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Four Design ApS

Lucernemarken 17, 5260 Odense S

CVR no. 63 57 84 28

**Annual report for the period
1 July 2022 to 30 June 2023**

Adopted at the annual general meeting on 9 October 2023

Alistair Storrar Gough
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Four Design ApS for the financial year 1 July 2022 - 30 June 2023.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2023 and of the results of the company's operations for the financial year 1 July 2022 - 30 June 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 9 October 2023

Executive board

Alistair Storrar Gough

Michael Nissen

Christoffer Back

Independent auditor's report

To the shareholder of Four Design ApS

Opinion

We have audited the financial statements of Four Design ApS for the financial year 1 July 2022 - 30 June 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 company's financial position at 30 June 2023 and of the results of the company's operations for the financial year 1 July 2022 - 30 June 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 the 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Odense, 9 October 2023

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Christoffer Pedersen
State Authorised Public Accountant
MNE no. mne36180

Company details

Four Design ApS
Lucernemarken 17
5260 Odense S

CVR-no. 63 57 84 28

Financial year: 1 July 2022 - 30 June 2023

Domicile: Odense

Executive Board
Alistair Storrar Gough
Michael Nissen
Christoffer Back

Auditors
Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Hjallesevej 126
5230 Odense M

Financial highlights

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

	2022/23	2021/22	2020/21	2019/20	2018/19
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Gross profit/loss	32,665	27,322	25,120	44,740	57,417
Profit/loss before amortisation/depreciation and impairment losses	7,361	836	-6,563	9,434	20,759
Profit/loss before net financials	4,984	-1,618	-11,397	6,891	18,586
Net financials	-722	-811	-15	-2,448	296
Profit/loss for the year	3,339	-2,251	-9,174	3,466	14,725
Balance sheet					
Balance sheet total	43,121	48,415	49,332	62,525	76,036
Investment in property, plant and equipment	-1,793	-1,148	-1,598	-6,157	-3,095
Equity	16,663	13,324	15,575	25,528	49,662
Financial ratios					
Solvency ratio	38.6%	27.5%	31.6%	40.8%	65.3%
Return on equity	22.3%	-15.6%	-44.6%	9.2%	32.2%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business review

The company's purpose is to conduct business with the production, sale and service of furniture as well as related activities.

Financial review

The company's income statement for the year ended 30 June 2023 shows a profit of DKK 3,339,122, and the balance sheet at 30 June 2023 shows equity of DKK 16,663,497.

We are pleased to report that we are now once again achieving significant sales growth following the impact of the pandemic in the majority of our markets. Our investments in new products, marketing and our sales organization has strengthened our position and provides a strong platform to achieve our ambitious growth plans.

Significant improvements in our operational efficiency and organization structure have resulted in an improvement to our margin and a more cost-efficient organization that will provide the foundation for further profitability growth.

The shareholders and management are pleased with the improved profitability made during the last 12 months and look forward to further profitable growth in the coming year.

Outlook

Following a year of market growth and operational efficiency we remain very positive that further sales and profitability growth will be achieved in the coming 12 months

External environment

External market conditions remain challenging in many markets due to rising costs, interest rates, inflation and the change in working practices. Following a year of significant increases, we are now seeing a much greater degree of stability.

Sustainability remains a strong focus and we continue to identify opportunities in our product developments and operational management to continually improve our impact on the environment. This will remain a key focus for the year ahead.

Significant 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 July - 30 June

	Note	2022/23 DKK	2021/22 kDKK
Gross profit		32,664,657	27,322
Staff costs	1	-25,303,396	-26,486
Profit/loss before amortisation/depreciation and impairment losses		7,361,261	836
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2,388,093	-2,420
Other operating costs		11,000	-34
Profit/loss before net financials		4,984,168	-1,618
Financial income	2	49,822	0
Financial costs	3	-771,512	-811
Profit/loss before tax		4,262,478	-2,429
Tax on profit/loss for the year	4	-923,356	178
Profit/loss for the year		3,339,122	-2,251
Distribution of profit	5		

Balance sheet 30 June

	Note	2022/23 DKK	2020/21 kDKK
Assets			
Completed development projects		3,447,676	4,162
Rights		65,785	153
Intangible assets	6	3,513,461	4,315
Plant and machinery	7	2,941,213	1,987
Other fixtures and fittings, tools and equipment	7	32,386	56
Leasehold improvements	7	333,343	446
Tangible assets		3,306,942	2,489
Deposits	8	1,853,189	2,413
Fixed asset investments		1,853,189	2,413
Total non-current assets		8,673,592	9,217
Raw materials and consumables		655,965	2,622
Finished goods and goods for resale		2,547,210	3,849
Stocks		3,203,175	6,471
Trade receivables		18,602,874	21,384
Receivables from group enterprises		2,820,170	3,411
Other receivables		93,551	758
Deferred tax asset	11	793,741	1,662
Corporation tax		815,777	816
Prepayments	9	590,200	541
Receivables		23,716,313	28,572
Cash at bank and in hand		7,527,629	4,155
Total current assets		34,447,117	39,198
Total assets		43,120,709	48,415

Balance sheet 30 June

	Note	2022/23 DKK	2020/21 kDKK
Equity and liabilities			
Share capital		594,869	595
Reserve for development expenditure		2,689,187	3,246
Retained earnings		13,379,441	9,483
Equity	10	16,663,497	13,324
Other provisions	12	1,000,000	1,000
Total provisions		1,000,000	1,000
Lease obligations		640,160	1,243
Corporation tax		265,187	0
Other payables		3,305,684	3,194
Total non-current liabilities	13	4,211,031	4,437
Short-term part of long-term debet	13	600,000	600
Banks		2,000,000	3,000
Prepayments received from customers		489,798	504
Trade payables		10,275,179	15,349
Payables to group enterprises		1,041,421	4,262
Other payables		6,839,783	5,939
Total current liabilities		21,246,181	29,654
Total liabilities		25,457,212	34,091
Total equity and liabilities		43,120,709	48,415
Rent and lease liabilities	14		
Contingent liabilities	15		
Mortgages and collateral	16		
Related parties and ownership structure	17		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	594,869	3,246,539	9,482,967	13,324,375
Net profit/loss for the year	0	-557,352	3,896,474	3,339,122
Equity at 30 June	594,869	2,689,187	13,379,441	16,663,497

Notes

	2022/23 DKK	2021/22 kDKK
1 Staff costs		
Wages and salaries	22,467,578	23,585
Pensions	1,290,664	1,387
Other social security costs	77,633	353
Other staff costs	1,467,521	1,161
	25,303,396	26,486
Including remuneration to the executive board:		
Executive Board	2,649,092	3,130
	2,649,092	3,130
Average number of employees	37	39
2 Financial income		
Interest received from subsidiaries	49,822	0
	49,822	0
3 Financial costs		
Other financial costs	336,131	471
Exchange loss	435,381	340
	771,512	811

Notes

	2022/23 DKK	2021/22 kDKK
4 Tax on profit/loss for the year		
Current tax for the year	464,134	237
Deferred tax for the year	468,478	401
Adjustment of tax concerning previous years	-418,178	-816
Adjustment of deferred tax concerning previous years	408,922	0
	923,356	-178
5 Distribution of profit		
Transferred to reserve for development expenditure	-557,352	-269
Retained earnings	3,896,474	-1,982
	3,339,122	-2,251
6 Intangible assets		
	Completed development projects	Rights
	DKK	DKK
Cost at 1 July	6,383,759	263,150
Additions for the year	608,198	0
Cost at 30 June	6,991,957	263,150
Impairment losses and amortisation at 1 July	2,221,530	109,650
Amortisation for the year	1,322,751	87,715
Impairment losses and amortisation at 30 June	3,544,281	197,365
Carrying amount at 30 June	3,447,676	65,785

Special assumptions regarding development projects and tax assets

Completed development projects include development and testing of a specially adapted ERP system and subsequent adaptations thereof. The completed development projects are amortized over 5 years. Additions for this year are related to an EDI/freight projects. The management has high expectations for the use of the system and has not found any indication of impairment.

Notes

7 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 July	10,037,622	580,351	886,446
Additions for the year	1,793,419	0	0
Disposals for the year	-95,000	-64,317	0
Cost at 30 June	<u>11,736,041</u>	<u>516,034</u>	<u>886,446</u>
Impairment losses and depreciation at 1 July	8,050,664	523,694	439,505
Depreciation for the year	839,164	24,271	113,598
Impairment and depreciation of sold assets for the year	-95,000	-64,317	0
Impairment losses and depreciation at 30 June	<u>8,794,828</u>	<u>483,648</u>	<u>553,103</u>
Carrying amount at 30 June	<u><u>2,941,213</u></u>	<u><u>32,386</u></u>	<u><u>333,343</u></u>

Notes

8 Fixed asset investments

	Deposits DKK
Cost at 1 July	2,412,532
Additions for the year	184,657
Disposals for the year	-744,000
Cost at 30 June	<u>1,853,189</u>
Carrying amount at 30 June	<u><u>1,853,189</u></u>

9 Prepayments

Prepayments comprise prepaid expenses regarding insurance premiums and subscriptions etc.

10 Equity

The share capital has developed as follows:

	2022/23 DKK	2021/22 DKK	2020/21 DKK	2019/20 DKK	2018/19 DKK
Share capital at 1 July	594,869	594,869	594,869	500,000	500,000
Additions for the year	0	0	0	94,869	0
Share capital	<u><u>594,869</u></u>	<u><u>594,869</u></u>	<u><u>594,869</u></u>	<u><u>594,869</u></u>	<u><u>500,000</u></u>

Notes

	<u>2022/23</u>	<u>2020/21</u>
	DKK	kDKK
11 Provision for deferred tax		
Provisions for deferred tax on:		
Intangible assets	723,339	892
Tangible assets	-61,210	-126
Other taxable temporary differences	-492,835	-625
Tax loss carry-forward	-963,035	-1,803
Transferred to deferred tax asset	<u>793,741</u>	<u>1,662</u>
Deferred tax has been provided at 22.0% corresponding to the current tax rate.		
Deferred tax asset		
Calculated tax asset	<u>793,741</u>	<u>1,662</u>
Carrying amount	<u>793,741</u>	<u>1,662</u>
12 Other provisions		
Balance at beginning of year at 1 July	<u>1,000,000</u>	<u>1,000</u>
Balance at 30 June	<u>1,000,000</u>	<u>1,000</u>

Notes

13 Long term debt

	Debt at 1 July	Debt at 30 June	Instalment next year	Debt outstanding after 5 years
	DKK	DKK	DKK	DKK
Lease obligations	1,843,115	1,240,160	600,000	0
Corporation tax	0	265,187	0	0
Other payables	3,193,898	3,305,684	0	0
	5,037,013	4,811,031	600,000	0

14 Rent and lease liabilities

Operating lease liabilities.

Total future lease payments:

	2022/23	2020/21
	DKK	kDKK
Within 1 year	450,281	468
Between 1 and 5 years	468,606	633
	918,887	1,101

Rental obligations, non-cancellation period 6-25 months.	3,217,024	6,244
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15 Contingent liabilities

The parent company is jointly taxed with its Danish group entities. The entities are jointly and severally liable for Danish income taxes as well as withholding taxes on dividends, interest and royalties payable by the group of jointly taxed entities. Any subsequent corrections of income taxes and withholding taxes may increase the tax payable by the entities. The group as such is not liable to any third parties.

The company has provided a guarantee to a third party of kDKK 305 as of 30 June 2023.

Notes

16 Mortgages and collateral

The company has provided a company charge of DKK 10.000k as security for debt to credit institutions. As of 30 June 2023, the company charge comprises the following asset classes, goodwill and intellectual property rights, other plant fixtures and fittings, tools and equipment and inventory. The assets are valued at kDKK 25,113 as of 30 June 2023.

17 Related parties and ownership structure

Controlling interest

Four Design Group Limited ApS, CVR number 25 36 37 87.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

No transactions with related parties have been made, which are not on arm's length basis.

Consolidated financial statements

The company is reflected in the group report as the parent company Four Design Group Limited ApS

Accounting policies

The annual report of Four Design ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized class C entities.

The annual report for 2022/23 is presented in DKK

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 amortisation, depreciation and impairment losses, 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 the asset 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 the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Accounting policies

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs and amortisation losses that are directly and indirectly attributable to the company's development activities.

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

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Rights are measured at cost less accumulated amortisation and impairment losses. Rights are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 3 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components and sub-suppliers.

Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Plant and machinery	5-10 years	0 %
Other fixtures and fittings, tools and equipment	3-5 years	0 %
Leasehold improvements	5-10 years	0 %

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for finished goods, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Accounting policies

Equity

Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

Provisions

Provisions comprise expected expenses relating to warranty commitments etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Accounting policies

Foreign currency translation

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

Financial Highlights

Definitions of financial ratios.

Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$