IDEMIA Denmark A/S

Knud Højgaards Vej 7, 2860 Søborg

CVR no. 67 09 69 16

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 26.06.23

Torbjörn Norée
Dirigent

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Company information etc.

The company

IDEMIA Denmark A/S
Knud Højgaards Vej 7
2860 Søborg
Tel.: +45 44 50 64 00
Website: www.idemia.com
Registered office: Søborg
CVR no.: 67 09 69 16
Financial year: 01.01 - 31.12

Executive Board

Torbjörn Ragner Olof Norée

Board of Directors

Torbjörn Ragner Olof Norée, member
Hugues Ghislain Mallet, member
Nicolas Pierre Jean Miannay, chairman

Auditors

MAZARS
Statsautoriseret revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

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

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.22 and of the results of the company's activities 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.

Soeborg, Copenhagen, June 26, 2023

Executive Board

Torbjörn Ragner Olof Norée

Board of Directors

Torbjörn Ragner Olof Norée	Hugues Ghislain Mallet	Nicolas Pierre Jean Miannay

To the Shareholder of IDEMIA Denmark A/S

AUDITORS'S REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of IDEMIA Denmark 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. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

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

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 financial statements” section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, 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 Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of 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 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 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 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 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.

VIOLATION OF VAT LEGISLATION

Contrary to Swedish VAT legislation, the company has previous year filed incorrect VAT statements to the Swedish customs and Tax Administration. The item has not been resolved and Management may incur liability in this respect.

Copenhagen, June 26, 2023

MAZARS

Statsautoriseret revisionspartnerselskab
CVR no. 31061741

Kurt Christensen

State Authorized Public Accountant

MNE-no. mne26824

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2022	2021	2020	2019	2018
Profit/loss					
Revenue	194.875	155.330	143.714	134.112	141.762
Index	137	110	101	95	100
Operating profit	7.956	4.029	19.030	3.681	7.659
Total net financials	330	355	-870	-196	-215
Index	-153	-165	405	91	100
Profit for the year	6.375	3.384	9.246	5.758	13.175
Balance					
Total assets	71.995	59.795	52.238	70.775	73.698
Investments in property, plant and equipment	0	374	162	438	273
Equity	14.540	12.665	18.481	39.674	46.797

Ratios

	2022	2021	2020	2019	2018
Profitability					
Return on equity	46,9%	21,7%	31,8%	13,3%	28,2%
Gross margin	16,0%	16,3%	31,4%	29,7%	27,3%
Return on assets	12,2%	7,2%	15,0%	5,1%	10,4%
Profit margin	4,1%	2,8%	13,2%	2,7%	5,9%
Current ratio	124,7%	122,0%	136,4%	130,6%	134,7%
Equity ratio	20,4%	21,2%	35,5%	56,0%	63,5%

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios.

Ratios definitions

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

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

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

Return on assets: $\frac{\text{Profit/loss from operatin activities}}{\text{Avg. total assets x 100}}$

Current ratio: $\frac{\text{Current assets x 100}}{\text{Current liabilities}}$

Equity ratio: $\frac{\text{Equity, year-end x 100}}{\text{Avarage equity}}$

Primary activities

The company's activities include sales and marketing of plastic cards and plastic cards solutions.

Development in activities and financial affairs

The income statement for the period 01.01.22 - 31.12.22 shows a profit/loss of DKK'000 6,375 against DKK'000 3,384 for the period 01.01.21 - 31.12.21. The balance sheet shows equity of DKK'000 14.541.

The result for 2022 is better than expected, as we had some onetime customers and we had a minimal impact of the global chipshortage.

The result for 2023 is expected to continue the positive development, as we have taken steps to build new markets outside Denmark.

Outlook

For 2023 we expect activities to be challenged by the global financial situation and that a shortage of microchips will remain.

Knowledge resources

A high competence level among the company's employees is a prerequisite for maintaining growth momentum and thus market shares. Accordingly, the company makes significant investments in maintaining and upgrading employee skills.

Special risks

The company's main risk relates to maintenance of its leading market position in an increasingly competitive market.

The company is exposed to currency risks. Under the company's policies, all significant individual exposures are hedged through financial agreements

External environment

The company aims to continually improve production methods and works with customers and suppliers to offer the most environmentally solutions.
During 2022 we have increased the delivery of payment cards made from re-cycled plastic and we are working on several online payment solutions in order to minimize our plastic consumption.
We are not aware of any negative environmental impact in connection with the production of our plastic cards.

Research and development activities

The company has no research and development activities

Subsequent events

No significant events have occurred subsequent to the financial year-end.

Branches abroad

The company has no branches abroad.

Income statement

Note		2022 DKK '000	2021 DKK '000
	Revenue	**194.875**	**155.330**
	Production costs	-163.774	-129.989
	Distribution costs	-15.673	-14.997
	Administration costs	-7.472	-6.030
	Other operating expenses	0	-285
	Operating profit	**7.956**	**4.029**
2	Financial income	1.784	820
3	Financial expenses	-1.454	-465
	Profit before tax	**8.286**	**4.384**
4	Tax on profit for the year	-1.911	-1.000
	Profit for the year	**6.375**	**3.384**

5 Proposed appropriation account

Balance sheet

ASSETS

Note		31.12.22 DKK '000	31.12.21 DKK '000
	Acquired rights	0	1.691
	Prepayments for intangible assets	0	55
6	**Total intangible assets**	**0**	**1.746**
	Leasehold improvements	260	304
	Other fixtures and fittings, tools and equipment	286	238
7	**Total property, plant and equipment**	**546**	**542**
	Total non-current assets	**546**	**2.288**
	Raw materials and consumables	466	341
	Manufactured goods and goods for resale	4.089	2.548
	Total inventories	**4.555**	**2.889**
	Trade receivables	42.144	25.084
	Receivables from group enterprises	21.532	26.462
9	Deferred tax asset	2.063	2.109
	Other receivables	925	754
10	Prepayments	230	209
	Total receivables	**66.894**	**54.618**
	Total current assets	**71.449**	**57.507**
	Total assets	**71.995**	**59.795**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.22 DKK '000	31.12.21 DKK '000
11	Share capital	5.000	5.000
	Retained earnings	3.240	3.165
	Proposed dividend for the financial year	6.300	4.500
	Total equity	**14.540**	**12.665**
12	Other provisions	5.978	5.978
	Total provisions	**5.978**	**5.978**
	Trade payables	7.359	6.137
	Payables to group enterprises	29.258	21.078
	Income taxes	1.837	1.302
	Other payables	10.296	8.509
13	Deferred income	2.727	4.126
	Total short-term payables	**51.477**	**41.152**
	Total payables	**51.477**	**41.152**
	Total equity and liabilities	**71.995**	**59.795**

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Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.21 - 31.12.21				
Balance as at 01.01.21	5.000	4.281	9.200	18.481
Dividend paid	0	0	-9.200	-9.200
Net profit/loss for the year	0	-1.116	4.500	3.384
Balance as at 31.12.21	5.000	3.165	4.500	12.665
Statement of changes in equity for 01.01.22 - 31.12.22				
Balance as at 01.01.22	5.000	3.165	4.500	12.665
Dividend paid	0	0	-4.500	-4.500
Net profit/loss for the year	0	75	6.300	6.375
Balance as at 31.12.22	5.000	3.240	6.300	14.540

	2022 DKK '000	2021 DKK '000

1. Employee aspects

Wages and salaries	20.806	19.239
Pensions	1.839	1.856
Other social security costs	256	274
Other staff costs	1.353	695
Total	24.254	22.064

Total staff costs comprise:

Production costs	5.547	5.026
Distribution costs	14.190	13.170
Administration costs	4.518	3.868
Total	24.255	22.064
Average number of employees during the year	33	35

2. Financial income

Interest, group enterprises	542	425
Foreign currency translation adjustments	1.242	395
Total	1.784	820

	2022 DKK '000	2021 DKK '000

3. Financial expenses

	2022 DKK '000	2021 DKK '000
Interest, group enterprises	0	43
Foreign currency translation adjustments	1.212	419
Other financial expenses	242	3
Total	1.454	465

4. Tax on profit for the year

	2022 DKK '000	2021 DKK '000
Tax on profit or loss for the year	1.837	1.302
Adjustment of deferred tax for the year	46	-339
Adjustment of tax in respect of previous years	28	37
Total	1.911	1.000

5. Proposed appropriation account

	2022 DKK '000	2021 DKK '000
Proposed dividend for the financial year	6.300	4.500
Retained earnings	75	-1.116
Total	6.375	3.384

6. Intangible assets

Figures in DKK '000	Acquired rights	Prepayments for intangible assets	Total
Cost as at 01.01.22	20.542	55	20.597
Additions during the year	0	269	269
Transfers during the year to/from other items	0	-324	-324
Cost as at 31.12.22	20.542	0	20.542
Amortisation and impairment losses as at 01.01.22	-18.851	0	-18.851
Amortisation during the year	-1.691	0	-1.691
Amortisation and impairment losses as at 31.12.22	-20.542	0	-20.542
Carrying amount as at 31.12.22	0	0	0

7. Property, plant and equipment

Figures in DKK '000	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.22	316	4.739
Additions during the year	0	0
Disposals during the year	0	-88
Transfers during the year to/from other items	71	253
Cost as at 31.12.22	387	4.904
Depreciation and impairment losses as at 01.01.22	-12	-4.501
Depreciation during the year	-115	-205
Reversal of depreciation of and impairment losses on disposed assets	0	88
Depreciation and impairment losses as at 31.12.22	-127	-4.618
Carrying amount as at 31.12.22	260	286

8. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Cost as at 01.01.22	37.479
Cost as at 31.12.22	37.479
Revaluations as at 01.01.22	-37.479
Revaluations as at 31.12.22	-37.479
Carrying amount as at 31.12.22	0

Name and registered office:	Ownership interest
Subsidiaries:	
IDEMIA Norway AS, Norway	100%

	31.12.22 DKK '000	31.12.21 DKK '000

9. Deferred tax

Provisions for deferred tax as at 01.01.22	2.109	1.770
Deferred tax recognised in the income statement	-46	339
Provisions for deferred tax as at 31.12.22	2.063	2.109

Deferred tax is recognized in the balance sheet as:

Deferred tax asset	2.063	2.109

As at 31.12.22, the company has recognised a deferred tax asset of DKK 2.063 thousand against DKK 2.109 thousand last year. The deferred tax assets primarily consist of temporary differneces relating to fixed assets and invetories. The deferred tax assets is recognised on the basis of expetations of posotive operating results for the coming years.

10. Prepayments

Other prepayments	230	209
Total	230	209

Prepayments include accrual of expenses relating to subsequent financial years and amount to DKK 230 thousand for 2022 against DKK 209 thousand last year.

11. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
50.000 share of DKK 100,00 nominal value each	5.000	5.000

All share rank equally.

12. Other provisions

Figures in DKK '000	Other provisions
Provisions as at 01.01.22	5.978
Provisions as at 31.12.22	5.978

	31.12.22 DKK '000	31.12.21 DKK '000
Other provisions are expected to be distributed as follows:		
Current liabilities	5.978	5.978

Other provisions are related to a VAT dispute with a customer against a non-Danish tax jurisdiction.

	31.12.22 DKK '000	31.12.21 DKK '000
13. Deferred income		
Deferred income	2.727	4.126
Total	2.727	4.126

14. Contingent liabilities

Lease commitments

Total rent and lease liabilities is DKK is 1.522 thousand against 2.853 thousand last year.

The lease obligation is DKK 252 thousand against 436 thousand last year.

15. Charges and security

The company's assets have been put up as security for group debts to credit institutions. The security for debt is limited to DKK 212 thousand

16. Related parties

Controlling influence	Basis of influence
IDEMIA Sweden Company AB, Strängnäs, Sweden	Participating interest

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

The company is included in the consolidated financial statements of the parent IDEMIA France SAS, France.

The consolidated financial statement of the parent company can be downloaded from "Erhvervsstyrelsen"

17. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of IDEMIA France SAS, France, (Org. R.C.S 340 709 534), which prepares consolidated financial statements. The parent company of the entire group is IDEMIA Group S.A (Org. R.C.S 533 960 407), based in Paris, France.

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.

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

17. Accounting policies - continued -

expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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.

17. Accounting policies - continued -

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

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
Acquired rights	5	0
Leasehold improvements	3	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

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.

17. Accounting policies - continued -

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.

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.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

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.

17. Accounting policies - continued -

BALANCE SHEET

Intangible assets

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.

Prepayments for intangible assets

Prepayments for intangible assets comprise prepayments to suppliers.

Gains or losses on the disposal of intangible assets

Gains or 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

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

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.

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.

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.

17. Accounting policies - continued -

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a consolidation 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 income statement at the date incurred.

Under 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.

17. Accounting policies - continued -

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

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price

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 finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value

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 has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

17. Accounting policies - continued -

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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

Work in progress for third parties

Prepayments

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

Cash

Cash includes deposits in bank account.

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 net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Provisions

Other provisions comprise expected expenses incidental to 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.

17. Accounting policies - continued -

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.

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 or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates 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

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables are measured at net realisable value.

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

17. Accounting policies - continued -

Deferred income

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

CASH FLOW STATEMENT

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