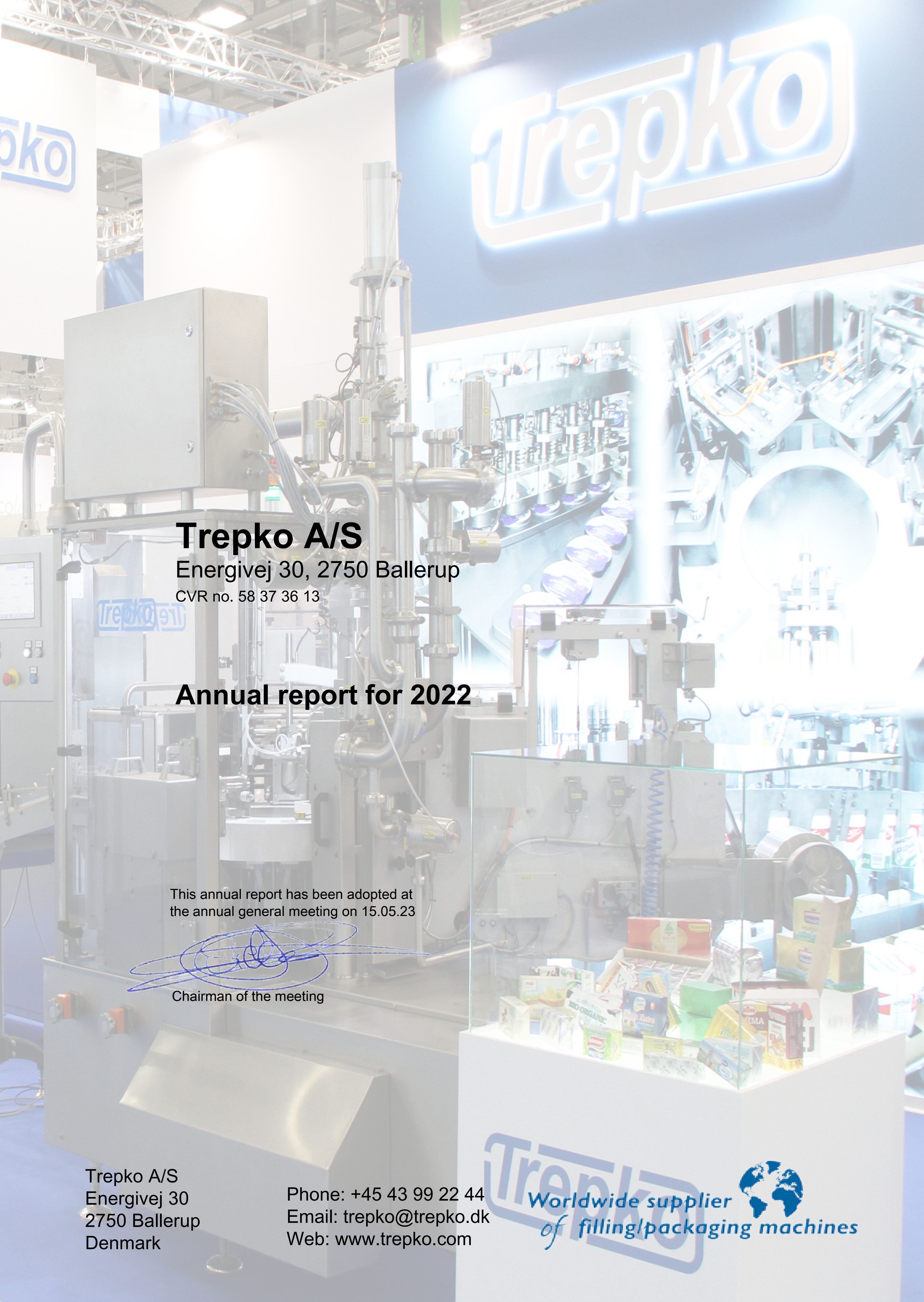


Trepko A/S

Energivej 30, 2750 Ballerup

CVR no. 58 37 36 13

Annual report for 2022

This annual report has been adopted at
the annual general meeting on 15.05.23

Chairman of the meeting

Trepko A/S
Energivej 30
2750 Ballerup
Denmark

Phone: +45 43 99 22 44
Email: trepko@trepko.dk
Web: www.trepko.com

Worldwide supplier of filling/packaging machines

Table of contents

Group information and group chart

The company

Trepko A/S
Energivej 30
2750 Ballerup
Denmark

Tel.: +45 43 99 22 44
Website: www.trepko.com
E-mail: trepko@trepko.dk

Registered office: Ballerup
CVR no.: 58 37 36 13
Financial year: 01.01 - 31.12

Executive Board

Jacob Østergaard Knudsen (CEO)

Board of Directors

Jesper Bjørn Hansen (Chairman)
Jacob Østergaard Knudsen
Sickan Flindt Ibsen

Lawyer

Rialto Advokater

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Banks

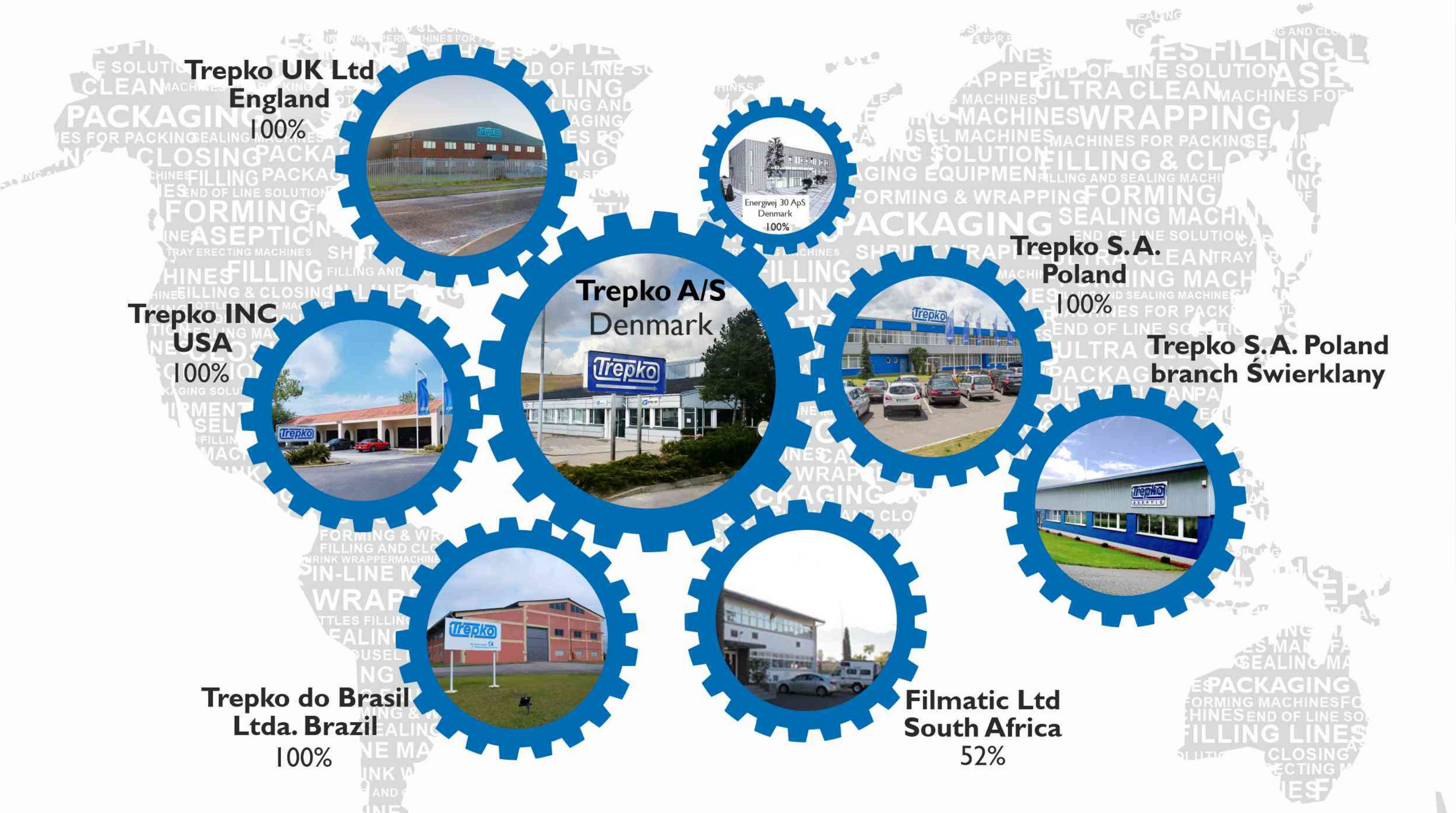
Handelsbanken
Nordea

Parent company

H.C. Holding Investeringsaktieselskab,
Ballerup, Denmark

Subsidiaries

Trepko S.A., Gniezno, Poland
Trepko (UK) Limited, Gainsborough, England
Trepko INC, Tampa, USA
Filmatic Packaging Systems LTD, Cape Town, South Africa
Trepko do Brasil Ltd, Curitiba, Brazil
Energivej 30 ApS, Ballerup, Denmark



We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for Trepko A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.22 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Ballerup, April 3, 2023

Executive Board

Jacob Østergaard Knudsen
CEO

Board of Directors

Jesper Bjørn Hansen Chairman	Sickan Flindt Ibsen	Jacob Østergaard Knudsen CEO

To the Shareholder of Trepko A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of Trepko A/S for the financial year 01.01.22 - 31.12.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.22 - 31.12.22 in accordance with the the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and parent company financial statements” section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management’s review

Management is responsible for management’s review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management’s review and, in doing so, consider whether management’s review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management’s review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the consolidated financial statements and parent company financial statements

The Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company 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 group's and the parent 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 consolidated financial statements and parent company 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 group's and the parent 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 consolidated financial statements and parent company 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and per-formance of the group audit. We remain solely responsible for our audit opinion.

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.

Soeborg, Copenhagen, April 5, 2023

Beierholm
Statsautoriseret Revisionspartnerselskab CVR no. 32 89 54 68

Kim Nielsen
State Authorized Public Accountant
MNE-no. mne29417

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2022	2021	2020	2019	2018
Profit/loss					
Revenue	322,532	302,864	325,207	353,496	361,492
Index	89	84	90	98	100
Gross profit	169,846	159,949	174,638	202,793	200,152
Index	85	80	87	101	100
Operating profit	47,495	35,141	55,728	66,892	71,301
Index	67	49	78	94	100
Total net financials	9,601	1,750	2,059	3,472	4,109
Index	234	43	50	84	100
Profit before tax	57,096	36,891	57,787	67,439	73,938
Index	77	50	78	91	100
Profit for the year	45,433	29,575	45,586	54,413	58,685
Index	77	50	78	93	100
Balance					
Total assets	401,405	372,902	403,517	438,825	413,047
Index	97	90	98	106	100
The years investments in property, plant and eqp.	8,755	3,096	29,946	8,615	91,111
Index	10	3	33	9	100
Equity	289,255	262,484	278,174	304,234	290,804
Index	99	90	96	105	100
Non-current assets	123,876	122,935	124,278	125,618	110,380
Index	112	111	113	114	100
Inventories	69,607	67,165	57,617	59,666	59,547
Index	117	113	97	100	100
Receviables	158,307	116,933	152,280	227,657	185,564
Index	85	63	82	123	100
Cashflow					
Net cash flow:					
Operating activities	-9,724	45,706	62,488	36,876	33,728
Investing activities	-7,936	-5,625	-12,543	-24,880	-52,347
Financing activities	1,406	-43,554	3,697	-49,556	-7,328
Cash flows for the year	-16,254	-3,473	53,642	-37,560	-25,947

Ratios

	2022	2021	2020	2019	2018
Profitability					
Return on equity	16%	11%	16%	18%	22%
Gross margin	53%	53%	54%	57%	55%
Return on invested capital	31%	25%	29%	35%	36%
Profit margin	15%	12%	17%	19%	20%
Equity ratio					
Solvency ratio	71%	67%	68%	69%	70%
Others					
Number of employees (average)	602	615	623	619	624

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Gross margin: $\frac{\text{Gross result x 100}}{\text{Revenue}}$

Return on invested capital: $\frac{\text{EBITA x 100}}{\text{Avg. invested capital excl. goodwill}}$

EBITA: Operating profit plus amortisation and im-pairment losses on goodwill.

Invested capital excl. goodwill: Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.

Profit margin: $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The main activities of the Company and the Group as a whole consist of development, production and sale of filling and packaging machines for the global food industry.

The products are sold to customers in more than 100 countries on 6 continents.

Development in activities and financial affairs

Initially, it was anticipated that the turnover and profit for the year 2022 would remain unchanged compared to 2021. However, as the year progressed, particularly in the latter half, the impact of the pandemic on the market began to weaken. Consequently, the company’s turnover and profit witnessed an improvement, ultimately reaching the previous level observed in 2020.

Accordingly, the group’s income statement for the period of January 1, 2022, to December 31, 2022, demonstrates a net profit after tax of DKK 45.433 million, in contrast to DKK 29.575 million in the preceding year.

The profit before tax increased to DKK 57.096 million in 2022 from DKK 36.891 million in 2021, while the equity rose to DKK 289.255 million by the end of the year, compared to DKK 262.484 million at the start of the year.

Throughout the year, ongoing discussions with tax authorities persisted, consuming management resources in both Poland and Denmark. However, by the end of 2022, a mutual understanding was reached with the Danish tax authorities, and a significantly smoother process is expected in the future. In the first quarter of 2023, the group’s claim for repayment of DKK 11.846 million, along with interest, underwent processing, with the repayment to be completed in the first half of 2023.

Profit & Loss Account for the Parent Company

The net profit of the parent company, inclusive of profits from its subsidiary companies and before taxes, reached DKK 42.329 million in the year 2022, compared to DKK 23.815 million in the previous year. The board of directors considers the result as being satisfactory.

The company´s expected development

The Trepko Group holds a robust position in the global market, excelling in product range, quality, and competitive pricing. In an environment where numerous competitors are grappling with significant financial challenges, the Group maintains a high level of solvency. Undoubtedly, Trepko’s exceptional solvency, the highest in the industry, greatly influences customers’ preference for Trepko as their supplier, particularly when undertaking substantial capital investments with a lifespan of up to 20 years.

Resources are continuously allocated to product developments, and with international exhibitions resuming activity, Trepko has an impressive pipeline of products ready to be launched in 2023 and 2024.

Remaining open to opportunities, the Trepko Group considers the acquisition of small and medium-sized companies whose product offerings naturally complement its existing range or contribute in other ways to strengthening its global market position. In line with this strategy, the Trepko Group has successfully acquired Unipak and Hugart Filling Machines (Poland), Filmatic (South Africa), Regal and KDR Engineering (UK), Mecopak (Sweden), and most recently, Brasholanda (Brazil).

With ample capital strength and financial resources, the Trepko Group is well-equipped to pursue further desired acquisitions, adhering to its acquisition strategy: targeting companies whose geographic markets or products complement Trepko's existing markets or product range, thereby reinforcing the Trepko brand as previous acquisitions have done.

For the Trepko Group in general, the stock of orders (backlog) were acceptable upon entering into 2023. An unchanged revenue and profit level is expected for the year 2023.

Knowledge resources

In order to be able to develop and supply Trepko's solutions it is crucial for the company that it is able to recruit and maintain employees' with a high education level. It is an ambition for the company to have both the newest knowledge and a quick adaptability. As measurement for this employee turnover and structure are important indicators.

The critical business process connected to supply of machinery to the food industry are service, quality and individual solutions. To ensure that the customer receives the agreed service and machinery, there are demands to the production, to secure that specific methods and procedures can be documented.

Financial risks

Foreign currency risks

Activities outside Denmark are causing the result, cash flows and equity to be influenced by the exchange rates and interest rate movements for a number of currencies. It is the policy of the company to hedge commercial exchange rate exposure. The hedge is primarily done by use of foreign exchange contracts to hedge expected turnover and purchase within the next 12 months. The company does not enter into speculative foreign currency holdings.

Exchange rate adjustments for investments in subsidiaries and associated companies, that are independent entities, are calculated directly into the equity. Relating exchange rate risks are not being covered as it is the company's opinion that a current hedging of such longterm investments will not be optimal from a total risk and cost perspective.

Supply chain risk

For the manufacturing of machines, the company rely on component supplies. Due to the world wide logistic and manufacturing issues, shortages and increased delivery-times are experienced for many materials and components required for the manufacturing of Trepko's products. The Trepko Group has identified and initiated additional stock keep of critical components, and it continue to monitor, analyze and maintain these increased stock levels.

Research and development activities

The Trepko Group continues to develop new products aiming at expanding its productline and ensuring its position as a one-stop-shop within packing machines for the dairy, fats and oil industries. In addition refinement of existing products is carried out on a continuous basis with the goal of ensuring a high quality product offering value for money.

The company does not capitalize development costs because the earnings potential of each development project cannot be reasonably estimated. Moreover, the company's approach to carrying out development projects is designed to keep costs relatively low, which reduces their significance for inclusion in the balance sheet.

Subsequent events

No events, which might have any material influence on the financial situation of the Company, have occurred subsequent to the balance sheet date.

Corporate social responsibility

Apart from contributing to the local societies through tax, the group’s local activities provide jobs both directly and with sub-suppliers in the local communities. In addition Trepko support initiatives helping children in the local communities where the company has manufacturing facilities.

It is the intention of the management in every possible way to run Trepko within the laws and legislation of the countries in which the company operates.

It is furthermore the intent of the management to insure that the company operates as a responsible company, minimizing any negative impact on stakeholders and the surrounding society as much as possible. The company operates and carries out its activities under consideration of normally accepted principles and business moral ensuring that the company operates in a socially responsible way.

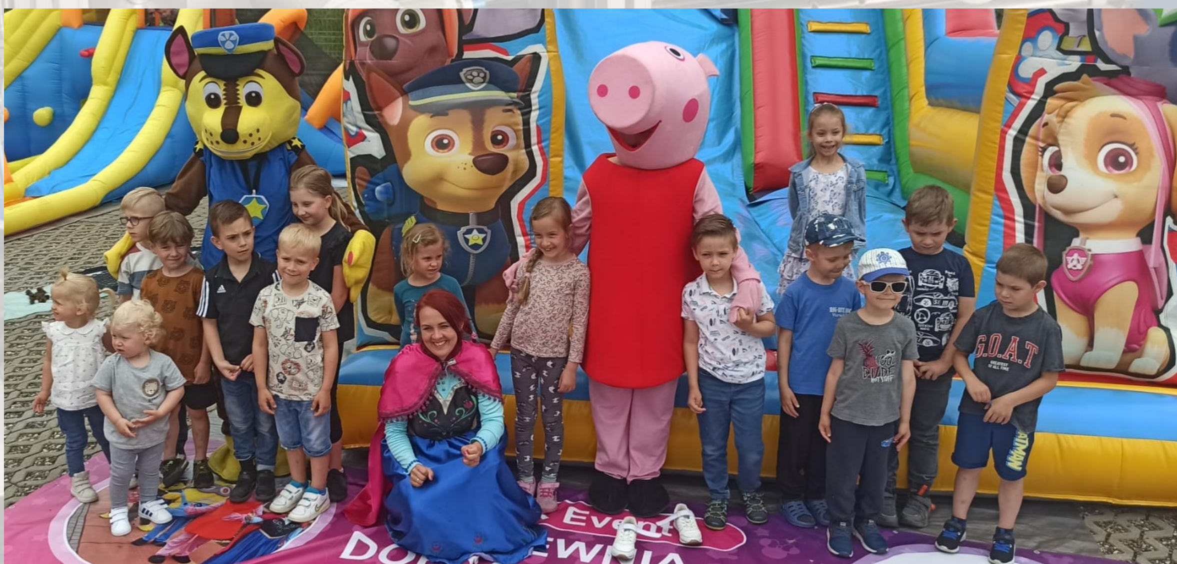
It follows that the company:

- target being an attractive and “happy” workplace for all employees,
- respect and contribute to human rights as defined by UN,
- refrain from involvement in (and work against) corruption and bribes.
- target reducing it’s net-energy consumption

Attractive and "happy" workplace

Throughout the year, the company has continued its efforts to maintain an attractive and "happy" workplace for all its employees. These efforts yield positive results, through periodic personal development meetings between managers and the individual employees. Additionally, the company places a strong emphasis on fostering positive internal relationships among employees through various social events.

The management strongly believes that a positive work environment not only attracts desirable employees but also enhances employee efficiency, and minimize employee turnover. The company recognizes that its employees are its greatest knowledge resources, and it is committed to maintaining a work culture that encourages continuity, growth, innovation, and collaboration for the individual and the organization as a whole



Respect and contribute to human rights as defined by UN/ refrain from involvement in (and work against) corruption and bribes.

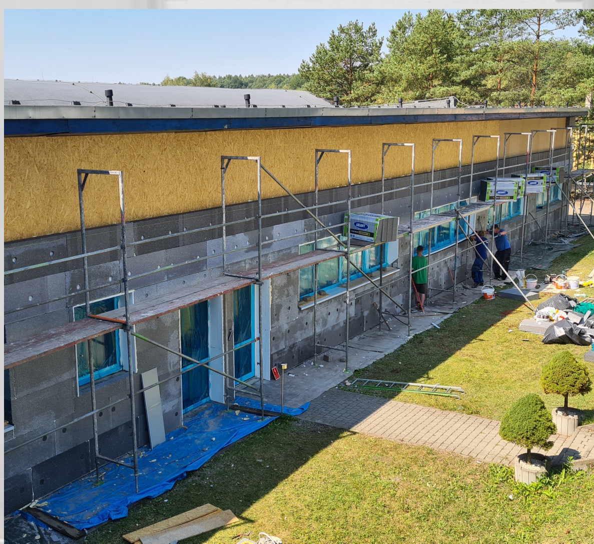
It is crucial for the company's self-respect to respect and contribute to human rights as defined by the UN and refrain from involvement in (and work against) corruption and bribery. No violations have been reported

Reducing net-energy consumption

The activities of Trepko are characterized by a low degree of influence on the environment. It is Trepko's intention to continue working on reducing its energy consumption and to furthermore largely move the company towards renewable energy. The management believe that this work will not only enable Trepko to minimize its external impact on the environment, it will also make the company less dependant of energy providers and less impacted by fluctuating energy prices.

Energy prices rose from a high level to an even higher level in 2022. At the same time energy supplies proved very unstable to one factory in the group and threatened to become unstable to other factories. This confirmed that the direction of the company's energy policy is not only of environmental importance but also of significant strategic importance for the company's uninterrupted production and cost minimization.

In 2022 the European factories of the group carefully analyzed their energy consumption and made considerable energy saving investments. Among these initiatives were upgrading to more energy efficient furnaces, adaption of systems for better heat distribution, adaption of programmable thermostats, improved insulation of buildings and measures for power reductions outside of working hours.



For 2023 investment budgets in Europe and South Africa has been made for more than doubling the groups already impressive solar capacity. An expansion from 630 kilo watt to 1.5 mega watt is thereby scheduled to take place in 2023, provided local regulation and bureaucracy don't delay the efforts. With the planned expansion completed the group as a whole target to be 64% self-sufficient in regards to electric power.

In adition to the above the holding company and the ultimate owners of Trepko has invested in solar harvesting through the company Obton. The total investment made outside Trepko generate 2.5 mega watt. The group as a whole is thereby a net producer targeted by 2024 to have a total yearly production of 4 mega watt of which only 60% is dedicated for the companys own manufacturing.

Future work with social responsibility

Trepko contiues to operate in a responsible manner, minimizing the negative impact on its Stakeholders and sorrunding society to the greatest extent possible. The management will continuously evaluate the need for formalized policies and guide lines.

Gender diversity

Target figures for the supreme management body

In the parent company the gender ratio on the Board of Directors is 33% female. This is an equal gender ratio, which the shareholders currently has no intention of changing.

Other management levels

It is the Trepko Group´s policy to recruit the Board of Directors, as well as staff for any other position, based on relevant qualifications. The candidates gender, race, nationality and sexual preference are therefore not a consideration in the recruitment process.

The company refrain from putting a target ratio for any underrepresented group in any part of the company, as this would be a violation of the recruitment policy, and is therefore only done in subsidiaries where specifically required by law.

Taxpolicy

It is and has always been the policy of Trepko to pay tax on profit as per the rules and regulations in the countries where the company has its local activities. The company has not "tax-optimized" its activities.

As tax authorities around the world intensify their hunt for revenue, management resources have become increasingly occupied with entertaining these authorities in certain countries. The company fears that this is a tendency that will continue the coming years. In order to insure that management resources are devoted to their intended purpose, it is therefore the policy of the group to permanently stop or heavily reduce investments in group companies experiencing unreasonable scrutiny comparable to harassment from local authorities.

Data ethics

The market for the company's products is narrow, and does not leave the company much room for performing data analysis on its potential and current customers. It follows that the company does not analyse such data using algorithms, and such analysis are not an integrated part of the company's business strategy.

Note		Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000
1	**Revenue**	**322,532**	**302,864**	**70,669**	**40,704**
	Other operating income	1,780	4,326	115	983
	Costs of raw materials and consumables	-107,919	-94,384	-44,625	-29,981
	Property costs	-233	-408	0	0
	Other external expenses	-46,314	-52,449	-5,401	-3,019
	Gross profit	**169,846**	**159,949**	**20,758**	**8,687**
2	Staff costs	-116,125	-113,055	-5,346	-7,325
	Profit before depreciation, amortisation, write-downs and impairment losses	**53,721**	**46,894**	**15,412**	**1,362**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-5,954	-8,035	-170	-277
	Other operating expenses	-272	-3,718	0	0
	Operating profit	**47,495**	**35,141**	**15,242**	**1,085**
3	Income from equity investments in group enterprises	0	0	23,584	21,677
4	Financial income	11,733	3,907	3,905	1,186
5	Financial expenses	-2,132	-2,157	-402	-133
	Profit before tax	**57,096**	**36,891**	**42,329**	**23,815**
6	Tax on profit for the year	-11,663	-7,316	-4,252	-599
	Profit for the year	**45,433**	**29,575**	**38,077**	**23,216**

7 Proposed appropriation account

8 Fees to auditors appointed by the general meeting

Note	ASSETS	Group 31.12.22 DKK '000	Group 31.12.21 DKK '000	Parent 31.12.22 DKK '000	Parent 31.12.21 DKK '000
	Acquired rights	484	494	0	0
9	**Total intangible assets**	**484**	**494**	**0**	**0**
	Land and buildings	70,658	68,525	0	0
	Investment poperties	28,800	28,800	0	0
	Other fixtures and fittings, tools and equipment	21,214	21,348	369	592
	Prepayments for property, plant and equipment	1,653	2,240	0	0
10	**Total property, plant and equipment**	**122,325**	**120,913**	**369**	**592**
11	Equity investments in group enterprises	0	0	189,014	175,130
12	Deposits and other receivables	1,067	1,528	71	69
	Total investments	**1,067**	**1,528**	**189,085**	**175,199**
	Total non-current assets	**123,876**	**122,935**	**189,454**	**175,791**
	Raw materials and consumables	35,598	32,639	624	624
	Work in progress	6,095	4,590	0	0
	Manufactured goods and goods for resale	19,025	18,449	5,851	5,851
	Prepayments for goods	8,889	11,487	0	0
	Total inventories	**69,607**	**67,165**	**6,475**	**6,475**
13	Work in progress for third parties	48,515	23,129	7,272	4,049
	Trade receivables	81,451	74,622	17,532	9,440
	Receivables from group enterprises	9,832	12,193	10,362	11,859
	Deferred tax asset	1,538	1,266	0	0
	Income tax receivable	1 ,714	450	0	0
	Other receivables	9,773	3,670	4,622	77
14	Prepayments	5,484	1,603	1,005	449
	Total receivables	**158,307**	**116,933**	**40,793**	**25,874**
	Other investments	115	115	115	115
	Total securities and equity investments	**115**	**115**	**115**	**115**
	Cash	**49,500**	**65,754**	**22,104**	**22,964**
	Total current assets	**277,529**	**249,967**	**69,487**	**55,428**
	Total assets	**401,405**	**372,902**	**258,941**	**231,219**

EQUITY AND LIABILITIES

Note		Group 31.12.22 DKK '000	Group 31.12.21 DKK '000	Parent 31.12.22 DKK '000	Parent 31.12.21 DKK '000
15	Share capital	5,000	5,000	5,000	5,000
	Reserve for net revaluation according to the equity method	0	0	118,531	104,645
	Foreign currency translation reserve	-14,279	-14,397	0	0
	Cash flow hedging reserve	1,800	-333	705	-35
	Retained earnings	223,555	210,478	91,837	91,135
	Proposed dividend for the financial year	25,000	15,000	25,000	15,000
	Equity attributable to owners of the parent	**241,076**	**215,748**	**241,073**	**215,745**
17	Non-controlling interests	48,179	46,736	0	0
	Total equity	**289,255**	**262,484**	**241,073**	**215,745**
16	Provisions for pensions and similar obligations	3,392	3,454	0	0
18	Provisions for deferred tax	2,982	1,702	563	422
19	Other provisions	1,614	2,644	0	0
	Total provisions	**7,988**	**7,800**	**563**	**422**
20	Mortgage debt	9,881	12,410	0	0
20	Payables to other credit institutions	0	3,654	0	0
20	Other payables	3,758	0	0	0
	Total long-term payables	**13,639**	**16,064**	**0**	**0**
20	Short-term part of long-term payables	3,836	1,387	0	0
	Payables to other credit institutions	5,066	730	1,692	15
13	Prepayments received from work in progress for third parties	41,443	48,884	2,326	2,036
	Prepayments received from customers	0	663	0	663
	Trade payables	12,386	10,911	361	694
	Payables to group enterprises	0	0	4,891	8,290
	Deposits	471	461	0	0
	Income taxes	5,538	1,467	4,192	1,341
	Other payables	17,157	16,896	3,843	2,013
	Deferred income	4,626	5,155	0	0
	Total short-term payables	**90,523**	**86,554**	**17,305**	**15,052**
	Total payables	**104,162**	**102,618**	**17,305**	**15,052**
	Total equity and liabilities	**401,405**	**372,902**	**258,941**	**231,219**

21 Fair value information
22 Derivative financial instruments
23 Contingent liabilities
24 Charges and security
25 Related parties

Group: Figures in DKK '000	Share capital method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non controlling interests	Total equity
01.01.21 - 31.12.21								
Balance as at 01.01.21	5,000	-16,764	-1,163	201,332	40,000	228,405	49,769	278,174
Foreign currency translation adjustment of foreign enterprises	0	2,367	0	0	0	2,367	0	2,367
Fair value adjustment of hedging instruments	0	0	830	0	0	830	128	958
Dividend paid	0	0	0	0	-40,000	-40,000	-9,217	-49,217
Other changes in equity	0	0	0	930	0	930	0	930
Net profit/loss for the year	0	0	0	8,216	15,000	23,216	6,359	29,575
Balance as at 31.12.21	5,000	-14,397	-333	210,478	15,000	215,748	46,73	262,484
01.01.22 - 31.12.22								
Balance as at 01.01.21	5,000	-14,397	-333	210,478	15,000	215,74	46,736	
Foreign currency translation adjustment of foreign enterprises	0	118	0	0	0	118	-727	-609
Fair value adjustment of hedging instruments	0	0	2,133	0	0	2,133	335	2,468
Dividend paid	0	0	0	0	-15,000	-15,000	-5,521	-20,521
Net profit/loss for the year	0	0	0	13,077	25,000	38,077	7,356	45,433
Balance as at 31.12.22	5,000	-14,279	1,800	223,555	25,000	241,076	48,179	289,255

Parent: Figures in DKK '000	Share capital method	Reserve for net revaluation per the equity method	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non controlling interests	Total equity
01.01.21 - 31.12.21								
Balance as at 01.01.21	5,000	99,752	-660	84,311	40,000	228,403	0	228,403
Foreign currency translation adjustment of foreign enterprises	0	2,367	0	0	0	2,367	0	2,367
Distributed dividend from group enterprises	0	-20,286	0	20,286	0	0	0	0
Fair value adjustment of hedging instruments	0	205	625	0	0	830	0	830
Dividend paid	0	0	0	0	-40,000	-40,000	0	-40,000
Other changes in equity	0	930	0	0	0	930	0	930
Net profit/loss for the year	0	21,677	0	-13,462	15,000	23,215	0	23,215
Balance as at 31.12.21	5,000	104,645	-35	91,135	15,000	215,745	0	215,745
01.01.22 - 31.12.22								
Balance as at 01.01.22	5,000	104,645	-35	91,13	15,000	215,745	0	215,745
Foreign currency translation adjustment of foreign enterprises	0	118	0	0	0	118	0	118
Distributed dividend from group enterprises	0	-11,209	0	11,209	0	0	0	0
Fair value adjustment of hedging instruments	0	1,393	740	0	0	2,133	0	2,133
Dividend paid	0	0	0	0	-15,000	-15,000	0	-15,000
Net profit/loss for the year	0	23,584	0	-10,507	25,000	38,077	0	38,077
Balance as at 31.12.22	5,000	118,531	705	91,837	25,000	241,073	0	241,073

Consolidated cash flow statement

Note		Group 2022 DKK '000	Group 2021 DKK '000
	Profit for the year	**45,433**	**29,575**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	5,954	8,035
	Financial income	-11,733	-3,907
	Financial expenses	2,132	2,157
	Tax on profit or loss for the year	11,663	7,315
	Other adjustments	2,678	3,719
	Total	10,694	17,319
	Change in working capital:	10,694	17,319
	Inventories	-1,998	-10,836
	Receivables	-54,998	-5,103
	Trade payables	1,476	938
	Other payables relating to operating activities	-8,510	19,092
	Other provisions	-1,030	1,434
	Cash flows from operating activities before net financials	**-8,933**	**52,419**
	Interest income and similar income received	9,190	3,907
	Interest expenses and similar expenses paid	-2,133	-2,157
	Income tax paid	-7,848	-8,463
	Cash flows from operating activities	**-9,724**	**45,706**
	Purchase of intangible assets	-419	-381
	Purchase of property, plant and equipment	-8,125	-5,335
	Sale of property, plant and equipment	175	376
	Loans	433	-285
	Cash flows from investing activities	**-7,936**	**-5,625**
	Dividend paid	-5,521	-9,217
	Repayment of mortgage debt	-539	0
	Arrangement of payables to credit institutions	4,336	-3,119
	Repayment of payables to credit institutions	-628	-31,218
	Arrangement of other long-term payables	3,758	0
	Cash flows from financing activities	**1,406**	**-43,554**
	Total cash flows for the year	**-16,254**	**-3,473**
	Cash, beginning of year	65,754	69,227
	Cash, end of year	**49,500**	**65,754**
	Cash, end of year	49,500	65,754
	Total	**49,500**	**65,754**

	Group		Parent	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000

1. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

Revenue comprises the following activities:

	Group 2022	Group 2021	Parent 2022	Parent 2021
Revenue, sales and services	320,730	301,118	70,669	40,704
Revenue, rental income from property	1,802	1,746	0	0
Total	322,532	302,864	70,66	40,704

	Group 2022	Group 2021	Parent 2022	Parent 2021
Revenue comprises the following geographical markets:				
Europe	143,581	175,250	44,257	34,715
Africa	111,736	68,986	3,512	966
North and South America	29,911	49,656	454	111
Asia and middeleast	33,608	4,682	22,381	4,681
Others countries	3,696	4,290	65	231
Total	322,532	302,864	70,669	40,704

2. Staff costs

	Group 2022	Group 2021	Parent 2022	Parent 2021
Wages and salaries	99,541	97,283	5,100	7,116
Pensions	1,386	2,046	178	143
Other social security costs	15,198	13,726	68	66
Total	116,125	113,055	5,346	7,325
Average number of employees during the year	602	615	8	8

3. Income from equity investments in group enterprises

	Group 2022	Group 2021	Parent 2022	Parent 2021
Share of profit or loss of group enterprises	0	0	21,982	21,415
Elimination of internal gains and losses	0	0	-324	609
Impairment losses on other excess values	0	0	1,926	-347
Total	0	0	23,584	21,677

	Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000

4. Financial income

	Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000
Interest, group enterprises	0	0	151	191
Other interest income	158	467	158	467
Other financial income	11,575	3,440	3,596	528
Total	11,733	3,907	3,905	1,186

5. Financial expenses

	Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000
Interest, group	0	0	0	8
Other interest expenses	2,131	2,157	401	80
Other financial expenses	1	0	1	45
Total	2,132	2,157	402	133

6. Tax on profit for the year

	Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000
Current tax for the year	10,998	8,366	3,587	1,469
Adjustment of deferred tax for the year	665	-1,050	665	-870
Total	11,663	7,316	4,252	599

7. Proposed appropriation account

	Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000
Reserve for net revaluation according to the equity method	0	0	23,584	21,677
Proposed dividend for the financial year	25,000	15,000	25,000	15,000
Non-controlling interests	7,356	6,359	0	0
Retained earnings	13,077	8,216	-10,507	-13,461
Total	45,433	29,575	38,077	23,216

8. Fees to auditors appointed by the general meeting

	Group 2022 DKK '000	Group 2021 DKK '000	Parent 2022 DKK '000	Parent 2021 DKK '000
Statutory audit of the financial statements	756	731	270	268
Other services	241	152	149	50
Total	997	883	419	318

9. Intangible assets

Figures in DKK '000	Completed development projects	Acquired rights	Goodwill	Total
Group:				
Cost as at 01.01.22	2,261	6,378	14,733	23,372
Foreign currency translation adjustment of foreign enterprises	-41	-238	201	-78
Additions during the year	0	419	0	419
Disposals during the year	0	-1,708	0	-1,708
Cost as at 31.12.22	2,220	4,851	14,934	22,005
Amortisation and impairment losses as at 01.01.22	-2,261	-5,884	-14,733	-22,878
Foreign currency translation adjustment of foreign enterprises	41	243	-201	83
Amortisation during the year	0	-434	0	-434
Reversal of amortisation of and impairment losses on disposed assets	0	1,708	0	1,708
Amortisation and impairment losses as at 31.12.22	-2,220	-4,367	-14,934	-21,521
Carrying amount as at 31.12.22	0	484	0	484

10. Property, plant and equipment

Figures in DKK '000	Land and buildings	Investment properties	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment
Group:				
Cost as at 01.01.22	77,053	27,695	78,064	2,240
Foreign currency translation adjustment of foreign enterprises	-267	0	-1,376	0
Additions during the year	3,851	0	4,904	1,653
Disposals during the year	0	0	-1,531	-2,240
Cost as at 31.12.22	80,637	27,695	80,061	1,653
Depreciation and impairment losses as at 01.01.22	-8,528	0	-56,717	0
Foreign currency translation adjustment of foreign enterprises	73	0	949	0
Depreciation during the year	-1,524	0	-4,567	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	1,488	0
Depreciation and impairment losses as at 31.12.22	-9,979	0	-58,847	0
Fair value adjustments as at 01.01.22	0	1,105	0	0
Fair value adjustments as at 31.12.22	0	1,105	0	0
Carrying amount as at 31.12.22	70,658	28,800	21,214	1,653
Parent:				
Cost as at 01.01.22	0	0	2,973	0
Additions during the year	0	0	3	0
Disposals during the year	0	0	-278	0
Cost as at 31.12.22	0	0	2,698	0
Depreciation and impairment losses as at 01.01.22	0	0	-2,381	0
Depreciation during the year	0	0	-170	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	222	0
Depreciation and impairment losses as at 31.12.22	0	0	-2,329	0
Carrying amount as at 31.12.22	0	0	369	0

11. Equity investments in group enterprises

	Equity investments in group enterprises
Parent:	
	70,485
Cost as at 31.12.22	70,485
Revaluations as at 01.01.22	119,451
Foreign currency translation adjustment of foreign enterprises	118
Net profit/loss from equity investments	23,907
Dividend relating to equity investments	- 11,209
Fair value adjustment of hedging instruments	1,393
Changes in intra-group profit from inventories	-324
Revaluations as at 31.12.22	133,336
Depreciation and impairment losses as at 01.01.22	-14,807
Depreciation and impairment losses as at 31.12.22	-14,807
Carrying amount as at 31.12.22	189,014

Name and registered office:	Ownership	Equity	Net profit/loss for the year	Recognised value
Subsidiaries:				
Trepko S.A., Gniezno, Poland	72%	158,721	19,204	114,279
Trepko (UK) Limited, Gainsborough, England	100%	18,658	-3,456	18,658
Trepko INC, Tampa, USA	100%	28,410	2,755	28,410
Filmatic Packaging Systems LTD, Cape Town, South Africa	52%	7,787	-245	4,049
Trepko do Brasil Ltd, Curitiba, Brazil	100%	12,003	463	12,003
Energivej 30 Aps, Ballerup, Denmark	100%	11,287	2,967	11,287
Regulation to Group Practice	100%	328	1,602	328

12. Other non-current financial assets

	Deposits	Other receivables
Group:		
Cost as at 01.01.22	0	1,528
Foreign currency translation adjustment of foreign enterprises	0	-28
Disposals during the year	0	-433
Cost as at 31.12.22	0	1,067
Carrying amount as at 31.12.22	0	1,067
Parent:		
Cost as at 01.01.22	69	0
Additions during the year	2	0
Cost as at 31.12.22	71	0
Carrying amount as at 31.12.22	71	0

	Group		Parent	
	31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000
13. Work in progress for third parties				
Work in progress for third parties	68,031	47,692	16,044	11,485
On-account invoicing	-60,958	-73,447	-11,099	-9,472
Total work in progress for third parties	7,073	-25,755	4,945	2,013
Work in progress for third parties	48,515	23,129	7,272	4,049
Prepayments received from work in progress for third parties, short-term payables	-41,443	-48,884	-2,326	-2,036
Total	7,072	-25,755	4,946	2,013

14. Prepayments

Prepayments consist of paments received from customers on long term projects

15. Share capital

The share capital consists of 50 shares with a total nominal value of DKK 5,000,000. The share capital has been fully paid in at the balance sheet date.

16. Provisions for pensions and similar obligations

The provision for pension obligations only concerns the group companies in Poland as the other pension plans are defined contribution plans where the pension obligation is incumbent on the individual insurance company and where the group does not have obligations towards the employees when they leave the group.

17. Non-controlling interests	Group 31.12.22 DKK '000	Group 31.12.21 DKK '000	Parent 31.12.22 DKK '000	Parent 31.12.21 DKK '000
Non-controlling interests, beginning of year	46,736	49,769	0	0
Foreign currency translation adjustment of foreign enterprises	-727	-303	0	0
Fair value adjustment of hedging instruments	335	128	0	0
Dividend paid	-5,521	-9,217	0	0
Net profit/loss for the year (distribution of net profit)	7,356	6,359	0	0
Total	48,179	46,736	0	0

18. Deferred tax

Deferred tax as at 01.01.22	436	1,442	422	1,115
Deferred tax recognised in the income statement	665	-1,169	-67	-870
Deferred tax recognised in equity	343	163	208	177
Deferred tax as at 31.12.22	1,444	436	563	422
Deferred tax is recognized in the balance sheet				
	-1,538	-1,266	0	0
Provisions for deferred tax	2,982	1,702	563	422
Total	1,444	436	563	422

As at 31.12.22, the company has recognised a deferred tax asset of t. DKK 1,538, which can primarily be attributed to accounting write-downs on debitors and tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

19. Other provisions

Figures in DKK '000	Warranty commitments
Group:	
Provisions as at 01.01.22	1,030
Provisions during the year	584
Provisions as at 31.12.22	1,614

Other provisions are expected to be distributed as follows:				
Non-current liabilities	861	1,866	0	0
Current liabilities	753	778	0	0
Total	1,614	2,644	0	0

Other provisions consist of warranty commitments only.

	31.12.22 DKK '000	31.12.21 DKK '000	31.12.22 DKK '000	31.12.21 DKK '000

20. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Group:				
Mortgage debt	377	8,246	10,258	13,132
Payables to other credit institutions	3,459	0	3,459	4,319
Other payables	0	0	3,758	0
Total	3,836	8,246	17,475	17,451

21. Fair value information

Figures in DKK '000	Investment properties	Derivative financial instruments	Total
Group:			
Fair value as at 31.12.22	28,801	2,391	31,192
Unrealised changes of fair value recognised in equity for the year	0	2,133	2,133
Parent:			
Fair value as at 31.12.22	0	903	903
Unrealised changes of fair value recognised in equity for the year	0	740	740

The company uses the normal earnings method to determine the fair value of the investment property.

Determination of fair value is based on an expected normalized operating profit and a required return of 6,25 %. The required rate of return is determined taking into account the property's location, age, state of maintenance and degree of occupancy, including terms and conditions in leases.

On the balance sheet date, leases have been entered into on all leases. Leases are entered into on the usual terms of the Lease Act. Operating costs are estimated based on the costs that are expected to be incurred for the operation of the investment property in a normal year, including costs for repairs and maintenance to maintain the property in its current state of maintenance.

No external appraiser has been used in determining the fair value of the investment property.

Currency forward contracts are valued according to generally accepted valuation techniques based on relevant observable swap curves and exchange rates. Both externally calculated fair values based on discounting of future cash flows are used. The statement does not include own credit risk, as it is assessed to be neutral for the report.

22. Derivative financial instruments

Group:
The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The enterprise concludes contracts for the sole purpose of hedging the currency risk on the future sale/purchase of goods in foreign currency (PLN, USD, EUR, GBP). Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.
Group companies: 0-12 months gross amount of forward exchange contracts DKK 34.9 Mill.
Parent: 0-12 months gross amount of forward exchange contracts DKK 8.6 Mill.

23. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of total DKK 2.2 Mill.

Recourse guarantee commitments

The group has provided usual guarantee on repair on sold equipment. Guarantee cost are charged to the profit and loss account as incured.

Parent:

Recourse guarantee commitments

The company has provided a guarantee for the the subsidaries debt to credit institutions. The guarantee towards the for the subsidaries is at DKK 6.7 Mill.

The company has provided a guarantee for the the subsidaries mortage debt. The guarantee towards the for the subsidaries is at DKK 5.2 Mill.

Guarantee commitments

The company has provided usual guarantee on repair on sold equipmet. Guarantee cost are charged to the profit and loss account as incured.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

24. Charges and security

Group:

The group has issued mortgage deeds registered to the mortgagor in the total amount of DKK 10.257 Mill secured upon investment properties with a carrying amount of DKK 28.800 Mill.

Parent:

The company has not provided any security over assets.

25. Related parties

Controlling influence	Basis of influence
H.C. Holding Investeringsaktieselskab, Ballerup, Denmark Denmark	Parent company
Hans Christian Hansen, Freeport, The Bahamas	Shareholder
Jesper Bjørn Hansen, Freeport, The Bahamas	Shareholder
Mathias Pihl Hansen, Los Angeles, California, USA	Shareholder
Christian Pihl Hansen, Tallahassee, Florida, USA	Shareholder

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

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.
The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.
The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest. Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

CURRENCY

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

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.
On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve. Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.
Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.
If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.
Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

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

INCOME STATEMENT

Revenue

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

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Property costs

Property costs comprise costs relating to property management, including repair and maintenance costs, real property taxes, insurance, overhead costs and other costs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	3-10	0
Acquired rights	3-10	0
Goodwill	3-10	0
Buildings	30	0-70
Leasehold improvements	0	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

Land is not depreciated.

Investment properties are not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

Write-downs of current assets exceeding normal write-downs

Write-downs of current assets exceeding normal write-downs comprise write-downs of inventories, trade receivables and other current assets that due to their nature or size or otherwise due to the affairs of the enterprise are considered to exceed normal write-downs.

Fair value adjustment of investment properties

Unrealised value adjustments of investment properties and realised gains and losses on the sale of assets are recognised in the fair value adjustment of investment properties.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise’s activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises’ profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies, gains and losses on other securities and equity investments etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Dividends from other equity investments are recognised as income in the financial year in which the dividend is declared.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Acquired rights

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

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Investment properties

Investment properties comprise investments in land and buildings for the purpose of earning a return on such investments in the form of regular operating income and capital gains on sale. Investment properties are recognised at cost at the date of acquisition. Cost comprises the purchase price plus expenses resulting directly from the purchase until the asset is ready for use. Investment properties are subsequently measured at fair value with value adjustments in the income statement. The fair value is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has not been used to determine the fair value.

Other property, plant and equipment

Other property, plant and equipment comprise land and buildings, leasehold improvements as well as other fixtures and fittings, tools and equipment.

Other property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Other property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Prepayments for property, plant and equipment

Prepayments for property, plant and equipment comprise prepayments to suppliers.

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

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.
The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

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

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

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

Other investments

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost. Other equity investments classified as current assets are written down to the lower of cost and net realisable value.

Cash

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

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

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

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

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

Funds in the nature of loans, security or other financial assistance subject to the rules of the Danish Companies Act on the company's legal financing of the purchase of company shares, granted by the company to shareholders and management, are recognised in the financial statements of the parent in equity under reserve for loans and security provided. The reserve is reduced or dissolved to the extent that the loan, security or other financial assistance is reduced or terminated.

Provisions

Pension obligations are measured in the balance sheet on the basis of actuarial computations to the extent that such obligations are not covered by insurance (defined benefit plans). Actuarial gains and losses on defined benefit plans are recognised directly in equity under retained earnings.

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Deposits recognised under liabilities comprise deposits received from lessees under the company's leases.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term securities with no significant price risk.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.