

**Jeka Fish A/S**  
Havnen 70  
7620 Lemvig  
Business Registration No  
76129010

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 15.06.2018

### **Chairman of the General Meeting**

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Name: Halldór Arnarson

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## Entity details

### Entity

Jeka Fish A/S  
Havnen 70  
7620 Lemvig

Central Business Registration No (CVR): 76129010

Registered in: Lemvig

Financial year: 01.01.2017 - 31.12.2017

Phone: +4597811700

Fax: +4597811701

### Board of Directors

René Jørgen Spogard, chairman

Dennis Kim Willer

Toby Oliver James Baxendale

### Executive Board

Halldór Arnarson, Chief Executive Officer

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 København

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Jeka Fish A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lemvig, 15.06.2018

### Executive Board

Halldór Arnarson  
Chief Executive Officer

### Board of Directors

René Jørgen Spogard  
chairman

Dennis Kim Willer

Toby Oliver James Baxendale

# Independent auditor's report

## To the shareholders of Jeka Fish A/S

### Opinion

We have audited the financial statements of Jeka Fish A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

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:

## Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## **Independent auditor's report**

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 15.06.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Claus Jorch Andersen  
State Authorised Public Accountant  
Identification No (MNE) mne33712

## Management commentary

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	46.122	57.483	47.698	52.616	54.597
Operating profit/loss	(6.114)	3.823	5.881	10.149	17.143
Net financials	(6.021)	(4.499)	(5.060)	(5.364)	(2.808)
Profit/loss for the year	(9.258)	(414)	632	3.749	10.795
Total assets	129.894	127.927	114.030	105.297	87.805
Investments in property, plant and equipment	4.136	24.349	8.240	11.521	9.843
Equity	10.698	19.956	21.419	22.837	23.293
<b>Ratios</b>					
Return on equity (%)	(60,4)	(2,0)	2,9	16,3	60,3
Equity ratio (%)	8,2	15,6	18,8	21,7	26,5
Equity ratio incl. subsidies	8,5	16,0	19,3	22,3	27,5

Jeka Fish A/S have merged with it's sister company Cimbric A/S with effect from 1. January 2016. According to the accounting principles the merger has incorporated in the figures with effect from 1. January without adjusting the figures from prior years.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Equity ratio incl. subsidies	$\frac{\text{Equity} \times 100}{\text{Total assets} - \text{subsidies}}$	The financial strength of the entity incl. subsidies



## Management commentary

### Primary activities

The Company's activity is to purchase, process and resell whitefish and shellfish. Production takes place at the Company's processing plant in Lemvig.

### Development in activities and finances

The Company's income statement for 2017 show a loss of 9,258 t.kr. against a loss of 414 t.kr. in previous year. This performance is considered unsatisfactory.

There are four main reasons for the loss in 2017. Historical high raw material price in Pacific cod, causing lower than normal margins. Other parts of the business underperformed. One off cost related to re-organizing the company when adapting the organization to the actual market environment. Lack of Pacific cod in the two main selling months, which damaged the Company's main selling season in 2017. This was caused by extraordinary delay in deliveries due to supplier human mistake, which the Company wasn't able to compensate.

At 31st December 2017, The Company's balance sheet stands at 129,894 t.kr. against 127,927 t.kr. last year, and equity amounts to 10,698 t.kr. against 19,956 t.kr. last year. The Company got 5.000 t.kr. in new shareholder loan in 2017 and additional 2.000 t.kr. in 2018.

### Outlook

We expect a positive development in operations in the coming years as well as positive earnings. Profit after tax for 2018 is expected around 2,5 - 3 million DKK.

### Particular risks

#### Price risks

Cod accounts for over 80% of the Company's commodity base. The Company purchases commodities in a global commodity market subject to global competition. The activities of the Company may therefore be affected positively or negatively by the purchase of commodities as well as by the development in the commodity prices.

#### Liquidity risks

Jeka Fish has made an agreement on the operating finance for the calendar year 2018 with the Company's banks.

#### Currency risks

The Company's foreign currency transactions primarily related to purchase in USD and NOK, and sales in EUR and GBP. The Company hedges its currency risks on a current basis through forward exchange contracts.

## Management commentary

### Interest rate risks

It is the Company policy to hedge interest rate risks by concluding interest agreements.

### Other risks

No other risks.

### Environmental performance

The Company's factory is subject to section 33 of the Danish Environmental Protection Act. The municipality of Lemvig is the regulatory authority. The Company holds level 1 rating based on the criteria that its compliance with laws is exemplary and that it uses medium resources within systematics and information. The Company buy its cod from long line fishery and therefore a sustainable fishing, the company also used MSC fish and shellfish which also stands for sustainable fishing.

### Research and development activities

The Company is continuously working on developing its own products, including flavors etc.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
<b>Gross profit</b>		<b>46.122.331</b>	<b>57.482.633</b>
Staff costs	1	(46.222.383)	(48.380.105)
Depreciation, amortisation and impairment losses	2	<u>(6.013.940)</u>	<u>(5.279.316)</u>
<b>Operating profit/loss</b>		<b>(6.113.992)</b>	<b>3.823.212</b>
Other financial income from group enterprises		575.054	208.253
Other financial income		32.071	1.762.536
Financial expenses from group enterprises		(558.960)	0
Other financial expenses		<u>(6.068.897)</u>	<u>(6.469.957)</u>
<b>Profit/loss before tax</b>		<b>(12.134.724)</b>	<b>(675.956)</b>
Tax on profit/loss for the year	3	<u>2.876.528</u>	<u>261.717</u>
<b>Profit/loss for the year</b>	4	<b><u>(9.258.196)</u></b>	<b><u>(414.239)</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Land and buildings		23.770.022	24.856.504
Plant and machinery		30.726.244	31.464.031
Other fixtures and fittings, tools and equipment		779.158	1.109.930
<b>Property, plant and equipment</b>	5	<b><u>55.275.424</u></b>	<b><u>57.430.465</u></b>
Investments in group enterprises		0	0
Other investments		0	57.041
Other receivables		473.026	692.483
Deferred tax		3.872.300	720.300
<b>Fixed asset investments</b>	6	<b><u>4.345.326</u></b>	<b><u>1.469.824</u></b>
<b>Fixed assets</b>		<b><u>59.620.750</u></b>	<b><u>58.900.289</u></b>
Raw materials and consumables		20.767.183	21.109.469
Work in progress		6.968.344	7.193.580
Manufactured goods and goods for resale		6.192.480	2.353.714
Prepayments for goods		2.601.833	0
<b>Inventories</b>		<b><u>36.529.840</u></b>	<b><u>30.656.763</u></b>
Trade receivables		23.864.448	31.201.467
Receivables from group enterprises	7	8.208.567	6.455.212
Other receivables		882.458	699.499
Prepayments	8	762.925	0
<b>Receivables</b>		<b><u>33.718.398</u></b>	<b><u>38.356.178</u></b>
Other investments		6.455	5.185
<b>Other investments</b>		<b><u>6.455</u></b>	<b><u>5.185</u></b>
<b>Cash</b>		<b><u>18.502</u></b>	<b><u>9.081</u></b>
<b>Current assets</b>		<b><u>70.273.195</u></b>	<b><u>69.027.207</u></b>
<b>Assets</b>		<b><u>129.893.945</u></b>	<b><u>127.927.496</u></b>

## Balance sheet at 31.12.2017

	<b>Notes</b>	<b>2017 DKK</b>	<b>2016 DKK</b>
Contributed capital	9	3.500.000	3.500.000
Retained earnings		<u>7.198.141</u>	<u>16.456.337</u>
<b>Equity</b>		<b><u>10.698.141</u></b>	<b><u>19.956.337</u></b>
Mortgage debt		4.727.531	5.392.688
Bank loans		0	1.790.907
Finance lease liabilities		1.086.370	2.085.390
Payables to group enterprises		10.426.979	1.445.736
Other payables		0	3.126.815
Deferred income	10	<u>3.581.057</u>	<u>3.413.854</u>
<b>Non-current liabilities other than provisions</b>	<b>11</b>	<b><u>19.821.937</u></b>	<b><u>17.255.390</u></b>
Current portion of long-term liabilities other than provisions	11	7.067.633	9.652.461
Bank loans		64.638.292	62.069.529
Trade payables		11.965.332	8.531.023
Other payables		<u>15.702.610</u>	<u>10.462.756</u>
<b>Current liabilities other than provisions</b>		<b><u>99.373.867</u></b>	<b><u>90.715.769</u></b>
<b>Liabilities other than provisions</b>		<b><u>119.195.804</u></b>	<b><u>107.971.159</u></b>
<b>Equity and liabilities</b>		<b><u>129.893.945</u></b>	<b><u>127.927.496</u></b>
Financial instruments	12		
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## Statement of changes in equity for 2017

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Equity beginning of year	3.500.000	16.456.337	19.956.337
Profit/loss for the year	<u>                    0</u>	<u>          (9.258.196)</u>	<u>          (9.258.196)</u>
<b>Equity end of year</b>	<b><u>          3.500.000</u></b>	<b><u>          7.198.141</u></b>	<b><u>         10.698.141</u></b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	40.649.068	43.005.006
Pension costs	3.445.952	3.299.665
Other social security costs	1.092.539	1.233.114
Other staff costs	1.034.824	842.320
	<b>46.222.383</b>	<b>48.380.105</b>
Average number of employees	<b>112</b>	<b>112</b>
	<b>Remunera- tion of manage- ment 2017 DKK</b>	<b>Remunera- tion of manage- ment 2016 DKK</b>
Executive Board	2.171.908	1.962.776
Board of Directors	300.000	331.812
	<b>2.471.908</b>	<b>2.294.588</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	5.995.081	5.735.599
Profit/loss from sale of intangible assets and property, plant and equipment	18.859	(456.283)
	<b>6.013.940</b>	<b>5.279.316</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Tax on profit/loss for the year</b>		
Change in deferred tax	(3.152.000)	(261.717)
Adjustment concerning previous years	372.797	0
Refund in joint taxation arrangement	(97.325)	0
	<b>(2.876.528)</b>	<b>(261.717)</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Proposed distribution of profit/loss</b>		
Retained earnings	(9.258.196)	(414.239)
	<b>(9.258.196)</b>	<b>(414.239)</b>
<b>5. Property, plant and equipment</b>		<b>Other</b>
	<b>Land and</b>	<b>fixtures and</b>
	<b>buildings</b>	<b>fittings,</b>
	<b>DKK</b>	<b>tools and</b>
	<b>DKK</b>	<b>equipment</b>
	<b>DKK</b>	<b>DKK</b>
<b>Cost beginning of year</b>	39.098.286	2.583.200
Additions	199.657	138.851
Disposals	(2.129.733)	(35.197)
<b>Cost end of year</b>	<b>37.168.210</b>	<b>2.686.854</b>
Depreciation and impairment losses beginning of year	(14.241.784)	(1.473.270)
Depreciation for the year	(996.331)	(463.170)
Reversal regarding disposals	1.839.927	28.744
<b>Depreciation and impairment losses end of year</b>	<b>(13.398.188)</b>	<b>(1.907.696)</b>
<b>Carrying amount end of year</b>	<b>23.770.022</b>	<b>779.158</b>
Recognised assets not owned by entity	<b>0</b>	<b>311.445</b>



## Notes

	<b>Invest- ments in group enterprises DKK</b>	<b>Other investments DKK</b>	<b>Other receivables DKK</b>	<b>Deferred tax DKK</b>
<b>6. Fixed asset investments</b>				
Cost beginning of year	85.000	57.041	692.483	720.300
Additions	0	0	0	3.152.000
Disposals	0	(57.041)	(219.457)	0
<b>Cost end of year</b>	<b>85.000</b>	<b>0</b>	<b>473.026</b>	<b>3.872.300</b>
Impairment losses beginning of year	(85.000)	0	0	0
<b>Impairment losses end of year</b>	<b>(85.000)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>0</b>	<b>473.026</b>	<b>3.872.300</b>

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>
Investments in group enterprises comprise:			
Oyster Boat ApS	Lemvig	ApS	51,0

### 7. Receivables from group enterprises

The primary part of receivables with group enterprise is not expected to be settled within the next 12 months.

### 8. Prepayments

Prepayments consists of prepaid expenses.

	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>
<b>9. Contributed capital</b>			
Contributed capital	3.500.000	1	3.500.000
	<b>3.500.000</b>		<b>3.500.000</b>

## Notes

### 10. Long-term deferred income

The company have received subsidies from Danish and EU Authorities. These subsidies and projects is an important part of the company and will be part of the company's balance sheet until depreciated in full.

	<b>Due within 12 months 2017 DKK</b>	<b>Due within 12 months 2016 DKK</b>	<b>Due after more than 12 months 2017 DKK</b>	<b>Outstanding after 5 years DKK</b>
<b>11. Liabilities other than provisions</b>				
Mortgage debt	665.156	654.353	4.727.531	1.955.265
Bank loans	1.983.150	3.800.000	0	0
Finance lease liabilities	949.331	1.068.908	1.086.370	0
Payables to group enterprises	0	4.000.000	10.426.979	0
Other payables	3.224.207	0	0	0
Deferred income	245.789	129.200	3.581.057	2.597.902
	<b><u>7.067.633</u></b>	<b><u>9.652.461</u></b>	<b><u>19.821.937</u></b>	<b><u>4.553.167</u></b>

### 12. Financial instruments

Other payables contains fair value on forward exchange contracts with a carrying amount of DKK 366k. The company has signed exchange contracts to partially cover the exchange risk of trade payables in USD by USD 4,550k. (DKK 28,245k) and NOK by NOK 5,500k. (DKK 4,161k). The forward exchange contract are due within 1-4 months.

All forward exchange contracts are conducted with the company's bank.

	<b><u>2017 DKK</u></b>	<b><u>2016 DKK</u></b>
<b>13. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b><u>93.000</u></b>	<b><u>1.240.000</u></b>

### 14. Assets charged and collateral

Debt to Realkredit Danmark A/S is secured by way of charge on plant with a carrying amount of DKK 23,770k at 31. December 2017.

Debt to Danske Bank is secured by buildings (maximum DKK 17,100k) with a carrying amount of DKK 23,770k at 31 December 2017.

## Notes

Debt to Danske Bank is secured on movable property (maximum DKK 2,600k) with a carrying amount of DKK 26.457k at 31 December 2017.

Debt to Danske Bank is secured on movable property (maximum DKK 1,000k) with a carry amount of DKK 0k at 31 December 2017.

Debt to Danske Bank and Vestjysk Bank is secured by way of general floating charges of DKK 63,000k corresponding to an asset value of DKK 88,621k at 31 December 2017.

Debt to Danske Bank is secured by way of general floating charges of DKK 5,000k corresponding to an asset value of DKK 88,621k at 31 December 2017.

The Company participates in joint taxation (DK) with Jysk Industri Holding A/S as the administration company and, consequently, is jointly and severally liable as of 1 July 2012 with the other jointly taxed companies for the total corporation tax and for any obligation to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

The company has issued a letter of support with regards to the group enterprise, Oyster Boat ApS.

### 15. Related parties with controlling interest

The following related parties have a controlling interest in Jeka Fish A/S:

<b>Name</b>	<b>Registered office</b>	<b>Basis of influence</b>
Jeka Fish Holding 2 ApS	Bymose Park 6, 3200 Helsingør, Denmark	Principal shareholder

### 16. Transactions with related parties

Transactions with related parties, is only mentioned in the annual report if the transactions are not performed at arm's length. There is no such transaction in the financial year 2017.

### 17. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Jeka Fish A/S is included in the consolidated financial statements of Deltaq Portefølje Holding VI ApS, Central Business Registration no 32 14 07 77.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

### Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of raw materials and consumables and external expenses.

## Accounting policies

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

## Accounting policies

### Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year.

### Balance sheet

#### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20-35 years
Plant and machinery	2-15 years
Other fixtures and fittings, tools and equipment	2-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

## Accounting policies

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity investments measured at cost. Unlisted equity investments are written down to any lower net realisable value.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

## Accounting policies

### Other investments

Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

### Cash

Cash comprises cash and bank deposits.

### Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

### Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

### Cash flow statement

No cash flow statement has been prepared as the Company's cash flow is included in the consolidated financial statement of the Company's ultimate parent, see section 86(4) of the Danish Financial Statements Act.