



## Jeka Fish A/S

Havnen 70  
7620 Lemvig  
CVR No. 76129010

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 16.03.2021

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**Halldór Arnarson**  
Conductor

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# Entity details

## Entity

Jeka Fish A/S

Havnen 70

7620 Lemvig

CVR No.: 76129010

Registered office: Lemvig

Financial year: 01.01.2020 - 31.12.2020

Phone number: +45 97811700

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## Board of Directors

René Jørgen Spogard, chairman

Dennis Kim Willer

René Eghammer

## Executive Board

Halldór Arnarson, Chief Executive Officer

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 16.03.2021

## Executive Board

**Halldór Arnarson**  
Chief Executive Officer

## Board of Directors

**René Jørgen Spogard**  
chairman

**Dennis Kim Willer**

**René Eghammer**

# 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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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:

- 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.

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, 16.03.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Claus Jorch Andersen**

State Authorised Public Accountant  
Identification No (MNE) mne33712

# Management commentary

## Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Gross profit/loss	59,336	57,027	45,482	44,586	55,782
Operating profit/loss	15,359	12,968	1,531	(6,114)	3,823
Net financials	(7,096)	(5,592)	(5,497)	(6,021)	(4,499)
Profit/loss for the year	5,923	5,483	(3,046)	(9,258)	(414)
Total assets	113,228	115,042	116,513	129,875	127,918
Investments in property, plant and equipment	5,645	4,098	1,927	4,136	24,349
Equity	19,058	13,135	7,652	10,698	19,956
<b>Ratios</b>					
Return on equity (%)	36.80	52.75	(33.20)	(60.40)	(2.00)
Equity ratio (%)	16.83	11.42	6.57	8.24	15.60
Equity ratio incl. subsidies	17,30	11.80	6.80	8.50	16.00

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 the current version of "Recommendations & Ratios" issued by CFA Society Denmark.

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

### Equity ratio incl. subsidies (%):

$\frac{\text{Equity} * 100}{\text{Total asset - subsidies}}$

Total asset - subsidies



### 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

Operations improved during 2020 compared to 2019 despite challenging market conditions caused by Covid-19. 2020 has been a year with continued focus on existing product portfolio, efficiency improvements and reduction of costs and debt.

The income statement for 2020 show a profit after tax of 5,923 t.kr. against a profit of 5,483 t.kr. in previous year. The performance is considered satisfactory.

The Company's balance at 31st December has been reduced to 113,228 t.kr. against 115,042 t.kr. last year. The total debt was reduced by 8,226 t.kr. compared to a reduction of 6,954 t.kr. in 2019.

The equity at 31st December amounts to 19,058 t.kr. against 13,135 t.kr. last year. Furthermore shareholder loans amounts to 11,586 t.kr.

### Outlook

At the time when the financial statements for 2020 is approved by the board and filed to the authorities the world is still in the Covid-19 crisis. This makes predicting an outlook for 2021 very difficult. Based on the current available information the Company expects a positive result after tax for 2021.

### 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 2021 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.

#### Interest rate risks

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

**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 buys its cod from longline fishing and therefore a sustainable fishing, Jeka Fish 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**

Even though the Company produces food products it is likely that the Company will be negatively affected by the Covid-19 pandemic. The Company will aim to adjust its activity level and cost structure to the market conditions as best as possible.

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

# Income statement for 2020

	Notes	2020 DKK	2019 DKK
<b>Gross profit/loss</b>	2	<b>59,336,406</b>	<b>57,026,834</b>
Staff costs	3	(39,629,841)	(40,071,758)
Depreciation, amortisation and impairment losses	4	(4,347,108)	(3,987,339)
<b>Operating profit/loss</b>		<b>15,359,457</b>	<b>12,967,737</b>
Other financial income	5	165,904	724,555
Financial expenses from group enterprises		(2,584,746)	(952,731)
Other financial expenses		(4,677,395)	(5,363,672)
<b>Profit/loss before tax</b>		<b>8,263,220</b>	<b>7,375,889</b>
Tax on profit/loss for the year	6	(2,340,000)	(1,892,507)
<b>Profit/loss for the year</b>	7	<b>5,923,220</b>	<b>5,483,382</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Land and buildings		22,848,504	23,143,686
Plant and machinery		29,757,483	29,073,523
Other fixtures and fittings, tools and equipment		891,177	779,345
Leasehold improvements		655,609	0
<b>Property, plant and equipment</b>	8	<b>54,152,773</b>	<b>52,996,554</b>
Investments in group enterprises		0	0
Deferred tax	10	0	1,852,000
<b>Financial assets</b>	9	<b>0</b>	<b>1,852,000</b>
<b>Fixed assets</b>		<b>54,152,773</b>	<b>54,848,554</b>
Raw materials and consumables		13,034,782	4,456,669
Work in progress		6,412,315	5,081,123
Manufactured goods and goods for resale		3,516,697	6,206,123
<b>Inventories</b>		<b>22,963,794</b>	<b>15,743,915</b>
Trade receivables		23,276,462	30,967,377
Receivables from group enterprises	11	9,850,111	11,963,781
Other receivables		2,064,708	596,403
Prepayments	12	913,080	914,597
<b>Receivables</b>		<b>36,104,361</b>	<b>44,442,158</b>
Other investments		6,573	7,333
<b>Other investments</b>		<b>6,573</b>	<b>7,333</b>
<b>Current assets</b>		<b>59,074,728</b>	<b>60,193,406</b>
<b>Assets</b>		<b>113,227,501</b>	<b>115,041,960</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital	13	3,500,000	3,500,000
Retained earnings		15,558,426	9,635,206
<b>Equity</b>		<b>19,058,426</b>	<b>13,135,206</b>
Deferred tax	10	488,000	0
<b>Provisions</b>		<b>488,000</b>	<b>0</b>
Mortgage debt		2,665,446	3,364,093
Lease liabilities		557,415	356,735
Payables to group enterprises		8,525,642	8,440,432
Payables to shareholders and management		3,060,574	3,028,988
Other payables		3,498,731	1,441,489
Deferred income	14	2,843,693	3,089,481
<b>Non-current liabilities other than provisions</b>	<b>15</b>	<b>21,151,501</b>	<b>19,721,218</b>
Current portion of non-current liabilities other than provisions	15	1,116,692	1,579,820
Bank loans		48,789,793	48,377,837
Trade payables		8,248,810	12,785,325
Other payables		14,374,279	19,442,554
<b>Current liabilities other than provisions</b>		<b>72,529,574</b>	<b>82,185,536</b>
<b>Liabilities other than provisions</b>		<b>93,681,075</b>	<b>101,906,754</b>
<b>Equity and liabilities</b>		<b>113,227,501</b>	<b>115,041,960</b>
Events after the balance sheet date	1		
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# Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	3,500,000	9,635,206	13,135,206
Profit/loss for the year	0	5,923,220	5,923,220
<b>Equity end of year</b>	<b>3,500,000</b>	<b>15,558,426</b>	<b>19,058,426</b>

# Notes

## 1 Events after the balance sheet date

Even though the Company produces food products it is likely that the Company will be negatively affected by the Covid-19 pandemic. The Company will aim to adjust its activity level and cost structure to the market conditions as best as possible.

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

## 2 Gross profit/loss

In the financial period there has been given a grant due to the consequences of Covid-19. The grant has been included in other operating income and so in the gross profit/loss. The received grant totals to DKK 1,175k.

## 3 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	34,779,271	35,022,859
Pension costs	3,001,189	3,051,957
Other social security costs	1,047,092	1,095,540
Other staff costs	802,289	901,402
	<b>39,629,841</b>	<b>40,071,758</b>
Average number of full-time employees	92	92

	<b>Remuneration of management 2020 DKK</b>	<b>Remuneration of management 2019 DKK</b>
Total amount for management categories	1,733,562	1,774,254
	<b>1,733,562</b>	<b>1,774,254</b>

## 4 Depreciation, amortisation and impairment losses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	4,347,108	3,987,339
	<b>4,347,108</b>	<b>3,987,339</b>

## 5 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	165,904	403,386
Exchange rate adjustments	0	316,292
Other financial income	0	4,877
	<b>165,904</b>	<b>724,555</b>

## 6 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	2,317,000	2,438,500
Adjustment concerning previous years	23,000	0
Refund in joint taxation arrangement	0	(545,993)
	<b>2,340,000</b>	<b>1,892,507</b>

## 7 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	5,923,220	5,483,382
	<b>5,923,220</b>	<b>5,483,382</b>

## 8 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	37,249,441	79,958,864	1,761,127	0
Additions	0	4,676,171	306,221	662,879
Disposals	0	(194,586)	0	0
<b>Cost end of year</b>	<b>37,249,441</b>	<b>84,440,449</b>	<b>2,067,348</b>	<b>662,879</b>
Depreciation and impairment losses beginning of year	(14,105,755)	(50,885,341)	(981,782)	0
Depreciation for the year	(295,182)	(3,850,267)	(194,389)	(7,270)
Reversal regarding disposals	0	52,642	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(14,400,937)</b>	<b>(54,682,966)</b>	<b>(1,176,171)</b>	<b>(7,270)</b>
<b>Carrying amount end of year</b>	<b>22,848,504</b>	<b>29,757,483</b>	<b>891,177</b>	<b>655,609</b>
Recognised assets not owned by entity	0	517,731	121,728	



## 9 Financial assets

	<b>Investments in group enterprises DKK</b>
Cost beginning of year	85,000
<b>Cost end of year</b>	<b>85,000</b>
Impairment losses beginning of year	(85,000)
<b>Impairment losses end of year</b>	<b>(85,000)</b>
<b>Carrying amount end of year</b>	<b>0</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Oyster Boat ApS	Lemvig	ApS	51

## 10 Deferred tax

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Intangible assets	817,000	1,225,700
Property, plant and equipment	(5,258,000)	(4,992,300)
Financial assets	(695,000)	(625,900)
Receivables	680,000	733,600
Tax losses carried forward	3,968,000	5,510,900
<b>Deferred tax</b>	<b>(488,000)</b>	<b>1,852,000</b>

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
<b>Changes during the year</b>		
Beginning of year	1,852,000	4,290,500
Recognised in the income statement	(2,317,000)	(2,438,500)
Adjustment concerning previous years	(23,000)	0
<b>End of year</b>	<b>(488,000)</b>	<b>1,852,000</b>

Based on the budget for 2021 and managements expectations for the tax income for the joint taxation in the coming 3-5 years, management has estimated that the full deferred tax asset can be used within a period of 3-5 years, why the full deferred tax asset has been booked.

## 11 Receivables from group enterprises

The primary part of receivables with group enterprise is not expected to be settled within the next 12 months, of which DKK 500k relates to a deposit to Nordisk Krabbe Kompagni A/S.

## 12 Prepayments

Prepayments consists of prepaid interest, insurance and other expenses.

## 13 Share capital

	<b>Number</b>	<b>Par value</b>	<b>Nominal</b>
		<b>DKK</b>	<b>value</b>
			<b>DKK</b>
Contributed capital	3,500,000	1	3,500,000
	<b>3,500,000</b>		<b>3,500,000</b>

## 14 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.

### 15 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Mortgage debt	698,647	687,300	2,665,446	294
Lease liabilities	0	646,731	557,415	0
Payables to group enterprises	0	0	8,525,642	0
Payables to shareholders and management	0	0	3,060,574	0
Other payables	172,256	0	3,498,731	2,944,921
Deferred income	245,789	245,789	2,843,693	1,614,750
	<b>1,116,692</b>	<b>1,579,820</b>	<b>21,151,501</b>	<b>4,559,965</b>

### 16 Financial instruments

Other payables contains fair value on forward exchange contracts with a carrying amount of DKK 1,049k. The company has signed forward exchange contracts to partially cover the exchange risk of trade payables in USD by USD 5,500k. (DKK 33,300k). The forward exchange contracts are due within 1-5 months.

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

### 17 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	4,574,647	3,514,469
Liabilities under rental agreements or leases with group enterprises until expiry	500,000	0

### 18 Contingent liabilities

The Company participates in joint taxation (DK) with Jysk Industri Holding A/S as the administration company and, consequently, is jointly and severally liable 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.

### 19 Assets charged and collateral

Debt to Realkredit Danmark A/S is secured by way of charge on plant with a carrying amount of DKK 22,848k at December 31, 2020.

Debt to Danske Bank is secured by buildings (maximum DKK 11,700k) with a carrying amount of DKK 22,848k at December 31, 2020.

Debt to Danske Bank is secured on movable property (maximum DKK 3,600k) with a carrying amount of DKK 23,276k at December 31, 2020.

Debt to Danske Bank and Vestjysk Bank is secured by way of general floating charges of DKK 48,000k corresponding to an asset value of DKK 77,545k at December 31, 2020.

Debt to Danske Bank and Vestjysk Bank is secured by way of general floating charges of DKK 15,000k corresponding to an asset value of DKK 46,240k at December 31, 2020.

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

## **20 Related parties with controlling interest**

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

Jeka Fish Holding ApS, Bymose Park 6, 3200 Helsingør, Denmark. Principal shareholder.

Deltaq Portefølje Holding VI ApS, Bymose Park 6, 3200 Helsingør, Denmark. Principal shareholder of Jeka Fish Holding ApS.

Jysk Industri Holding A/S, Bymose Park 6, 3200 Helsingør, Denmark. Owner of Deltaq Portefølje Holding VI ApS.

## **21 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 2020.

## **22 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, which is also the largest group.

# Accounting policies

## Reporting class

This annual report has been prepared 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 nonmonetary 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, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

**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.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

**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, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Amortisation, depreciation and impairment losses relating to 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 property, plant and equipment.

**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.

**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.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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
Leasehold improvements	5-15 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 measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

**Deferred tax**

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

**Receivables**

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

**Prepayments**

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

**Other investments**

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

**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.

**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.