Dania Connect A/S

Vandvejen 7, DK-8000 Aarhus C

Annual Report for 2023

CVR No. 54 77 12 15

The Annual Report was presented and adopted at the Annual General Meeting of the company on 2/4 2024

Eskil Bielefeldt
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Dania Connect A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 2 April 2024

Executive Board

Frank Hjortekær-Jensen
Manager

Board of Directors

Eskil Bielefeldt Chairman	Thomas Jeffrey Malherbes Gullacksen	Frank Hjortekær-Jensen
Jens-Jacob Thuun Aarup	Christian Møller Christensen	John Kirkegaard Nielsen
Finn Bernth	Torben Lykke Pedersen	

Independent Auditor's report

To the shareholder of Dania Connect A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company´s operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Dania Connect A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 on 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, in our view, Management’s Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management’s Review.

Management’s responsibilities for the Financial Statements

Management is responsible for the preparation of 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 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.

Independent Auditor's report

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 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 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 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.

Aarhus C, 2 April 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Lindholm Jacobsen	Henrik Berring Rasmussen
State Authorised Public Accountant	State Authorised Public Accountant
mne23328	mne34157

Company information

The Company	Dania Connect A/S Vandvejen 7 DK-8000 Aarhus C Telephone: +45 89 31 65 00 Email: dania@daniaconnect.dk Website: www.daniaconnect.dk CVR No: 54 77 12 15 Financial period: 1 January - 31 December Incorporated: 26 August 1976 Municipality of reg. office: Aarhus
Board of Directors	Eskil Bielefeldt, chairman Thomas Jeffrey Malherbes Gullacksen Frank Hjortekær-Jensen Jens-Jacob Thuun Aarup Christian Møller Christensen John Kirkegaard Nielsen Finn Bernth Torben Lykke Pedersen
Executive Board	Frank Hjortekær-Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	55,088	64,630	48,720	42,919	43,175
Profit/loss of primary operations	3,720	12,770	8,446	10,557	10,413
Profit/loss of financial income and expenses	-1,201	-580	-367	-393	-356
Net profit/loss for the year	1,849	9,455	6,272	7,915	7,785
Balance sheet					
Balance sheet total	86,573	93,684	71,346	62,130	62,788
Investment in property, plant and equipment	8,126	23,308	9,646	8,988	8,807
Equity	21,396	27,547	18,092	17,820	16,905
Number of employees	76	81	62	52	53
Ratios					
Solvency ratio	24.7%	29.4%	25.4%	28.7%	26.9%
Return on equity	7.6%	41.4%	34.9%	45.6%	59.8%

Management's review

The principal activities of the company
The Company manages domestic and international transports of shipping containers etc.

Development in activities and financial matters
The gross profit for the year is TDKK 55,088 against TDKK 64,630 last year. The profit before financial items is TDKK 3,720 compared to last year's TDKK 12,770. The result before tax is TDKK 2,519 compared to last year's TDKK 12,190. The profit of the year is TDKK 1,849 compared to last year's TDKK 9,455.

The market's activity level has been characterized by macroeconomic and geopolitical unrest in most of the world, which has led to a drop in global demand for shipping containers. The events have resulted in excessive capacity in the market and consequent pressure on prices. Combined with high energy prices, increased driver wages according to collective agreements and rising interest rates, this has affected the company's earnings negatively.

In 2023, the parent company acquired Sweden's largest transporter of shipping containers, GDL Sjöcontainer AB (now Dania Connect AB), which meant an increased organizational effort to ensure good integration. The integration has exceeded all expectations and the owners have been confirmed that the acquisition is a good and complementary match for the Danish company. Both companies have the same approach to doing business and, not least, a uniform basis in terms of values, based on propriety and social responsibility.

With the acquisition of GDL Sjöcontainer (now Dania Connect AB), the group takes a major developmental step and secures a significant Scandinavian market position within the transport of shipping containers. In addition, synergies are provided for especially large customers, operational operations, digitization and ESG.

In 2023, the company has continued to work on the optimization of IT systems as well as the transition to driving with electric trucks, the establishment of electric charging solutions at the ports as well as a strategic and customer-focused development of the business. Initiatives that help the company to further boost growth and the green transition.

With a dedicated and strong team effort by all employees, it has been possible to achieve a result that, taking market developments into account, must be considered satisfactory.

The profit after tax for 2023 is in line with the expectations.

Sustainability and responsibility
Approximately one-fifth of the total CO_2 emissions are generated on the roads. Therefore, the company has a special responsibility to actively participate in the development of solutions to reduce the environmental impact.

The company has implemented a sustainability strategy towards 2030, which unfolds in a manifesto with nine concrete goals and initiatives within sustainability, technology, and social responsibility.

The nine points are, among other things, about reducing the CO_2 footprint with 50% by 2030 compared to 2020; about minimizing driving with empty containers and about completely avoiding accidents for drivers, fellow road users and the environment. In addition to climate, environment and safety, emphasis has also been placed to important topics such as health, well-being and working conditions in the new strategy.

At the same time, the strategy is based on 4 of the UN's world goals, which the company finds relevant, and which can contribute to meeting the objectives and make a direct difference to society, the employees, and the immediate surroundings.

8 DECENT WORK AND ECONOMIC GROWTH

We commit to comply with labour conventions and legislation regard working conditions in Denmark. This is not only an assurance of quality but also a security for employees, partners, and customers.

We will always be a responsible company who does not compromise on working conditions and well-being.

11 SUSTAINABLE CITIES AND COMMUNITIES

We are considerate toward our surroundings and community. We aim to make our business as energy efficient as possible through innovative technology as well as through optimizing processes and procedures. We continuously invest in the latest equipment and today our own fleet meets the Euro VI standard, while our subcontractors on average meet the Euro V standard.

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Management's review

We want to take the lead in the fight for a better climate and hence work intensively to reduce our environmental impact. Our drivers are actively taking part in optimizing driving behavior.

We want to promote sustainable transportation and to reduce our carbon footprint by investing in the latest technology. New technological solutions can, among other things, help us to make our routes more efficient and to reduce the number of empty trips.

We will actively invite and participate in partnerships to ensure sustainable development across stakeholders and thereby work purposefully towards meeting our overall sustainability goals until 2030.

Status of selected sustainable results for Dania Connect in Denmark and Sweden

Climate
We have reduced our CO2 footprint per kilometers driven by 23.8% from 2020 to 2023. Converted, this corresponds to 0.464 k per transported kilometer in 2023 against 0.609 kg in 2020. In 2023 alone, this corresponds to a reduction of 5,971 tons of CO2.

By reloading containers, we have reduced driving with empty import containers by 5,246,000 km in 2023. This corresponds to a 2,255 tons CO2 reduction.

The company expects to further reduce the CO2 footprint in 2024 both through new technology as well as further optimization measures in the efforts to achieve the overall goal of reducing CO2 per kilometers driven with 50% from 2020 to 2030.

Green transition
In 2023, we have entered several green strategic partnerships, invested in the operation of a biogas truck and 3 electric trucks. In addition, we have placed an order for an additional 6 electric trucks for delivery in 2024.

With the goal of moving as much transport as possible from fossil to green transport, we will work with selected customers and solutions so that these are made completely fossil-free. Transport with electric trains, in combination with first and last mile transport on either an electric, biogas or HVO truck, is one of the solutions.

In Sweden, the company has been very successful in moving shipping containers from fossil diesel trucks to electric trains and thereby creating green corridors. The company currently handles 21 weekly electric train departures on 5 different connecting lines in Sweden. This leads to a reduction of 13,624 tons of CO2 compared to transporting with fossil diesel trucks.

Social responsibility
Whether it is interactions with customers, employees or other business partners, we act in accordance with the highest standards of ethics, integrity and behavior.

We want to set the standard in the industry in terms of documented social responsibility and for this purpose have drawn up a Code of Conduct that is handed out to customers and business partners.

At Dania, we have always had equal conditions for associated hauliers and paid drivers according to the current collective agreement. Naturally this applied for 2023 as well.

In 2023, we had 0 accidents at work and registered a total absence due to illness of 4.2% among our 139 employees.

Organization
It is imperative for the company to be able to attract and retain skilled employees with the right qualifications and competences. Committed, loyal and competent employees are a prerequisite for being able to deliver the best quality and service to customers and business partners in the future as well as to ensure satisfactory financial results. In 2023, the company has introduced a share investment program for management and white-collar employees in both Denmark and Sweden.

IT and development
In 2023, the company has continued to work on the development of new IT systems with a view to streamlining internal workflows and increasing digitization opportunities going forward. In 2023, investments have been made, among other things, in an integrated BI platform.

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Management's review

The expected development
Neutral to limited positive market development is expected in 2024 due to continued macroeconomic and geopolitical unrest in most of the world. As a result, activities and net profit are expected to be at the level of 2023. New investments in operating equipment and IT are planned.

Profit before tax 2024 is expected to amount TDKK 2,000 - 4,000. The development in 2024 is uncertain given the current market situation. Therefore the expectations are uncertain.

Events subsequent to the financial year
After the end of the financial year, no events have occurred which could significantly alter the company's financial position.

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Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Gross profit		**55,088**	**64,630**
Staff expenses	1	-43,083	-44,297
Depreciation and impairment losses of property, plant and equipment		-8,155	-7,446
Other operating expenses		-130	-117
Profit/loss before financial income and expenses		**3,720**	**12,770**
Financial income	2	254	36
Financial expenses		-1,455	-616
Profit/loss before tax		**2,519**	**12,190**
Tax on profit/loss for the year	3	-670	-2,735
Net profit/loss for the year	4	**1,849**	**9,455**

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Acquired other similar rights		4,048	4,583
Intangible assets	5	**4,048**	**4,583**
Plant and machinery		47,297	51,377
Other fixtures and fittings, tools and equipment		256	244
Property, plant and equipment	6	**47,553**	**51,621**
Fixed assets		**51,601**	**56,204**
Finished goods and goods for resale		7	50
Inventories		**7**	**50**
Trade receivables		21,727	28,135
Receivables from group enterprises		11,327	7,488
Other receivables		705	615
Corporation tax		0	48
Prepayments		1,206	1,144
Receivables		**34,965**	**37,430**
Current assets		**34,972**	**37,480**
Assets		**86,573**	**93,684**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		1,500	1,500
Retained earnings		19,896	26,047
Equity		**21,396**	**27,547**
Provision for deferred tax	7	5,113	4,798
Provisions		**5,113**	**4,798**
Lease obligations		21,969	24,149
Long-term debt	8	**21,969**	**24,149**
Credit institutions		5,367	3,987
Lease obligations	8	10,078	10,402
Trade payables		15,532	13,501
Payables to group enterprises		296	436
Corporation tax		2,127	2,745
Other payables		4,695	6,119
Short-term debt		**38,095**	**37,190**
Debt		**60,064**	**61,339**
Liabilities and equity		**86,573**	**93,684**
Contingent assets, liabilities and other financial obligations	9		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	1,500	26,047	27,547
Extraordinary dividend paid	0	-8,000	-8,000
Net profit/loss for the year	0	1,849	1,849
Equity at 31 December	**1,500**	**19,896**	**21,396**

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
1. Staff Expenses		
Wages and salaries	38,661	40,122
Pensions	3,516	3,334
Other social security expenses	868	815
Other staff expenses	38	26
	43,083	**44,297**
Including remuneration to the Executive Board and Board of Directors	**2,098**	**1,909**
Average number of employees	**76**	**81**

	2023	2022
	TDKK	TDKK
2. Financial income		
Interest received from group enterprises	244	0
Other financial income	1	0
Exchange adjustments	9	36
	254	**36**

	2023	2022
	TDKK	TDKK
3. Income tax expense		
Current tax for the year	355	1,773
Deferred tax for the year	315	962
	670	**2,735**

	2023	2022
	TDKK	TDKK
4. Profit allocation		
Extraordinary dividend paid	8,000	0
Retained earnings	-6,151	9,455
	1,849	**9,455**

Notes to the Financial Statements

5. Intangible fixed assets

	Acquired other similar rights
	TDKK
Cost at 1. January	5,110
Additions for the year	606
Cost at 31. December	5,716
Impairment losses and depreciation at 1. January	527
Depreciation for the year	1,141
Impairment losses and depreciation at 31. December	1,668
Carrying amount at 31. December	**4,048**
Amortised over	3 years

6. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1. January	88,900	3,525
Additions for the year	7,999	127
Disposals for the year	-19,140	0
Cost at 31. December	77,759	3,652
Impairment losses and depreciation at 1. January	37,523	3,281
Depreciation for the year	6,897	115
Reversal of impairment and depreciation of sold assets	-13,958	0
Impairment losses and depreciation at 31. December	30,462	3,396
Carrying amount at 31. December	**47,297**	**256**
Amortised over	7-20 years	3-5 years
Including assets under finance leases amounting to	39,413	0

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
7. Provision for deferred tax		
Deferred tax liabilities at 1 January	4,798	3,835
Amounts recognised in the income statement for the year	315	962
Amounts recognised in equity for the year	0	1
Deferred tax liabilities at 31 December	**5,113**	**4,798**

	2023	2022
	TDKK	TDKK

8. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2023	2022
Lease obligations		
After 5 years	576	0
Between 1 and 5 years	21,393	24,149
Long-term part	21,969	24,149
Within 1 year	10,078	10,402
	32,047	**34,551**

	2023	2022
	TDKK	TDKK

9. Contingent assets, liabilities and other financial obligations

	2023	2022
Charges and security		
The following assets have been placed as security with bankers:		
Inventories	7	50
Trade receivables	21,727	28,135
Tangible and intangible fixed assets	51,601	56,205

As security for bank loans amounting to TDKK 5,367, the company has provided security in company assets with a nominal value of TDKK 5,000. The security encompasses the carrying values mentioned above.

	2023	2022
	TDKK	TDKK

9. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

In addition to finance leases, the company has entered into operational leases with a total annual lease payment of TDKK 1.082. The leases have up to 31 months to maturity and total outstanding lease payments total TDKK 1.183.

Guarantee obligations

The company has guaranteed the bank loans of the group enterprises. On 31 December 2023, the total bank loans of the group enterprises totalled TDKK 0.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. UNICO Capital ApS, reg. no 34 73 63 67 is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

10. Related parties and disclosure of consolidated financial statements

The Company is included in the Group Financial Statement for the Parent Company:

Name	Place of registered office
Dania Group ApS	Aarhus
UNICO Capital ApS	Aarhus

Notes to the Financial Statements

11. Accounting policies

The Annual Report of Dania Connect A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Dania Group ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with . The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	7-20 years
Other fixtures and fittings, tools and equipment	3-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Notes to the Financial Statements

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity