
Receivables		12,566,626
Cash		27,205,068
Current assets		84,247,814
Assets		279,226,828

Equity and liabilities

	Notes	2022 DKK
Contributed capital		41,000
Retained earnings		57,369,061
Equity belonging to Parent's shareholders		57,410,061
Equity belonging to minority interests		41,992,322
Equity		99,402,383
Deferred tax	9	7,943,238
Other provisions	10	13,000,000
Provisions		20,943,238
Bank loans		80,000,000
Payables to group enterprises		41,606,158
Other payables		903,377
Non-current liabilities other than provisions	11	122,509,535
Payables to other credit institutions		15,526,347
Trade payables		15,279,860
Tax payable		33,007
Joint taxation contribution payable		2,928,483
Other payables		2,603,975
Current liabilities other than provisions		36,371,672
Liabilities other than provisions		158,881,207
Equity and liabilities		279,226,828
Financial instruments	13	
Fair value information	14	
Unrecognised rental and lease commitments	15	
Assets charged and collateral	16	
Transactions with related parties	17	
Subsidiaries	18	

Consolidated statement of changes in equity for 2022

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK
Contributed upon formation	40,000	80,000	0	120,000	0
Effect of mergers and business combinations	0	0	0	0	43,975,083
Increase of capital	1,000	62,044,116	0	62,045,116	0
Transferred from share premium	0	(62,124,116)	62,124,116	0	0
Profit/loss for the year	0	0	(4,755,055)	(4,755,055)	(1,982,761)
Equity end of year	41,000	0	57,369,061	57,410,061	41,992,322

	Total DKK
Contributed upon formation	120,000
Effect of mergers and business combinations	43,975,083
Increase of capital	62,045,116
Transferred from share premium	0
Profit/loss for the year	(6,737,816)
Equity end of year	99,402,383

Consolidated cash flow statement for 2022

	Notes	2022 DKK
Operating profit/loss		(6,257,152)
Amortisation, depreciation and impairment losses		682,148
Working capital changes	12	3,697,138
Cash flow from ordinary operating activities		(1,877,866)
Financial income received		15,904
Financial expenses paid		(439,115)
Cash flows from operating activities		(2,301,077)
Acquisition etc. of intangible assets		(148,620,981)
Acquisition of fixed asset investments		(2,120,653)
Acquisition of enterprises		(8,938,788)
Cash flows from investing activities		(159,680,422)
Free cash flows generated from operations and investments before financing		(161,981,499)
Loans raised		121,551,268
Cash capital increase		62,045,116
Contributed upon formation		120,000
Changes in payables to other institutions		448,978
Cash acquired through enterprises etc.		5,021,205
Cash flows from financing activities		189,186,567
Increase/decrease in cash and cash equivalents		27,205,068
Cash and cash equivalents end of year		27,205,068
Cash and cash equivalents at year-end are composed of:		
Cash		27,205,068
Cash and cash equivalents end of year		27,205,068

Notes to consolidated financial statements

1 Staff costs

	2022
	DKK
Wages and salaries	532,235
Pension costs	62,674
Other social security costs	8,480
	603,389
Average number of full-time employees	34

2 Depreciation, amortisation and impairment losses

	2022
	DKK
Amortisation of intangible assets	634,156
Depreciation on property, plant and equipment	47,992
	682,148

3 Other financial expenses

	2022
	DKK
Financial expenses from group enterprises	57,058
Other interest expenses	140,016
Exchange rate adjustments	77,832
Other financial expenses	219,099
	494,005

4 Tax on profit/loss for the year

	2022
	DKK
Current tax	33,007
Change in deferred tax	(30,444)
	2,563

5 Proposed distribution of profit/loss

	2022
	DKK
Retained earnings	(4,755,055)
Minority interests' share of profit/loss	(1,982,761)
	(6,737,816)

6 Intangible assets

	Acquired intangible assets DKK	Acquired rights DKK	Goodwill DKK
Addition through business combinations etc	7,252,098	30,000,000	155,343,966
Cost end of year	7,252,098	30,000,000	155,343,966
Amortisation for the year	(24,806)	(98,630)	(510,720)
Amortisation and impairment losses end of year	(24,806)	(98,630)	(510,720)
Carrying amount end of year	7,227,292	29,901,370	154,833,246

Goodwill recognised in the year relates to business combination of Nordiq A/S.

Acquired rights comprises of identified, acquired customer relations as part of the business combination with Nordiq A/S. The value is assessed based on the expected future profit.

Acquired intangible assets comprises of identified, acquired software solutions as part of the business combination with Nordiq A/S. The value is assessed based on the expected costs to realise the same software solutions.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Addition through business combinations etc	1,643,071	477,582
Cost end of year	1,643,071	477,582
Depreciation for the year	(35,932)	(12,060)
Depreciation and impairment losses end of year	(35,932)	(12,060)
Carrying amount end of year	1,607,139	465,522

8 Financial assets

	Deposits DKK
Addition through business combinations etc	944,445
Cost end of year	944,445
Carrying amount end of year	944,445

9 Deferred tax

	2022 DKK
Intangible assets	(8,168,238)
Property, plant and equipment	115,000
Receivables	110,000
Deferred tax	(7,943,238)

	2022 DKK
Changes during the year	
Recognised in the income statement	30,444
Business combinations	(7,973,682)
End of year	(7,943,238)

10 Other provisions

Other provisions comprises of an earnout note issued as part of the business combination with Nordiq A/S. The earnout is profit contingent, recognised as the value deemed most likely to occur.

11 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK	Outstanding after 5 years 2022 DKK
Bank loans	80,000,000	16,000,000
Payables to group enterprises	41,606,158	0
Other payables	903,377	840,179
	122,509,535	16,840,179

12 Changes in working capital

	2022 DKK
Increase/decrease in inventories	(80,186)
Increase/decrease in receivables	(1,285,490)
Increase/decrease in trade payables etc.	5,062,814
	3,697,138

13 Derivative financial instruments

The forward contracts will be settled by January 2023 and have been acquired to mitigate the currency risk regarding the company's future receivables and payables abroad. By year end 2022 the contract is expected to mitigate the risk for a total of net; TNOK 9,500, TSEK 5,500 and TUSD 1,300. The contracts have been entered with the company's normal bank connections.

The forward contracts can be specified as follows:

31.12.2022:

4 contracts to sell a total of nom. TNOK 9,500, to exchangesrates between 71.59 - 72.88, with an end date between 02.01.2023 and 17.01.2023.

2 contracts to sell a total of nom. TSEK 6,500, to exchangesrates between 67.54 - 70.52 with an end date between 02.01.2023 and 17.01.2023.

1 contract to buy a total of nom. TSEK 1,000 to an exchangesrate of 67.85 with an end date between 02.01.2023 and 17.01.2023. 4 contracts to buy a total of nom. TUSD 1,450 to exchangesrates between 688.48 - 738.63 with an end date between 02.01.2023 and 17.01.2023.

2 contracts to sell a total of nom. TUSD 150 to exchangesrates between 688.48 - 738.63 with an end date between 02.01.2023 and 17.01.2023.

14 Fair value information

	Forward Contract DKK
Fair value end of year	380,255
Unrealised fair value adjustments recognised in the income statement	12,502

15 Unrecognised rental and lease commitments

	2022 DKK
Total liabilities under rental or lease agreements until maturity	6,184,957

16 Assets charged and collateral

As security for balances with Jyske Bank, a corpoptate mortgage of DKK 25 million is provided comprising simple claims relating to the sale of goods and services ans stocks, with a value of TDKK 54,711.

As security for balances with Sydbank, 2 corporate mortgages of DKK 15 million and DKK 10 million are provided comprising simple claims relating to the sale of goods and services and stocks, with a value of TDKK 54,711.

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 Subsidiaries

	Ownership %	Equity DKK	Profit/loss DKK
Norbert HoldCo ApS	70.00	146,575,810	(7,800)
Norbert BidCo ApS - 100% owned by Norbert HoldCo ApS	70.00	139,064,628	(6,518,982)
Nordiq A/S - 100% owned by Norbert BidCo ApS	70.00	32,949,816	15,913,410

Parent income statement for 2022

	Notes	2022 DKK
Gross profit/loss		(30,000)
Other financial expenses	1	(134,890)
Profit/loss before tax		(164,890)
Tax on profit/loss for the year	2	36,276
Profit/loss for the year	3	(128,614)

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK
Investments in group enterprises		102,608,527
Financial assets	4	102,608,527
Fixed assets		102,608,527
Joint taxation contribution receivable		157,342
Receivables		157,342
Cash		1,027,857
Current assets		1,185,199
Assets		103,793,726

Equity and liabilities

	Notes	2022 DKK
Contributed capital		41,000
Retained earnings		61,995,502
Equity		62,036,502
Payables to group enterprises		41,606,158
Non-current liabilities other than provisions	5	41,606,158
Tax payable		33,007
Joint taxation contribution payable		88,059
Other payables		30,000
Current liabilities other than provisions		151,066
Liabilities other than provisions		41,757,224
Equity and liabilities		103,793,726
Employees	6	
Contingent liabilities	7	
Related parties with controlling interest	8	
Transactions with related parties	9	

Parent statement of changes in equity for 2022

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	80,000	0	120,000
Increase of capital	1,000	62,044,116	0	62,045,116
Transferred from share premium	0	(62,124,116)	62,124,116	0
Profit/loss for the year	0	0	(128,614)	(128,614)
Equity end of year	41,000	0	61,995,502	62,036,502

Notes to parent financial statements

1 Other financial expenses

	2022 DKK
Financial expenses from group enterprises	57,058
Exchange rate adjustments	77,832
	134,890

2 Tax on profit/loss for the year

	2022 DKK
Refund in joint taxation arrangement	(36,276)
	(36,276)

3 Proposed distribution of profit and loss

	2022 DKK
Retained earnings	(128,614)
	(128,614)

4 Financial assets

	Investments in group enterprises DKK
Addition through business combinations etc	102,608,527
Cost end of year	102,608,527
Carrying amount end of year	102,608,527

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

5 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK
Payables to group enterprises	41,606,158
	41,606,158

6 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

7 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.

8 Related parties with controlling interest

TopCo FIII Holding GmbH, München, owns all shares in the Entity, thus exercising control.

Hans Hermann Fredenborg, Deutschland, has 51% of the voting rights in Norbert Acquisition ApS, thus exercising control.

9 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).

This is the entity's first fiscal year and covers only a period of 37 days.

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.

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.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, costs of raw materials and consumables and external expenses.

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.

Other operating income

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

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

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

receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Other operating expenses

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

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

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

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and the extent to which the goodwill amount includes time-limited intangible resources that it has not been possible to separate and recognise as separate assets.

The useful life of goodwill have been determined to 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise acquired rights related to business combinations and property rights of software solutions.

Intellectual property rights acquired are measured at cost less accumulated amortisation and are amortised on a straight-line basis over a 3-10 years period.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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

	Useful life
Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	2-5 years

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 measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs.

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

Receivables

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

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.

Cash

Cash comprises cash in hand and bank deposits.

Minority interests

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

Deferred tax

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

Other provisions

Other provisions comprise anticipated costs of decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Operating leases

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

Other financial liabilities

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

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.