WEILBACH A/S

Firskovvej 36, 2800 Kongens Lyngby

Company reg. no. 54 95 38 28

Annual report

1 May 2022 - 30 April 2023

The annual report was submitted and approved by the general meeting on the 21 September 2023.

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Peter Munk Tommerup
Chairman of the meeting

Weilbach

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of WEILBACH A/S for the financial year 1 May 2022 - 30 April 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2023 and of the results of the Company's operations for the financial year 1 May 2022 – 30 April 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Kongens Lyngby, 21 September 2023

Managing Director

Torben Frerks
Director

Board of directors

Mogens Rasmussen Chairman	Thomas Boelt Barslund	Berit Wennerberg Hansen
Hans Henrik Petersen	Torben Frerks	

Independent auditor's report

To the Shareholder of WEILBACH A/S

Opinion

We have audited the financial statements of WEILBACH A/S for the financial year 1 May 2022 - 30 April 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2023, and of the results of the Company's operations for the financial year 1 May 2022 - 30 April 2023 in accordance with the Danish Financial Statements Act.

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.

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.

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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs 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.

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.

Independent auditor's report

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 Statement Act. We did not identify any material misstatement of Management's Review.

Kgs. Lyngby, 21 September 2023

Ecomentor
State Authorised limited liability partnership
Company reg. no. 26 06 32 21

Christian Agerholm
State Authorised Public Accountant
mne34367

Company information

The company	WEILBACH A/S Firskovvej 36 2800 Kongens Lyngby	
	Company reg. no.	54 95 38 28
	Established:	5 May 1949
	Domicile:	
	Financial year:	1 May - 30 April 0th financial year
Board of directors	Mogens Rasmussen, Chairman Thomas Boelt Barslund Berit Wennerberg Hansen Hans Henrik Petersen Torben Frerks	
Managing Director	Torben Frerks, Director	
Auditors	Ecomentor Statsautoriseret revisionsaktieselskab Engelsborgvej 31 2800 Kgs. Lyngby	
Parent company	Iver C Weilbach Holding A/S	
Subsidiaries	Weilbach Singapore Pte Ltd, Singapore Weilbach Canada Ltd, Canada Chersoft Ltd, England	
Participating interest	Weilbach Egypt Ltd, Egypten	

Management´s review

Description of key activities of the company

The company's activities are sale of charts and nautical publications, publishing, as well as sale of nautical instruments and associated items.

Development in activities and financial matters

The gross profit for the year totals DKK 15.653.667 against DKK 14.411.973 last year. Income or loss from ordinary activities after tax totals DKK 2.661.913 against DKK -560.860 last year. Management considers the net profit for the year satisfactory.

Changes in accounting policies

To comply with the group's accounting policies and to present a more true and fair view of the Company´s financial position results, the Company has decided to change its accounting policies regarding investments in group enterprises and participating interests. Investments in group enterprises and participating interests are now recognized and measured according to the equity method. Previously, Investments in group enterprises and participating interests were measured at cost. Please refer to the description of the changes in the accounting policies.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company' s financial position.

Income statement 1 May - 30 April

All amounts in DKK.

Note		2022/23	2021/22
	Gross profit	**15.653.667**	**14.411.973**
1	Staff costs	-14.612.183	-14.226.625
	Depreciation and impairment of property, land, and equipment	-364.939	-383.758
	Profit before net financials	**676.545**	**-198.410**
2	Income from investments in group enterprises	1.904.688	-540.101
3	Income from investments in participating interest	203.461	212.976
	Other financial income	75.240	24.627
	Other financial expenses	-57.303	-125.877
	Pre-tax net profit or loss	**2.802.631**	**-626.785**
4	Tax on net profit or loss for the year	-140.718	65.925
	Net profit or loss for the year	**2.661.913**	**-560.860**

	Proposed distribution of net profit:		
	Dividend for the financial year	800.000	400.000
	Transferred to retained earnings	1.861.913	0
	Allocated from retained earnings	0	-960.860
	Total allocations and transfers	**2.661.913**	**-560.860**

Balance sheet at 30 April

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
5	Other fixtures, fittings, tools and equipment	655.427	1.020.365
	Total property, plant, and equipment	655.427	1.020.365
6	Investments in group enterprises	24.339.063	24.542.772
7	Investment in participating interest	529.611	468.089
8	Other financial investments	679.047	658.921
9	Deposits	240.426	233.270
	Total investments	25.788.147	25.903.052
	Total non-current assets	**26.443.574**	**26.923.417**
	Current assets		
	Work in progress	0	48.330
	Manufactured goods and goods for resale	5.222.933	4.772.979
	Total inventories	5.222.933	4.821.309
	Trade receivables	16.542.568	8.995.858
	Receivables from group enterprises	7.750.619	5.816.207
	Receivables from participating interest	312.346	573.570
	Deferred tax assets	0	63.346
	Income tax receivables	380.210	481.295
	Tax receivables from group enterprises	0	118.391
	Other receivables	395.239	1.044.187
	Prepayments	1.560.484	160.587
	Total receivables	26.941.466	17.253.441
	Cash and cash equivalents	2.328.286	3.983.918
	Total current assets	**34.492.685**	**26.058.668**
	Total assets	**60.936.259**	**52.982.085**

Balance sheet at 30 April

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	1.500.000	1.500.000
	Retained earnings	44.194.237	42.468.003
	Proposed dividend for the financial year	800.000	400.000
	Total equity	**46.494.237**	**44.368.003**
	Provisions		
	Provisions for deferred tax	104.428	0
	Total provisions	**104.428**	**0**
	Liabilities other than provisions		
	Other payables	1.330.185	1.302.826
10	Total long term liabilities other than provisions	1.330.185	1.302.826
10	Current portion of long term liabilities	0	118.391
	Trade payables	6.751.331	4.059.796
	Payables to group enterprises	4.172.618	1.990.817
	Payables to participating interest	11.864	38.117
	Other payables	2.071.596	1.104.135
	Total short term liabilities other than provisions	13.007.409	7.311.256
	Total liabilities other than provisions	**14.337.594**	**8.614.082**
	Total equity and liabilities	**60.936.259**	**52.982.085**

11 Disclosures on fair value

12 Contingencies

13 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 May 2021	1.500.000	51.542.885	400.000	53.442.885
Correction due to changes in accounting policies	0	-8.114.022	0	-8.114.022
Distributed dividend	0	0	-400.000	-400.000
Retained earnings for the year	0	-960.860	400.000	-560.860
Equity 1 May 2022	1.500.000	42.468.003	400.000	44.368.003
Distributed dividend	0	0	-400.000	-400.000
Retained earnings for the year	0	1.861.913	800.000	2.661.913
Changes due to currancy	0	-135.679	0	-135.679
	1.500.000	**44.194.237**	**800.000**	**46.494.237**

Notes

All amounts in DKK.

		2022/23	2021/22
1.	**Staff costs**		
	Salaries and wages	12.747.912	12.492.588
	Pension costs	1.692.725	1.564.882
	Other costs for social security	171.546	169.155
		14.612.183	**14.226.625**
	Average number of employees	20	20
2.	**Income from investments in group enterprises**		
	Net profit from investments in group enterprises	4.215.688	1.770.899
	Amortisation of consolidated goodwill	-2.311.000	-2.311.000
		1.904.688	**-540.101**
3.	**Income from investments in participating interest**		
	Net profit from investments in participating interest	203.461	212.976
		203.461	**212.976**
4.	**Tax on net profit or loss for the year**		
	Adjustment of deferred tax for the year	167.774	-65.925
	Adjustment of tax for previous years	-27.056	0
		140.718	**-65.925**

Notes

All amounts in DKK.

		30/4 2023	30/4 2022
5.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 May 2022	5.511.358	5.511.358
	Cost 30 April 2023	**5.511.358**	**5.511.358**
	Depreciation and write-down 1 May 2022	-4.490.992	-4.107.234
	Amortisation and depreciation for the year	-364.939	-383.759
	Depreciation and write-down 30 April 2023	**-4.855.931**	**-4.490.993**
	Carrying amount, 30 April 2023	**655.427**	**1.020.365**

Notes

All amounts in DKK.

		30/4 2023	30/4 2022
6.	**Investments in group enterprises**		
	Cost 1 May 2022	40.949.128	34.037.098
	Correction due to change in accounting policy	0	6.912.030
	Cost 30 April 2023	**40.949.128**	**40.949.128**
	Revaluations, opening balance 1 May 2022	-6.006.856	0
	Correction due to change in accounting policy	0	-7.288.290
	Translation at the exchange rate at the balance sheet date	4.903	42.651
	Net profit or loss for the year before amortisation of goodwill	4.215.688	1.770.899
	Dividend	-2.113.300	-532.116
	Revaluation 30 April 2023	**-3.899.565**	**-6.006.856**
	Amortisation of goodwill, opening balance 1 May 2022	-10.399.500	-8.088.500
	Amortisation of goodwill for the year	-2.311.000	-2.311.000
	Depreciation on goodwill 30 April 2023	**-12.710.500**	**-10.399.500**
	Carrying amount, 30 April 2023	**24.339.063**	**24.542.772**
	The item includes goodwill with an amount of	10.399.496	12.710.496

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, WEILBACH A/S
Weilbach Singapore Pte Ltd, Singapore	100 %	596.670	28.087	596.670
Weilbach Canada Ltd, Canada	100 %	71.476	6.151	71.476
Chersoft Ltd, England	100 %	13.271.421	4.181.450	23.670.917
		13.939.567	**4.215.688**	**24.339.063**

Notes

All amounts in DKK.

		30/4 2023	30/4 2022
7.	**Investment in participating interest**		
	Cost 1 May 2022	136.240	136.240
	Cost 30 April 2023	**136.240**	**136.240**
	Revaluations, opening balance 1 May 2022	331.849	0
	Correction of previous revaluations	0	316.968
	Translation at the exchange rate at the balance sheet date	-140.582	-8.879
	Net profit or loss for the year before amortisation of goodwill	203.461	212.976
	Dividend	-1.357	-189.216
	Revaluation 30 April 2023	**393.371**	**331.849**
	Carrying amount, 30 April 2023	**529.611**	**468.089**

Financial highlights for the enterprise according to the latest approved annual report

	Equity interest	**Equity**	**Results for the year**	**Carrying amount, WEILBACH A/S**
Weilbach Egypt Ltd, Egypten	40 %	1.249.602	651.537	529.611
		1.249.602	**651.537**	**529.611**

		30/4 2023	30/4 2022
8.	**Other financial investments**		
	Cost 1 May 2022	342.764	342.764
	Disposals during the year	-42.864	0
	Cost 30 April 2023	**299.900**	**342.764**
	Revaluation 1 May 2022	316.157	389.891
	Revaluations for the year	23.386	0
	Reversal of previous revaluations	0	-73.734
	Revaluation 30 April 2023	**339.543**	**316.157**
	Reversal of previous impairment loss and impairment loss, financial instruments disposed of	39.604	0
	Impairment 30 April 2023	**39.604**	**0**
	Carrying amount, 30 April 2023	**679.047**	**658.921**

Notes

All amounts in DKK.

		30/4 2023	30/4 2022
9.	**Deposits**		
	Cost 1 May 2022	233.270	229.123
	Additions during the year	7.156	4.147
	Cost 30 April 2023	**240.426**	**233.270**
	Carrying amount, 30 April 2023	**240.426**	**233.270**

10. Long term labilities other than provisions

	Total payables 30 Apr 2023	Current portion of long term payables	Long term payables 30 Apr 2023	Outstanding payables after 5 years
Other payables	1.330.185	0	1.330.185	0
	1.330.185	**0**	**1.330.185**	**0**

11. Disclosures on fair value

	Other listed securities
Fair value at 30 April 2023	679.047
Unrealised change in fair value of the year recognised in the statement of financial activity	20.125

12. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into operational leases with an average annual lease payment of TDKK 56. The leases have 13 months to maturity and an outstanding lease payments total TDKK 734.

Joint taxation

With Iver C. Weilbach Holding A/S, company reg. no 43407309 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

Notes

All amounts in DKK.

12. Contingencies (continued)

Joint taxation (continued)

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The total tax payable under the joint taxation scheme totals DKK 0.

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

13. Related parties

Controlling interest

Iver C. Weilbach Holding A/S, Firskovvej 36, 2800 Kgs. Lyngby	Majority shareholder

Accounting policies

The annual report for WEILBACH A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Changes in the accounting policies

To comply with the group's accounting policies and to present a more true and fair view of the Company´s financial position results, the Company has decided to change its accounting policies regarding investments in group enterprises and participating interests. The change in accounting policies has been incorporated into the annual accounts for 2022/23, and the comparative figures for 2021/22 have been corrected accordingly.

Investments in group enterprises and participating interests are now recognized and measured according to the equity method. Previously, Investments in group enterprises and participating interests were measured at cost.

The change negatively impacts the company's profit before tax and net profit with TDKK 7 in 2022/23. The value of Investments in group enterprises and investments in participating interests is reduced with TDKK 9,305 as of 30. April 2023. Equity is reduced with TDKK 9,298 as of 30. April 2023.

The 2021/22 numbers have been changed accordingly, resulting in a reduced profit before tax and net profit of DKK 1,048. The value of Investments in group enterprises and investments in participating interests is reduced with TDKK 9,162 as of 30. April 2022. Equity is reduced with TDKK 9,162 as of 30. April 2022.

Except for the above, the accounting policies remain unchanged from last year.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Accounting policies

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Business combinations

Acquisitions completed by the 1 July 2018 or later (measurement method)

Acquisition of group enterprises are dealt with in accordance with the acquisition method, and afterwards the assets and liabilities of the acquired entity are measured at fair value at the date of acquisition.

The date of acquisition is the date when the group obtains control of the acquired entity.

Accounting policies

The cost of the acquired entity represents the fair value of the consideration agreed upon, including the considerations that are conditional on future events. Transaction costs directly attributable to the acquisition of group enterprises are added to the equity investment.

Positive differences between the cost of the acquired entity and the identified assets and liabilities are recognised in the equity investment as goodwill, which is amortised on a straight-line basis in the income statement over the expected useful life. Amortisation of goodwill is allocated to the functions to which the goodwill relates. If the difference is negative, this is recognised immediately in the income statement.

If the allocation of the purchase price is not final, positive and negative differences may, as a result of changes in recognition and measurement of acquired net assets, be adjusted until the end of the financial year following the acquisition year. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.

Adjustment of contingent considerations after initial recognition is recognised directly with a counter entry on the original purchase price, whereby the value of goodwill or negative goodwill is corrected.

In the case of step acquisitions, the carrying amount of the existing equity investments is included in the cost price.

Acquisitions completed before the 1 July 2018
Acquisitions completed before the 1 July 2018 are with certain exceptions dealt with in accordance with the same accounting policies as applied in connection with business combinations completed on the 1 July 2018 or later. The material exceptions being:

- If probable, identified assets and liabilities in the acquired entity are recognised separately.
- If the allocation of the purchase price is not final, positive and negative differences may, due to changes in the recognition and measurement of acquired net assets, be adjusted until the end of the financial year following the acquisition year. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.
- Transaction costs directly attributable to the acquisition of group enterprises are recognised as part of the cost.
- Adjustment of contingent considerations after the initial recognition are recognised directly with a counter entry on the original purchase price, the value of goodwill or negative goodwill respectively thereby being corrected.
- In case of step-by-step acquisitions, the carrying amount of the existing equity investments is recognised in the cost.

Income statement

Gross profit
Gross profit comprises the revenue, costs concerning purchase of raw materials and consumables less discounts, changes in inventories of finished goods, and work in progress, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Accounting policies

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. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets as well as operating loss and conflict compensation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises and participating interest

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the investment in the participating interest is recognised in the income statement as a proportional share of the participating interests' post-tax profit or loss.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	5-8 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Investments

Investments in group enterprises and participating interest

Investments in group enterprises and participating interest are recognised and measured by applying the equity method. The equity method is used as a measurement method.

Investments in group enterprises and participating interest are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 10 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises and participating interest but are not represented in the parent, the following accounting policies have been applied.

Goodwill:

- Acquired goodwill is measured at cost with deduction of accumulated amortisation.

Investments in group enterprises and participating interest with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and participating interest transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises and participating interest.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Accounting policies

Other financial instruments

Financial instruments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises og participating interest are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Accounting policies

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

According to the rules of joint taxation, WEILBACH A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.