

# **Fritz Schur Teknik A/S**

Esplanaden 40, 1263 København K  
CVR no. 46 05 93 28

## **Annual report for 2020**

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Company information etc.	3
Statement by the Executive Board and Board of Directors on the annual report	4
Independent auditor's report	5 - 7
Management's review	8 - 10
Income statement	11
Balance sheet	12 - 13
Statement of changes in equity	14
Cash flow statement	15
Notes	16 - 33

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**The company**

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Fritz Schur Teknik A/S  
Esplanaden 40  
1263 København K  
CVR no.: 46 05 93 28  
Financial year: 01.01 - 31.12

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**Executive Board**

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Mads-Ole Astrupgaard

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**Board of Directors**

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Fritz H. Schur, chairman  
Peter Helbirk  
Mads-Ole Astrupgaard

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

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**Parent company**

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Fritz Schur Technical Group A/S, København K.

## **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 01.01.20 - 31.12.20 for Fritz Schur Teknik A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.20 and of the results of the company's activities and cash flows for the financial year 01.01.20 - 31.12.20.

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.

Copenhagen, June 22, 2021

### **Executive Board**

Mads-Ole Astrupgaard

### **Board of Directors**

Fritz H. Schur  
Chairman

Peter Helbirk

Mads-Ole Astrupgaard

**To the Shareholder of Fritz Schur Teknik A/S****Opinion**

We have audited the financial statements of Fritz Schur Teknik A/S for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.20 and of the results of the company's operations and cash flows for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

**Basis for conclusion**

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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement regarding the management's review**

Management is responsible for management's review.

Our opinion on the 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 financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the 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 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.

**Management's responsibility for the financial statements**

The Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 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 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Næstved, June 22, 2021

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Jørgen Stegmann  
State Authorized Public Accountant  
MNE-no. mne11738

Jette Jordan Andersen  
State Authorized Public Accountant  
MNE-no. mne46630

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

Figures in DKK '000	2020	2019	2018	2017	2016
<i>Profit/loss</i>					
Operating profit/loss	5,505	-15,612	830	301	9,928
Index	55	-157	8	3	100
Total net financials	-1,555	-1,408	320	208	-2,818
Index	55	50	-11	-7	100
Profit/loss for the year	3,066	-13,526	970	418	4,853
Index	63	-279	20	9	100
<i>Balance</i>					
Total assets	227,743	138,524	156,357	126,544	129,069
Index	176	107	121	98	100
Investments in property, plant and equipment	488	516	156	335	942
Index	52	55	17	36	100
Equity	61,503	58,276	44,912	44,093	33,410
Index	184	174	134	132	100



**Primary activities**

The company is a leading provider of highly-profiled products and solutions that drive the development of sustainable solutions for our customers. The company's primary activities are engineering, trade and production.

**Development in activities and financial affairs**

The company achieved a profit after tax of th.DKK 3,066, which is as expected at the beginning of the year. 2020 has been characterized by considerable demand increase as well as by the consequences of the world-wide Covid-19 pandemic. The profit for the year is overall considered as satisfactory.

The equity of the company amounted to th.DKK 61,503 at the end of the financial year.

**Outlook**

With high activity in the first half year and in light of the positive outlook for sustainable/wind energy globally – the company expects a positive result in the coming financial year, which is also confirmed by the positive results achieved so far in the new year.

**Knowledge resources**

To secure the continued competitiveness of the company, the resources necessary for the maintenance and development of the competencies of the company are applied.

**Financial risks**

The company is affected by a range of commercial, operational and financial risks, managed and mitigated through a comprehensive risk management and insurance setup.

**Research and development activities**

The company continuously applies resources for developing and improving products and systems. This work is done internally as well as in collaboration with customers and suppliers.

**Subsequent events**

With the continued impact of the Covid-19 pandemic on markets where the company operate there are still uncertainties as to how it may affect the development in general in 2021.

Management believes, regardless, that the Company's future activity and financial situation will not be significantly affected.

## Income statement

Note	2020 DKK '000	2019 DKK '000
	<b>92,138</b>	<b>62,634</b>
1 Staff costs	-86,104	-77,436
	<b>6,034</b>	<b>-14,802</b>
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-529	-810
	<b>5,505</b>	<b>-15,612</b>
2 Income from equity investments in group enterprises	-639	-1,059
3 Financial income	79	178
4 Financial expenses	-995	-527
	<b>3,950</b>	<b>-17,020</b>
5 Tax on profit or loss for the year	-884	3,494
	<b>3,066</b>	<b>-13,526</b>
6 Proposed distribution of net profit		

<b>ASSETS</b>		31.12.20	31.12.19
Note		DKK '000	DKK '000
	Acquired rights	43	115
7	<b>Total intangible assets</b>	<b>43</b>	<b>115</b>
	Leasehold improvements	14	24
	Plant and machinery	514	626
	Other fixtures and fittings, tools and equipment	637	484
	Property, plant and equipment under construction	0	59
8	<b>Total property, plant and equipment</b>	<b>1,165</b>	<b>1,193</b>
9	Equity investments in group enterprises	4,047	4,525
10	Deposits	1,295	1,138
	<b>Total investments</b>	<b>5,342</b>	<b>5,663</b>
	<b>Total non-current assets</b>	<b>6,550</b>	<b>6,971</b>
	Raw materials and consumables	53,981	38,810
	Manufactured goods and goods for resale	36,298	18,967
	Prepayments for goods	355	0
	<b>Total inventories</b>	<b>90,634</b>	<b>57,777</b>
	Trade receivables	39,140	60,660
	Receivables from group enterprises	75,168	0
11	Deferred tax asset	4,133	4,927
	Income tax receivable	0	306
	Other receivables	7,338	1,047
12	Prepayments	1,625	1,724
	<b>Total receivables</b>	<b>127,404</b>	<b>68,664</b>
	<b>Cash</b>	<b>3,155</b>	<b>5,112</b>
	<b>Total current assets</b>	<b>221,193</b>	<b>131,553</b>
	<b>Total assets</b>	<b>227,743</b>	<b>138,524</b>

<b>EQUITY AND LIABILITIES</b>		31.12.20	31.12.19
Note		DKK '000	DKK '000
13	Share capital	600	600
	Other reserves	161	0
	Retained earnings	60,742	57,676
	<b>Total equity</b>	<b>61,503</b>	<b>58,276</b>
14	Other provisions	4,522	2,458
	<b>Total provisions</b>	<b>4,522</b>	<b>2,458</b>
15	Other payables	6,176	2,093
	<b>Total long-term payables</b>	<b>6,176</b>	<b>2,093</b>
	Payables to other credit institutions	16,598	64
	Trade payables	54,263	36,534
	Payables to group enterprises	68,959	28,499
	Income taxes	89	0
	Other payables	15,633	10,600
	<b>Total short-term payables</b>	<b>155,542</b>	<b>75,697</b>
	<b>Total payables</b>	<b>161,718</b>	<b>77,790</b>
	<b>Total equity and liabilities</b>	<b>227,743</b>	<b>138,524</b>

- 16 Fair value information  
 17 Derivative financial instruments  
 18 Contingent liabilities  
 19 Related parties

## Statement of changes in equity

Figures in DKK '000	Share capital	Other reserves	Retained earnings	Total equity
Statement of changes in equity for 01.01.19 - 31.12.19				
Balance as at 01.01.19	600	0	44,312	44,912
Foreign currency translation adjustment of foreign enterprises	0	0	-110	-110
Group contribution	0	0	27,000	27,000
Net profit/loss for the year	0	0	-13,526	-13,526
Balance as at 31.12.19	600	0	57,676	58,276
Statement of changes in equity for 01.01.20 - 31.12.20				
Balance as at 01.01.20	600	0	57,676	58,276
Foreign currency translation adjustment of foreign enterprises	0	161	0	161
Net profit/loss for the year	0	0	3,066	3,066
Balance as at 31.12.20	600	161	60,742	61,503

## Cash flow statement

Note	2020 DKK '000	2019 DKK '000
<b>Profit/loss for the year</b>	<b>3,066</b>	<b>-13,526</b>
20 Adjustments	2,968	-1,276
Change in working capital:		
Inventories	-32,857	3,368
Receivables	15,324	-7,760
Trade payables	17,729	-1,445
Other payables relating to operating activities	11,178	-5,835
<b>Cash flows from operating activities before net financials</b>	<b>17,408</b>	<b>-26,474</b>
Interest income and similar income received	79	178
Interest expenses and similar expenses paid	-995	-527
Income tax paid	306	152
<b>Cash flows from operating activities</b>	<b>16,798</b>	<b>-26,671</b>
Purchase of intangible assets	0	60
Purchase of property, plant and equipment	-429	301
Purchase of investments	0	-4,447
Disposal of investments	-157	-7
<b>Cash flows from investing activities</b>	<b>-586</b>	<b>-4,093</b>
Arrangement of payables to group enterprises	-34,703	-17,015
Repayment of payables to group enterprises	0	27,000
<b>Cash flows from financing activities</b>	<b>-34,703</b>	<b>9,985</b>
<b>Total cash flows for the year</b>	<b>-18,491</b>	<b>-20,779</b>
Cash, beginning of year	5,112	25,827
Short-term payables to credit institutions, beginning of year	-64	0
<b>Cash, end of year</b>	<b>-13,443</b>	<b>5,048</b>
Cash, end of year, comprises:		
Cash	3,155	5,112
Short-term payables to credit institutions	-16,598	-64
<b>Total</b>	<b>-13,443</b>	<b>5,048</b>

	2020 DKK '000	2019 DKK '000
<b>1. Staff costs</b>		
Wages and salaries	75,679	67,236
Pensions	5,489	5,348
Other social security costs	1,075	1,144
Other staff costs	3,861	3,708
<b>Total</b>	<b>86,104</b>	<b>77,436</b>
Average number of employees during the year	121	114

## 2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	-639	-1,059
<b>Total</b>	<b>-639</b>	<b>-1,059</b>

## 3. Financial income

Interest, group enterprises	79	76
Other interest income	0	102
<b>Total</b>	<b>79</b>	<b>178</b>

## 4. Financial expenses

Interest, group enterprises	190	0
Other interest expenses	760	527
Other financial expenses	45	0
<b>Total</b>	<b>995</b>	<b>527</b>



	2020 DKK '000	2019 DKK '000
<b>5. Tax on profit or loss for the year</b>		
Current tax for the year	89	-306
Adjustment of deferred tax for the year	795	-3,188
Total	884	-3,494

**6. Proposed distribution of net profit**

Retained earnings	3,066	-13,526
Total	3,066	-13,526

**7. Intangible assets**

Figures in DKK '000	Acquired rights	Goodwill
Cost as at 01.01.20	6,631	9,966
Cost as at 31.12.20	6,631	9,966
Amortisation and impairment losses as at 01.01.20	-6,516	-9,966
Amortisation during the year	-72	0
Amortisation and impairment losses as at 31.12.20	-6,588	-9,966
Carrying amount as at 31.12.20	43	0

**8. Property, plant and equipment**

Figures in DKK '000	Leasehold improve- ments	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Cost as at 01.01.20	4,041	11,772	1,280	59
Additions during the year	0	188	300	0
Disposals during the year	0	-18	0	-59
Cost as at 31.12.20	4,041	11,942	1,580	0
Depreciation and impairment losses as at 01.01.20	-4,017	-11,146	-796	0
Depreciation during the year	-10	-300	-147	0
Reversal of depreciation of and impairment losses on disposed assets	0	18	0	0
Depreciation and impairment losses as at 31.12.20	-4,027	-11,428	-943	0
Carrying amount as at 31.12.20	14	514	637	0

## 9. Equity investments in group enterprises

Figures in DKK '000	Equity invest- ments in group enterprises
Cost as at 01.01.20	7,322
Cost as at 31.12.20	7,322
Revaluations as at 01.01.20	-2,797
Foreign currency translation adjustment of foreign enterprises	161
Net profit/loss from equity investments	-639
Revaluations as at 31.12.20	-3,275
Carrying amount as at 31.12.20	4,047

Name and registered office:	Ownership interest	Equity DKK '000	Net profit/loss for the year DKK '000	Recognised value DKK '000
Subsidiaries:				
Sirodan China ApS, Copenhagen	100%	3,493	-672	3,493
Sirodan India 1 ApS, Copenhagen	100%	97	-5	97
Sirodan USA ApS, Copenhagen	100%	458	39	458

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

Figures in DKK '000	Deposits
Cost as at 01.01.20	1,138
Additions during the year	157
Cost as at 31.12.20	1,295
Carrying amount as at 31.12.20	1,295

	31.12.20 DKK '000	31.12.19 DKK '000
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**11. Deferred tax asset**

Deferred tax as at 01.01.20	4,927	1,740
Deferred tax recognised in the income statement	-794	3,187
Deferred tax as at 31.12.20	4,133	4,927

As at 31.12.20, the company has recognised a deferred tax asset of th. DKK 4.133, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

	31.12.20 DKK '000	31.12.19 DKK '000
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**12. Prepayments**

Prepaid administrative costs	1,157	1,101
Other prepayments	468	623
Total	1,625	1,724

**13. Share capital**

The share capital consists of:

	Quantity	Total nominal value
Share capital	600	600

**14. Other provisions**

Figures in DKK '000	Other provisions	
Provisions as at 01.01.20		2,458
Provisions during the year		2,064
Provisions as at 31.12.20		4,522
	31.12.20 DKK '000	31.12.19 DKK '000

Other provisions are expected to be distributed as follows:

Current liabilities	4,522	2,458
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**15. Long-term payables**

Figures in DKK '000	Outstanding debt after 5 years	Total payables at 31.12.20	Total payables at 31.12.19
Other payables	0	6,176	2,093
Total	0	6,176	2,093

**16. Fair value information**

Figures in DKK '000	Derivative financial instruments
Fair value as at 31.12.20	15

**17. Derivative financial instruments**

The company has entered into forward currency contracts to hedge future purchase of goods in JPY, CNH and USD. The market value of the forward currency contracts amounts to th.DKK -15 at 31.12.20.

**18. Contingent liabilities***Lease commitments*

The company has concluded lease agreements with terms to maturity of 2-27 months and average lease payments of th.DKK 35, a total of th.DKK 1,008.

The company has entered into a rent obligation with a period of non-terminability until 01.10.24 with a total payment of th.DKK 1,050. Furthermore the company has entered into a rent obligation with a period of non-terminability of 12 months with a total payment of th.DKK 3,100.

**18. Contingent liabilities** - continued -*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 liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The company make ongoing provisions for any products claims that may rise.

**19. Related parties**

Controlling influence	Basis of influence
FS 12 ApS, København K	Ownership
Fritz Schur Technical Group A/S, København K.	Ownership
Fritz H. Schur	Ownership

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

The company is included in the consolidated financial statements of the ultimate parent company FS 12 ApS, København K.

	2020 DKK '000	2019 DKK '000
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	529	810
Income from equity investments in group enterprises	639	1,059
Financial income	-79	-178
Financial expenses	995	527
Tax on profit or loss for the year	884	-3,494
<b>Total</b>	<b>2,968</b>	<b>-1,276</b>

**20. Adjustments for the cash flow statement**

## 21. Accounting policies

### GENERAL

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

The accounting policies have been applied consistently with previous years.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of FS 12 ApS, København K, CVR no. 30 17 79 08, which prepares consolidated financial statements.

### 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.

### CURRENCY

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

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.



**21. Accounting policies** - continued -**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**

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

**INCOME STATEMENT****Gross profit**

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

**21. Accounting policies** - continued -**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including 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.

**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:

**21. Accounting policies** - continued -

	Useful lives, years	Residual value, per cent
Acquired rights	3 - 5	0
Goodwill	10	0
Leasehold improvements	3 - 5	0
Plant and machinery	5 - 8	0
Other plant, fixtures and fittings, tools and equipment	3 - 5	0

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.

**Income from equity investments in group enterprises**

For equity investments in equity investments in subsidiaries, 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, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

**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.

In connection with the settlement of joint taxation contributions, the current Danish income

**21. Accounting policies** - continued -

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****Intangible assets***Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights 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 and losses on the disposal of intangible assets*

Gains and 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 leasehold improvements, 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 less accumulated depreciation and impairment losses.

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.

Property, plant and equipment are depreciated using the straight-line method based on

**21. Accounting policies** - continued -

useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

*Property, plant and equipment under construction*

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

*Gains and losses on the disposal of property, plant and equipment*

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. 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.

Under 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.

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.

**21. Accounting policies** - continued -

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.

**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 cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

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 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

**21. Accounting policies** - continued -

receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**Prepayments**

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

**Cash**

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

**Equity**

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

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

**Provisions**

Other provisions comprise expected expenses incidental to 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.

**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 receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences

**21. Accounting policies** - continued -

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 or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates 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**

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.

**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from 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 company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arran-



**21. Accounting policies** - continued -

gement and repayment of long-term payables.

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