Dania Connect A/S

Vandvejen 7, DK-8000 Aarhus C

Annual Report for 2022

CVR No. 54 77 12 15

The Annual Report was presented and adopted at the Annual General Meeting of the company on 28/3 2023

Eskil Bielefeldt
Chairman of the general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Dania Connect A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Aarhus, 28 March 2023

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 2022 and of the results of the Company´s operations for the financial year 1 January - 31 December 2022 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 2022, 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, 28 March 2023

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 8000 Aarhus C

Financial Highlights

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

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	64,630	48,720	42,919	43,175	36,343
Profit/loss of ordinary primary operations	12,887	8,446	10,557	10,413	6,217
Profit/loss of financial income and expenses	-580	-367	-393	-356	-359
Net profit/loss	9,455	6,272	7,915	7,785	4,496
Balance sheet					
Balance sheet total	93,684	71,346	62,130	62,788	50,640
Investment in property, plant and equipment	23,308	9,646	8,988	8,807	4,538
Equity	27,547	18,092	17,820	16,905	9,120
Number of employees	81	62	52	53	50
Ratios					
Solvency ratio	29.4%	25.4%	28.7%	26.9%	18.0%
Return on equity	41.4%	34.9%	45.6%	59.8%	39.2%

Management's review

The principal activities of the company

The Company manages domestic and international transports of containers etc.

Development in activities and financial matters

The gross profit for the year is TDKK 64,630 against TDKK 48,720 last year. The profit before financial items is TDKK 12,770 compared to last year's TDKK 8,446. The result before tax is TDKK 12,190 compared to last year's TDKK 8,079. The profit of the year is TDKK 9,455 compared to last year's TDKK 6,272.

The market's activity level has again in 2022 been characterized by logistical bottlenecks and geopolitical unrest. High demand, accumulation of containers at the port terminals and general instability in most of the world have led to lower efficiency in the trucks and great pressure on capacity.

At the same time, the company can look back on a year that has been characterized by the implementation of a new IT system, major expansion of the fleet of own trucks, expansion of the top management with the employment of an operations director and, not least, the sale of 40% to the Danish private equity fund Blue Equity. Events and measures that will help the company to further boost growth and the green transition.

With a dedicated and strong team effort by all employees, it was possible to achieve a result which must be considered satisfactory.

Sustainability and responsibility

Approximately one-fifth of Denmark's total CO2 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 2025, 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 halving the CO2 footprint by 2025; 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 at all times 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.

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 2025.

Status on sustainable results 2022

Concern 1	We have reduced our CO2 footprint per kilometers driven on own production by 19.7% from 2015 to 2022. Converted, this corresponds to 0.701 kg per kilometers driven in 2022 against 0.872 kg in 2015. In 2022 alone, this corresponds to a reduction of 683 tonnes of CO2
Concern 2	We have reduced driving with empty import containers by 521,297 km in 2022 and a total of 3,695,414 km from 2015 to 2022. This corresponds to a reduction of 3,116 tons of CO2
Concern 3	In 2022, we have invested in new IT, green partnerships, and the operation of a biogas truck. In addition, we have placed an order for 4 electric trucks for delivery at the end of 2023
Concern 4	Deducting any subsidies from the public sector, we have since 2020 spent more than DKK 5 million on green investments, including biogas trucks, electric trucks for heavy goods, solar systems, replacing light sources on buildings and CO2 calculators
Concern 5	In 2022, our customers have offset 47 tons of CO2 via afforestation on Djursland, Denmark
Concern 6	We have had 1 occupational accident in 2022. A minor occupational injury that did not result in sick leave
Concern 7	At Dania, we have always had equal conditions for associated hauliers and paid drivers according to the applicable collective agreement. Of course, we also had that in 2022
Concern 8	In 2022, we have registered sickness absence of 5.9% among our 91 employees
Concern 9	We have carried out a total of 4 consideration reviews in collaboration with our customers, in which we have presented 14 improvement proposals

The company expects to further reduce the CO2 footprint in 2023 both through new technology as well as further optimization measures in the efforts to achieve the overall goal of halving CO2 per kilometers driven from 2015 to 2025.

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.

Management's review

IT and development

In 2022, the company implemented a new ERP system with the aim of streamlining internal workflows and increasing digitization options going forward. The new system was put into operation in mid-2022. In addition, there has been parallel investment in the development and integration of customer-adapted IT solutions.

The expected development

A neutral to negative market development is expected in 2023 due to the macroeconomic and geopolitical conditions. As a result, activities and net profit are expected to be lower than in 2022. New investments are planned in operating equipment and IT.

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.

Income statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
Gross profit		**64,630**	**48,720**
Staff expenses	1	-44,297	-34,931
Depreciation and impairment losses of property, plant and equipment		-7,446	-5,343
Other operating expenses		-117	0
Profit/loss before financial income and expenses		**12,770**	**8,446**
Financial income		36	31
Financial expenses		-616	-398
Profit/loss before tax		**12,190**	**8,079**
Tax on profit/loss for the year	2	-2,735	-1,807
Net profit/loss for the year	3	**9,455**	**6,272**

Balance sheet 31 December

Assets

	Note	2022	2021
		TDKK	TDKK
Acquired other similar rights		4,583	1,724
Intangible assets	4	**4,583**	**1,724**
Plant and machinery		51,377	36,948
Other fixtures and fittings, tools and equipment		244	0
Property, plant and equipment	5	**51,621**	**36,948**
Fixed assets		**56,204**	**38,672**
Finished goods and goods for resale		50	82
Inventories		**50**	**82**
Trade receivables		28,135	25,146
Receivables from group enterprises		7,488	5,278
Other receivables		615	404
Corporation tax		48	0
Prepayments		1,144	1,764
Receivables		**37,430**	**32,592**
Current assets		**37,480**	**32,674**
Assets		**93,684**	**71,346**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital		1,500	1,500
Retained earnings		26,047	16,592
Equity		**27,547**	**18,092**
Provision for deferred tax	6	4,798	3,835
Provisions		**4,798**	**3,835**
Lease obligations		24,149	13,907
Long-term debt	7	**24,149**	**13,907**
Credit institutions		3,987	6,160
Lease obligations	7	10,402	8,305
Trade payables		13,501	13,535
Payables to group enterprises		436	310
Corporation tax		2,745	972
Other payables		6,119	6,230
Short-term debt		**37,190**	**35,512**
Debt		**61,339**	**49,419**
Liabilities and equity		**93,684**	**71,346**

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Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	1,500	16,592	18,092
Net profit/loss for the year	0	9,455	9,455
Equity at 31 December	**1,500**	**26,047**	**27,547**

Notes to the Financial Statements

1. Staff Expenses

	2022 TDKK	2021 TDKK
Wages and salaries	40,122	31,667
Pensions	3,334	2,639
Other social security expenses	815	625
Other staff expenses	26	0
	44,297	**34,931**
Including remuneration to the Executive Board and Board of Directors	**1,909**	**1,576**
Average number of employees	**81**	**62**

2. Income tax expense

	2022 TDKK	2021 TDKK
Current tax for the year	1,773	972
Deferred tax for the year	962	835
	2,735	**1,807**

3. Profit allocation

	2022 TDKK	2021 TDKK
Extraordinary dividend paid	0	6,000
Retained earnings	9,455	272
	9,455	**6,272**

Notes to the Financial Statements

4. Intangible fixed assets

	Acquired other similar rights
	TDKK
Cost at 1 January	1,724
Additions for the year	3,386
Cost at 31 December	5,110
Impairment losses and amortisation at 1 January	0
Amortisation for the year	527
Impairment losses and amortisation at 31 December	527
Carrying amount at 31 December	**4,583**

5. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	75,019	3,268
Additions for the year	23,051	257
Disposals for the year	-9,170	0
Cost at 31 December	88,900	3,525
Impairment losses and depreciation at 1 January	38,072	3,268
Depreciation for the year	6,908	13
Reversal of impairment and depreciation of sold assets	-7,457	0
Impairment losses and depreciation at 31 December	37,523	3,281
Carrying amount at 31 December	**51,377**	**244**
Amortised over	7-20 years	3-5 years
Including assets under finance leases amounting to	39,893	0

	2022	2021
	TDKK	TDKK

6. Provision for deferred tax

Deferred tax liabilities at 1 January	3,835	3,001
Deferred tax of the results for the year	0	834
Amounts recognised in the income statement for the year	962	0
Amounts recognised in equity for the year	1	0
Deferred tax liabilities at 31 December	**4,798**	**3,835**

7. 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:

	2022	2021
	TDKK	TDKK
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	24,149	13,907
Long-term part	24,149	13,907
Within 1 year	10,402	8,305
	34,551	**22,212**

	2022	2021
	TDKK	TDKK

8. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

As security for bank loans, TDKK 3.987, the company has provided a security in company assets representing a nominal value of TDKK 5.000. This security comprises the following assets, stating the carrying value:

Inventories	50	82
Trade receivables	28,135	25,123
Tangible and intangible fixed assets	56,205	38,672

Rental and lease obligations

In addition to finance leases, the company has entered into operational leases with a total annual lease payment of TDKK 1.433. The leases have up to 15 months to maturity and total outstanding lease payments total TDKK 607.

Guarantee obligations

The company has guaranteed the bank loans of the group enterprises. On 31 December 2022, the total bank loans of the group enterprises totalled TDKK 0.

Other contingent liabilities

With UNICO Capital ApS, company reg. no 34736367 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

9. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

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

Name	Place of registered office
UNICO Capital ApS	Aarhus

Notes to the Financial Statements

10. Accounting policies

The Annual Report of Dania Connect A/S for 2022 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 2022 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 , 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. Gains and losses 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.

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

Net sales

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

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. The item is net of refunds made by public authorities.

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

are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

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:

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.

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.

Notes to the Financial Statements

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 debts

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