

# **Fritz Schur Teknik A/S**

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

## **Annual report for 2021**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 16.03.22

Martin Kasten  
Dirigent

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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  
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 01.01.21 - 31.12.21 for Fritz Schur Teknik A/S.

The annual report is presented in accordance with the 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 31.12.21 and of the results of the company's activities and cash flows for the financial year 01.01.21 - 31.12.21.

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, March 16, 2022

### **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 01.01.21 - 31.12.21, 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 the 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 31.12.21 and of the results of the company's operations and cash flows for the financial year 01.01.21 - 31.12.21 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 financial statements" section of our report. We are independent of 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.

**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, March 16, 2022

**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	2021	2020	2019	2018	2017
<i>Profit/loss</i>					
Operating profit	500	5,505	-15,612	830	301
Index	166	1,829	-5,187	276	100
Total net financials	3,367	-1,555	-1,408	320	208
Profit for the year	1,779	3,066	-13,526	970	418
<i>Balance</i>					
Total assets	130,580	227,743	138,524	156,357	126,544
Investments in property, plant and equipment	758	488	516	156	335
Equity	61,980	61,503	58,276	44,912	44,093



**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 1,779, which is lower than expected at the beginning of the year. 2021 has been characterized by considerable demand fluctuations as well as by the consequences of the world-wide Covid-19 pandemic including considerable supply chain challenges. The profit for the year is overall considered as satisfactory.

The equity of the company amounted to th.DKK 61,980 at the end of the financial year.

**Outlook**

With the short time outlook for sustainable/Wind energy in a globally view, the company expects that 2022 and part of 2023, will be transition years, in which the result is expected to be a deficite at a small level.

**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**

There are still some uncertainties in connection with Covid-19 pandemic on the markets where the company operates, that may have an impact on the general development in 2022. Also the war in Ukraine might have some negative effects, primarily in high prices on goods and freight.

## Income statement

Note	2021 DKK '000	2020 DKK '000
	<b>76,628</b>	<b>85,166</b>
<b>Gross profit</b>		
1 Staff costs	-75,496	-79,132
<b>Profit before depreciation, amortisation, write-downs and impairment losses</b>	<b>1,132</b>	<b>6,034</b>
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-632	-529
<b>Operating profit</b>	<b>500</b>	<b>5,505</b>
2 Income from equity investments in group enterprises	4,191	-639
3 Financial income	63	79
4 Financial expenses	-887	-995
<b>Profit before tax</b>	<b>3,867</b>	<b>3,950</b>
5 Tax on profit for the year	-2,088	-884
<b>Profit for the year</b>	<b>1,779</b>	<b>3,066</b>
6 Proposed appropriation account		

<b>ASSETS</b>		31.12.21	31.12.20
Note		DKK '000	DKK '000
	Acquired rights	10	43
7	<b>Total intangible assets</b>	<b>10</b>	<b>43</b>
	Leasehold improvements	343	14
	Plant and machinery	295	514
	Other fixtures and fittings, tools and equipment	686	637
8	<b>Total property, plant and equipment</b>	<b>1,324</b>	<b>1,165</b>
9	Equity investments in group enterprises	9,064	4,047
10	Deposits	954	1,295
	<b>Total investments</b>	<b>10,018</b>	<b>5,342</b>
	<b>Total non-current assets</b>	<b>11,352</b>	<b>6,550</b>
	Raw materials and consumables	13,863	53,981
	Manufactured goods and goods for resale	27,190	36,298
	Prepayments for goods	0	355
	<b>Total inventories</b>	<b>41,053</b>	<b>90,634</b>
	Trade receivables	23,119	39,140
	Receivables from group enterprises	40,725	75,168
	Deferred tax asset	4,797	4,133
	Other receivables	142	7,338
11	Prepayments	787	1,625
	<b>Total receivables</b>	<b>69,570</b>	<b>127,404</b>
	<b>Cash</b>	<b>8,605</b>	<b>3,155</b>
	<b>Total current assets</b>	<b>119,228</b>	<b>221,193</b>
	<b>Total assets</b>	<b>130,580</b>	<b>227,743</b>

<b>EQUITY AND LIABILITIES</b>		31.12.21	31.12.20
Note		DKK '000	DKK '000
12	Share capital	600	600
	Reserve for net revaluation according to the equity method	1,742	0
	Foreign currency translation reserve	0	161
	Cash flow hedging reserve	-2,127	0
	Retained earnings	61,765	60,742
	<b>Total equity</b>	<b>61,980</b>	<b>61,503</b>
14	Other provisions	5,835	4,522
	<b>Total provisions</b>	<b>5,835</b>	<b>4,522</b>
15	Other payables	8,102	6,176
	<b>Total long-term payables</b>	<b>8,102</b>	<b>6,176</b>
	Payables to other credit institutions	0	16,598
	Trade payables	15,521	54,263
	Payables to group enterprises	21,347	68,959
	Income taxes	0	89
	Other payables	14,858	15,633
16	Deferred income	2,937	0
	<b>Total short-term payables</b>	<b>54,663</b>	<b>155,542</b>
	<b>Total payables</b>	<b>62,765</b>	<b>161,718</b>
	<b>Total equity and liabilities</b>	<b>130,580</b>	<b>227,743</b>
17	Fair value information		
18	Derivative financial instruments		
19	Contingent liabilities		
20	Related parties		

## Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Total equity
Statement of changes in equity for 01.01.20 - 31.12.20						
Balance as at 01.01.20	600	0	0	0	57,676	58,276
Foreign currency translation adjustment of foreign enterprises	0	0	161	0	0	161
Net profit/loss for the year	0	0	0	0	3,066	3,066
Balance as at 31.12.20	600	0	161	0	60,742	61,503
Statement of changes in equity for 01.01.21 - 31.12.21						
Balance as at 01.01.21	600	0	161	0	60,742	61,503
Foreign currency translation adjustment of foreign enterprises	0	826	-161	0	161	826
Fair value adjustment of hedging instruments	0	0	0	-2,727	0	-2,727
Tax on changes in equity	0	0	0	600	0	600
Net profit/loss for the year	0	916	0	0	862	1,778
Balance as at 31.12.21	600	1,742	0	-2,127	61,765	61,980

## Cash flow statement

Note	2021 DKK '000	2020 DKK '000
<b>Profit for the year</b>	<b>1,779</b>	<b>3,066</b>
21 Adjustments	-2,795	2,968
Change in working capital:		
Inventories	49,581	-32,857
Receivables	24,055	15,324
Trade payables	-38,742	17,729
Other payables relating to operating activities	5,401	11,178
<b>Cash flows from operating activities before net financials</b>	<b>39,279</b>	<b>17,408</b>
Interest income and similar income received	63	79
Interest expenses and similar expenses paid	-887	-995
Income tax paid	-2,841	306
<b>Cash flows from operating activities</b>	<b>35,614</b>	<b>16,798</b>
Purchase of property, plant and equipment	-758	-429
Sale of property, plant and equipment	20	0
Disposal of investments	341	-157
<b>Cash flows from investing activities</b>	<b>-397</b>	<b>-586</b>
Repayment of payables to group enterprises	-13,169	-34,703
<b>Cash flows from financing activities</b>	<b>-13,169</b>	<b>-34,703</b>
<b>Total cash flows for the year</b>	<b>22,048</b>	<b>-18,491</b>
Cash, beginning of year	3,155	5,112
Short-term payables to credit institutions, beginning of year	-16,598	-64
<b>Cash, end of year</b>	<b>8,605</b>	<b>-13,443</b>
Cash, end of year, comprises:		
Cash	8,605	3,155
Short-term payables to credit institutions	0	-16,598
<b>Total</b>	<b>8,605</b>	<b>-13,443</b>

	2021 DKK '000	2020 DKK '000
<b>1. Staff costs</b>		
Wages and salaries	65,438	68,707
Pensions	5,779	5,489
Other social security costs	1,371	1,075
Other staff costs	2,908	3,861
<b>Total</b>	<b>75,496</b>	<b>79,132</b>
Average number of employees during the year	123	121

## 2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	4,191	-639
<b>Total</b>	<b>4,191</b>	<b>-639</b>

## 3. Financial income

Interest, group enterprises	63	79
<b>Total</b>	<b>63</b>	<b>79</b>

## 4. Financial expenses

Interest, group enterprises	0	190
Other interest expenses	813	760
Other financial expenses	74	45
<b>Total</b>	<b>887</b>	<b>995</b>

	2021	2020
	DKK '000	DKK '000

### 5. Tax on profit for the year

Current tax for the year	0	89
Adjustment of deferred tax for the year	-64	795
Adjustment of tax in respect of previous years	2,152	0
<b>Total</b>	<b>2,088</b>	<b>884</b>

### 6. Proposed appropriation account

Reserve for net revaluation according to the equity method	916	0
Retained earnings	863	3,066
<b>Total</b>	<b>1,779</b>	<b>3,066</b>

### 7. Intangible assets

Figures in DKK '000	Acquired rights	Goodwill
Cost as at 01.01.21	6,631	9,966
Cost as at 31.12.21	6,631	9,966
Amortisation and impairment losses as at 01.01.21	-6,588	-9,966
Amortisation during the year	-33	0
Amortisation and impairment losses as at 31.12.21	-6,621	-9,966
Carrying amount as at 31.12.21	10	0



**8. Property, plant and equipment**

Figures in DKK '000	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost as at 01.01.21	4,041	11,942	1,580
Additions during the year	391	50	317
Disposals during the year	0	-65	-18
Cost as at 31.12.21	4,432	11,927	1,879
Depreciation and impairment losses as at 01.01.21	-4,027	-11,428	-943
Depreciation during the year	-62	-269	-268
Reversal of depreciation of and impairment losses on disposed assets	0	65	18
Depreciation and impairment losses as at 31.12.21	-4,089	-11,632	-1,193
Carrying amount as at 31.12.21	343	295	686

## 9. Equity investments in group enterprises

Figures in DKK '000	Equity invest- ments in group enterprises
Cost as at 01.01.21	7,322
Cost as at 31.12.21	7,322
Revaluations as at 01.01.21	-3,275
Foreign currency translation adjustment of foreign enterprises	826
Net profit/loss from equity investments	4,191
Revaluations as at 31.12.21	1,742
Carrying amount as at 31.12.21	9,064

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%	8,494	3,943	8,494
Sirodan India 1 ApS, Copenhagen	100%	93	-5	93
Sirodan USA ApS, Copenhagen	100%	477	253	477

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

Figures in DKK '000	Deposits
Cost as at 01.01.21	1,295
Disposals during the year	-341
Cost as at 31.12.21	954
Carrying amount as at 31.12.21	954

	31.12.21 DKK '000	31.12.20 DKK '000
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**11. Prepayments**

Prepaid administrative costs	758	1,157
Other prepayments	29	468
Total	787	1,625

**12. Share capital**

The share capital consists of:

	Quantity	Total nominal value
Share capital	600	600

	31.12.21	31.12.20
	DKK '000	DKK '000

### 13. Deferred tax

Deferred tax asset as at 01.01.21	4,133	4,927
Deferred tax recognised in the income statement	64	-794
Deferred tax recognised in equity	600	0
Deferred tax asset as at 31.12.21	4,797	4,133

As at 31.12.21, the company has recognised a deferred tax asset of th.DKK 4,797, 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.

### 14. Other provisions

Figures in DKK '000	Other provisions	
Provisions as at 01.01.21		4,522
Provisions during the year		1,313
Provisions as at 31.12.21		5,835
	31.12.21	31.12.20
	DKK '000	DKK '000

Other provisions are expected to be distributed as follows:

Current liabilities	5,835	4,522
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**15. Long-term payables**

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.21	Total payables at 31.12.20
Other payables	0	5,954	8,102	6,176
Total	0	5,954	8,102	6,176

31.12.21 DKK '000	31.12.20 DKK '000
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**16. Deferred income**

Deferred income	210	0
Currency swap	2,727	0
Total	2,937	0

**17. Fair value information**

Figures in DKK '000	Derivative financial instruments
Fair value as at 31.12.21	-2,727
Unrealised changes of fair value recognised in equity for the year	-2,727

## 18. Derivative financial instruments

The company has entered into forward currency contracts to hedge future purchase of goods in CNH. The market value of the forward currency contracts amounts to th.DKK -2,727 at 31.12.21.

## 19. Contingent liabilities

### *Lease commitments*

The company has concluded lease agreements with terms to maturity of 7-24 months and average lease payments of th.DKK 46, a total of th.DKK 669.

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 1,005.

### *Recourse guarantee commitments*

The company has provided a guarantee for a group enterprise debt to a credit institution. The guarantee amounts to th.DKK 5,105. The group enterprise's debt to the credit institution amounts to th.DKK 0 at the balance sheet date.

### *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 makes ongoing provisions for any product claims that may arise.

**20. 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.

	2021 DKK '000	2020 DKK '000
<b>21. Adjustments for the cash flow statement</b>		
Other operating income	-20	0
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	632	529
Income from equity investments in group enterprises	-4,191	639
Financial income	-63	-79
Financial expenses	887	995
Tax on profit or loss for the year	2,088	884
Other adjustments	-2,128	0
Total	-2,795	2,968

## 22. 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.



**22. 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.

**22. 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:

**22. 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

**22. 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

**22. 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.

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

**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.

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

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.

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.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

## 22. Accounting policies - continued -

### 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 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.



**22. Accounting policies** - continued -**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 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 arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash.