Cabinplant A/S

Roesbjergvej 9, 5683 Haarby
CVR no. 76 16 53 19

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 10.05.22

Jan Helskov Hansen
Dirigent

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Group information etc.

The company

Cabinplant A/S
Roesbjergvej 9
5683 Haarby
Tel.: 63 73 20 20
Website: www.cabinplant.com
Registered office: Assens
CVR no.: 76 16 53 19
Financial year: 01.01 - 31.12

Executive Board

CEO Lars Ryholl
CFO Jan Helskov Hansen

Board of Directors

Robert Stephen Janek
Marc Frederick Plastow
CFO Jan Helskov Hansen

Auditors

Beierholm
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 01.01.21 - 31.12.21 for Cabinplant A/S.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.21 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.01.21 - 31.12.21.

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.

Haarby, May 10, 2022

Executive Board

Lars Ryholl CEO	Jan Helskov Hansen CFO

Board of Directors

Robert Stephen Janek	Marc Frederick Plastow	Jan Helskov Hansen CFO

To the Shareholders of Cabinplant A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of Cabinplant A/S for the financial year 01.01.21 - 31.12.21, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.21 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.21 - 31.12.21 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 consolidated financial statements and parent company financial statements” section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management’s review

Management is responsible for management’s review.

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

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

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

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

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

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

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

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

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

Odense, May 10, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Welinder

State Authorized Public Accountant
MNE-no. mne23366

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2021	2020	2019	2018	2017
Profit/loss					
Revenue	379,259	317,868	388,918	392,254	324,770
Gross profit	82,175	52,944	67,348	61,118	48,641
Operating profit	47,119	25,885	28,855	20,069	11,950
Total net financials	222	-4,937	-2,381	313	-1,809
Profit for the year	36,619	16,217	20,197	15,756	6,863
Balance					
Total assets	310,882	307,318	191,767	194,817	169,961
Investments in property, plant and equipment	5,083	31,368	15,067	448	426
Equity	137,778	100,718	85,079	65,113	51,411
Cashflow					
Net cash flow:					
Operating activities	34,442	63,841	-18,774	25,388	21,857
Investing activities	-8,000	-37,047	-16,946	-6,392	-8,097
Financing activities	-27,442	24,710	-6,314	-1,671	-3,886
Cash flows for the year	-1,000	51,504	-42,034	17,325	9,874

Ratios

	2021	2020	2019	2018	2017
Profitability					
Return on equity	31%	17%	27%	27%	14%
Gross margin	22%	17%	17%	16%	15%
Equity ratio					
Solvency ratio	44%	33%	44%	33%	30%
Others					
Number of employees (average)	282	288	309	298	293

In 2020, the company changed its accounting policies for foreing currency translation reserve. The change in accounting policy has no impact on the net profit/loss for the year, balance sheet total or equity.

Ratios definitions

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

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

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

Primary activities

The group's activities is to engage in the development, production and sales of machines and high-tech processing and weighing/packing lines for the food processing industry.

The solutions are sold domestically and worldwide directly from the parent company and its sales subsidiaries in Poland, Germany, USA and Spain as well as from a network of sales agents in more than 35 countries.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a profit/loss of DKK 36,619,494 against DKK 16,216,920 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK 137,777,542.

The company's operations have not been affected more by COVID-19 implications than in 2020, although travelling restrictions have had a negative influence upon sales activities.

Under these conditions the management considers the net profit for the year to be very satisfactory.

Outlook

The company expects activities and profits at a higher level for 2022.

Knowledge resources

Each year the company invests considerable resources in training and development of the company's employees at all levels of the organisation. This is based on a systematic and targeted approach in the form of both compulsory and voluntary training of the company's employees. Investments in competence development are increasing and constitute an essential pillar in the company's continued development.

Financial risks

Due to its operations, investments and financing, the group is exposed to financial risks. The group's policy is not to speculate actively in financial risks. None of the below-mentioned risks are seen to have a material influence on ongoing operations and results.

Price risks

The group is exposed to commodity price risks, as the group's products contain various raw materials which are subject to fluctuating prices, primarily steel and aluminium. Commodity price risks are not hedged. Previously, the impact on the group's results has been limited, as price fluctuations of the most important raw materials used are primarily passed on to the group's selling prices.

Foreign currency risks

The group is exposed to foreign currency risks primarily from EUR, GBP, NOK and USD due to purchase and sales transactions that are settled in currencies other than DKK.

Interest rate risks

The group has a large proportion of variable-rate assets and liabilities and is therefore exposed to interest rate risks.

Credit risks

The group's primary credit risk relates to trade receivables.

The credit risk on work in progress for third parties is limited.

Liquidity risks

The group is exposed to liquidity risks due to its ongoing activities and repayment agreements for loan finance.

Research and development activities

Product research activities proceeded satisfactorily during the past year. Product research was implemented particularly for the weighing/packing segments resulting in new market leading solusions.

Subsequent events

No important events have occurred after the end of the financial year to this date which would influence the evaluation of this annual report.

Corporate social responsibility

Business model

Precise by nature sums up the heart and soul of Cabinplant. The nature of our brand. The way we work with constant care. Our reason d'être.

We believe precision is key when it comes to exploiting the full potential in food processing by optimizing yield, throughput, and product quality. And we believe that our industry know-how is the enabler.

We've been pioneering food processing since 1969. With more than 50 years of experience, our track record is a testament to our expertise. We know our customers, their raw materials, and their markets.

This enables us to deliver tailor-made products and solutions with built-in know-how, state-of-the-art technology, and superior precision.

We constantly strive to innovate new things and drive market standards across the international food industry. We're passionate team workers, and we're truly dedicated when it comes to engineering industry-leading solutions with clients from all around the world.

The company wishes to develop its core business and meet its strategic challenges in a financially and socially responsible way. This means that the company complies with legislation in the countries and local communities in which it operates, and that the company implements voluntary activities and commitments of a socially responsible character to attain the strategic objects.

Environmental Policy

The company is constantly engaged in optimization of resource application to continuously minimize the main environmental impacts. The company focuses on optimizing their products in terms of energy and productivity. The company has a working environment policy that includes employee satisfaction and job satisfaction.

Policy for social and employee relations

The majority of the company is run in Denmark, where the social and employee conditions are highly regulated by legislation and norms that ensure good conditions for all employees. We employ people with a professional attitude and respect cultural differences.

Policy for human rights

We support the protection of human rights and it is an integral part of our General Company Employer Policies.

Anti-corruption and bribery

Management does not accept corruption, bribery or extortion in any form. Being part of the Berkshire-Hathaway group means that Cabinplant is applying the highest standards and code-of -conduct in regards to ethical and legal business performance.

Gender diversity

Target figures for the supreme management body

The Board of Directors has set a target figure of 40% for the underrepresented gender on the Board of Directors, corresponding to 2 out of 5 board members. At the moment The Board of Directors contains 3 board members and the target figure is 33% for the underrepresented gender .

Policy to increase the share of the underrepresented gender at other management levels

The company promotes equal opportunities for the individual manager's career development

Development initiatives contain:

- Support for preparation of individual career plans
- Mentoring schemes
- Staff policy to promote equal career opportunities for both genders
- Recruitment procedures that help ensure uniform recruitment opportunities for both genders

Data ethics

Statement on data ethics can be found on the website of the company www.cabinplant.com/about-us/personal-data-handling .

Income statement

Note		Group 2021 DKK	Group 2020 DKK	Parent 2021 DKK	Parent 2020 DKK
2	**Revenue**	**379,259,264**	**317,868,480**	**372,870,672**	**310,959,094**
	Production costs	-297,084,334	-264,924,825	-309,784,838	-273,607,803
	Gross profit	**82,174,930**	**52,943,655**	**63,085,834**	**37,351,291**
	Distribution costs	-19,626,224	-18,602,542	-11,469,605	-10,404,626
	Administration costs	-15,556,249	-12,782,427	-12,733,728	-10,166,554
	Other operating income	126,090	5,157,952	-300,000	4,914,263
	Other operating expenses	0	-831,560	0	-831,560
	Operating profit	**47,118,547**	**25,885,078**	**38,582,501**	**20,862,814**
	Income from equity investments in group enterprises	0	0	6,191,636	3,511,111
5	Financial income	2,254,685	2,785,083	2,509,531	3,142,228
6	Financial expenses	-2,032,649	-7,721,826	-2,147,634	-7,901,760
	Profit before tax	**47,340,583**	**20,948,335**	**45,136,034**	**19,614,393**
	Tax on profit for the year	-10,721,089	-4,731,415	-8,516,540	-3,397,473
	Profit for the year	**36,619,494**	**16,216,920**	**36,619,494**	**16,216,920**

Proposed appropriation account

	Group 2021 DKK	Group 2020 DKK	Parent 2021 DKK	Parent 2020 DKK
Reserve for net revaluation according to the equity method	0	0	6,897,589	1,786,204
Retained earnings	36,619,494	16,216,920	29,721,905	14,430,716
Total	**36,619,494**	**16,216,920**	**36,619,494**	**16,216,920**

Balance sheet

ASSETS

Note		Group 31.12.21 DKK	Group 31.12.20 DKK	Parent 31.12.21 DKK	Parent 31.12.20 DKK
	Completed development projects	21,823,617	5,099,687	21,823,595	5,099,665
	Goodwill	121,801	243,603	0	0
	Development projects in progress	1,087,830	16,206,005	1,087,830	16,206,005
8	**Total intangible assets**	**23,033,248**	**21,549,295**	**22,911,425**	**21,305,670**
	Land and buildings	52,054,454	53,561,716	41,515,059	42,623,286
	Plant and machinery	2,338,837	1,643,250	1,846,268	1,190,468
	Other fixtures and fittings, tools and equipment	7,110,726	6,490,588	5,444,405	5,626,000
	Property, plant and equipment under construction	399,966	401,961	0	0
9	**Total property, plant and equipment**	**61,903,983**	**62,097,515**	**48,805,732**	**49,439,754**
10	Equity investments in group enterprises	0	0	27,009,755	20,103,728
11	Deposits	61,251	61,251	61,251	61,251
	Total investments	**61,251**	**61,251**	**27,071,006**	**20,164,979**
	Total non-current assets	**84,998,482**	**83,708,061**	**98,788,163**	**90,910,403**
	Raw materials and consumables	32,311,682	25,787,250	28,864,852	23,205,751
	Manufactured goods and goods for resale	8,196,602	10,075,126	8,196,602	10,075,126
	Total inventories	**40,508,284**	**35,862,376**	**37,061,454**	**33,280,877**
12	Work in progress for third parties	36,152,726	52,058,069	31,185,233	52,058,069
	Trade receivables	82,528,072	63,749,977	76,927,051	61,822,394
	Receivables from group enterprises	0	15,424	6,249,705	4,325,966
	Deferred tax asset	0	670,016	0	0
	Income tax receivable	154,604	3,560,288	862,878	3,380,804
	Other receivables	1,988,199	1,488,651	1,669,730	624,758
13	Prepayments	5,052,476	5,699,719	4,699,375	5,535,884
	Total receivables	**125,876,077**	**127,242,144**	**121,593,972**	**127,747,875**
	Cash	**59,499,112**	**60,505,675**	**50,642,589**	**55,833,699**
	Total current assets	**225,883,473**	**223,610,195**	**209,298,015**	**216,862,451**
	Total assets	**310,881,955**	**307,318,256**	**308,086,178**	**307,772,854**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		31.12.21 DKK	31.12.20 DKK	31.12.21 DKK	31.12.20 DKK
14	Share capital	1,050,000	1,050,000	1,050,000	1,050,000
	Reserve for net revaluation according to the equity method	0	0	19,156,610	12,250,583
	Reserve for development costs	0	0	17,870,912	16,618,423
	Cash flow hedging reserve	468,862	37,549	468,862	37,549
	Retained earnings	136,258,680	99,630,748	99,231,158	70,761,742
	Total equity	**137,777,542**	**100,718,297**	**137,777,542**	**100,718,297**
15	Provisions for deferred tax	13,180,336	11,760,953	13,453,634	11,683,704
	Total provisions	**13,180,336**	**11,760,953**	**13,453,634**	**11,683,704**
16	Mortgage debt	9,958,978	12,359,797	9,595,954	10,599,802
16	Payables to other credit institutions	0	853,770	0	0
16	Lease commitments	2,220,630	1,994,375	2,220,630	1,994,375
16	Payables to group enterprises	0	25,680,503	0	25,680,503
16	Other payables	12,432,822	6,847,925	12,432,822	6,847,925
	Total long-term payables	**24,612,430**	**47,736,370**	**24,249,406**	**45,122,605**
16	Short-term part of long-term payables	5,524,601	9,727,048	2,632,117	8,372,627
	Payables to other credit institutions	0	6,828	0	0
12	Prepayments received from work in progress for third parties	64,378,450	67,701,277	64,378,450	67,701,277
	Prepayments received from customers	2,549,675	2,661,571	0	0
	Trade payables	41,879,081	36,360,600	33,389,892	36,028,114
	Payables to group enterprises	0	0	13,646,175	10,184,016
	Other payables	20,979,840	30,645,312	18,558,962	27,962,214
	Total short-term payables	**135,311,647**	**147,102,636**	**132,605,596**	**150,248,248**
	Total payables	**159,924,077**	**194,839,006**	**156,855,002**	**195,370,853**
	Total equity and liabilities	**310,881,955**	**307,318,256**	**308,086,178**	**307,772,854**

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Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Cash flow hedging reserve	Retained earnings	Total equity
Group:						
Statement of changes in equity for 01.01.21 - 31.12.21						
Balance as at 01.01.21	1,050,000	0	0	37,549	99,630,748	100,718,297
Foreign currency translation adjustment of foreign enterprises	0	0	0	0	8,438	8,438
Fair value adjustment of hedging instruments	0	0	0	552,966	0	552,966
Tax on changes in equity	0	0	0	-121,653	0	-121,653
Net profit/loss for the year	0	0	0	0	36,619,494	36,619,494
Balance as at 31.12.21	1,050,000	0	0	468,862	136,258,680	137,777,542
Parent:						
Statement of changes in equity for 01.01.21 - 31.12.21						
Balance as at 01.01.21	1,050,000	12,250,583	16,618,423	37,549	70,761,742	100,718,297
Foreign currency translation adjustment of foreign enterprises	0	8,438	0	0	0	8,438
Total depreciation, amortisation, impairment losses and write-downs during the year	0	0	1,252,489	0	-1,252,489	0
Fair value adjustment of hedging instruments	0	0	0	552,966	0	552,966
Tax on changes in equity	0	0	0	-121,653	0	-121,653
Net profit/loss for the year	0	6,897,589	0	0	29,721,905	36,619,494
Balance as at 31.12.21	1,050,000	19,156,610	17,870,912	468,862	99,231,158	137,777,542

Consolidated cash flow statement

Note		Group 2021 DKK	Group 2020 DKK
	Profit for the year	**36,619,494**	**16,216,920**
23	Adjustments	16,554,637	11,527,630
	Change in working capital:		
	Inventories	-4,645,908	1,214,396
	Receivables	-8,329,344	2,672,585
	Trade payables	5,518,481	42,406,909
	Other payables relating to operating activities	-6,975,659	0
	Cash flows from operating activities before net financials	**38,741,701**	**74,038,440**
	Interest income and similar income received	2,848,912	2,785,083
	Interest expenses and similar expenses paid	-2,626,876	-7,721,826
	Income tax paid	-4,521,337	-5,260,724
	Cash flows from operating activities	**34,442,400**	**63,840,973**
	Purchase of intangible assets	-3,109,947	-5,793,667
	Purchase of property, plant and equipment	-5,082,631	-31,367,929
	Sale of property, plant and equipment	192,701	97,473
	Sale of subsidaries and operations	0	16,902
	Cash flows from investing activities	**-7,999,877**	**-37,047,221**
	Repayment of mortgage debt	-987,011	-978,185
	Arrangement of payables to credit institutions	0	277,133
	Repayment of payables to credit institutions	-853,770	0
	Repayment of lease commitments	182,218	0
	Repayment of payables to group entreprises	-25,680,503	25,411,063
	Repayment of other long-term payables	-103,192	0
	Cash flows from financing activities	**-27,442,258**	**24,710,011**
	Total cash flows for the year	**-999,735**	**51,503,763**
	Cash, beginning of year	60,505,675	8,995,084
	Short-term payables to credit institutions, beginning of year	-6,828	0
	Cash, end of year	**59,499,112**	**60,498,847**
	Cash, end of year, comprises:		
	Cash	59,499,112	60,505,675
	Short-term payables to credit institutions	0	-6,828
	Total	**59,499,112**	**60,498,847**

1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

		Group		Parent	
Special items:	Recognised in the income statement in:	2021 DKK	2020 DKK	2021 DKK	2020 DKK
Public grants	Other operating income	-201,315	4,736,140	-300,000	4,636,963
Gain on the disposal of property, plant and equipment	Other operating income	127,696	67,603	0	10,000
Reversal of impairment losses on property, plant and equipment	Depreciation and amortisation of and impairment losses on intangible assets and property, plant and equipment	97,790	0	0	0
Loss on disposal of property, plant and equipment	Other operating expenses	0	-831,560	0	-831,560
Total		24,171	3,972,183	-300,000	3,815,403

The company's operations and liquidity have been negatively affected by the spread of coronavirus (COVID-19) in March and April 2020. Public grants consist of aid schemes for compensation for wages and salaries.

	Group		Parent	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK

2. Revenue

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

Revenue comprises the following activities:

Revenue, activity	379,259,264	317,868,480	372,870,672	310,959,094

Revenue comprises the following geographical markets:

Revenue, Denmark	24,551,940	26,411,709	24,551,940	26,411,709
Revenue, rest of Europe	193,427,351	168,882,539	200,288,019	182,078,277
Revenue, other countries	161,279,973	122,574,232	148,030,713	102,469,108
Total	379,259,264	317,868,480	372,870,672	310,959,094

3. Employee aspects

Wages and salaries	132,780,078	129,280,771	118,187,758	115,008,282
Pensions	9,296,138	9,515,959	9,213,765	9,444,348
Other social security costs	4,817,566	4,414,263	2,091,225	1,752,032
Other staff costs	3,747,062	3,523,074	3,328,458	3,077,230
Total	150,640,844	146,734,067	132,821,206	129,281,892
Average number of employees during the year	282	288	221	225

Remuneration for the management:

Salaries for the Executive Board	3,323,026	2,143,959	3,323,026	2,143,959
Remuneration for the Board of Directors	0	0	0	0
Remuneration for the Executive Board and Board of Directors	3,323,026	2,143,959	3,323,026	2,143,959

	Group		Parent	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK

4. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	285,000	288,000	224,000	232,000
Other services	75,700	3,700	75,700	3,700
Total	360,700	291,700	299,700	235,700

5. Financial income

Interest, group enterprises	0	0	255,351	357,006
Other interest income	7,050	38,188	7,050	38,327
Foreign exchange gains	2,193,667	2,746,895	2,193,667	2,746,895
Other financial income	53,968	0	53,463	0
Other financial income	2,254,685	2,785,083	2,254,180	2,785,222
Total	2,254,685	2,785,083	2,509,531	3,142,228

6. Financial expenses

Interest, group enterprises	356,734	383,732	695,173	695,224
Other interest expenses	669,326	632,864	569,388	630,257
Foreign exchange losses	0	6,115,802	0	6,115,802
Other financial expenses	1,006,589	589,428	883,073	460,477
Other financial expenses total	1,675,915	7,338,094	1,452,461	7,206,536
Total	2,032,649	7,721,826	2,147,634	7,901,760

7. Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	6,897,589	1,786,204
Retained earnings	36,619,494	16,216,920	29,721,905	14,430,716
Total	36,619,494	16,216,920	36,619,494	16,216,920

8. Intangible assets

Figures in DKK	Completed development projects	Goodwill	Development projects in progress
Group:			
Cost as at 01.01.21	42,283,151	2,273,782	16,206,005
Additions during the year	0	0	3,109,947
Transfers during the year to/from other items	18,228,122	0	-18,228,122
Cost as at 31.12.21	60,511,273	2,273,782	1,087,830
Amortisation and impairment losses as at 01.01.21	-37,183,464	-2,030,179	0
Amortisation during the year	-1,504,192	-121,802	0
Amortisation and impairment losses as at 31.12.21	-38,687,656	-2,151,981	0
Carrying amount as at 31.12.21	21,823,617	121,801	1,087,830
Parent:			
Cost as at 01.01.21	41,848,662	0	16,206,005
Additions during the year	0	0	3,109,947
Transfers during the year to/from other items	18,228,122	0	-18,228,122
Cost as at 31.12.21	60,076,784	0	1,087,830
Amortisation and impairment losses as at 01.01.21	-36,748,997	0	0
Amortisation during the year	-1,504,192	0	0
Amortisation and impairment losses as at 31.12.21	-38,253,189	0	0
Carrying amount as at 31.12.21	21,823,595	0	1,087,830

Development and production of machines and high-tech processing and weighing/packing lines for the food proccessing industry.

9. Property, plant and equipment

Figures in DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Group:				
Cost as at 01.01.21	87,899,540	20,620,233	21,437,655	401,961
Foreign currency translation adjustment of foreign enterprises	-382,377	-459,095	-141,145	-1,995
Additions during the year	718,755	975,000	3,388,876	0
Disposals during the year	0	-2,423,726	-1,896,752	0
Cost as at 31.12.21	88,235,918	18,712,412	22,788,634	399,966
Depreciation and impairment losses as at 01.01.21	-34,337,824	-18,976,983	-14,947,067	0
Foreign currency translation adjustment of foreign enterprises	328,081	604,416	139,074	0
Depreciation during the year	-2,171,721	-429,276	-2,697,121	0
Reversal of depreciation of and impairment losses on disposed assets	0	2,428,268	1,827,206	0
Depreciation and impairment losses as at 31.12.21	-36,181,464	-16,373,575	-15,677,908	0
Carrying amount as at 31.12.21	52,054,454	2,338,837	7,110,726	399,966
Parent:				
Cost as at 01.01.21	72,619,208	14,263,537	19,152,372	0
Additions during the year	718,755	975,000	2,129,439	0
Disposals during the year	0	-1,680,000	-1,166,700	0
Cost as at 31.12.21	73,337,963	13,558,537	20,115,111	0
Depreciation and impairment losses as at 01.01.21	-29,995,922	-13,073,069	-13,526,372	0
Depreciation during the year	-1,826,982	-319,200	-2,311,034	0
Reversal of depreciation of and impairment losses on disposed assets	0	1,680,000	1,166,700	0
Depreciation and impairment losses as at 31.12.21	-31,822,904	-11,712,269	-14,670,706	0
Carrying amount as at 31.12.21	41,515,059	1,846,268	5,444,405	0
Carrying amount of assets held under finance leases as at 31.12.21	0	0	3,857,890	0

10. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Cost as at 01.01.21	7,853,145
Cost as at 31.12.21	7,853,145
Revaluations as at 01.01.21	7,610,935
Foreign currency translation adjustment of foreign enterprises	8,438
Amortisation of goodwill	-121,802
Net profit/loss from equity investments	6,313,438
Revaluations as at 31.12.21	13,811,009
Depreciation and impairment losses as at 01.01.21	4,639,648
Negative equity value impaired in receivables	705,953
Depreciation and impairment losses as at 31.12.21	5,345,601
Carrying amount as at 31.12.21	27,009,755

The item comprises goodwill as at 31.12.21 of	121,801
Positive balances ascertainable on initial recognition of equity investments measured at equity value	2,273,782

Name and registered office:	Ownership interest	Equity DKK	Net profit/loss for the year DKK	Recognised value DKK
Subsidiaries:				
Cabinplant Deutschland GmbH, Hermsdorf	100%	9,821,709	1,343,775	9,821,709
Cabinplant Sp. Z.o.o., Katy Wroclawskie	100%	11,237,043	469,574	11,237,043
Cabinplant SL, Barcelona	100%	-5,345,601	-706,633	0
Cabinplant Inc., Georgia, USA	100%	5,951,003	5,084,920	5,951,003

11. Other non-current financial assets

Figures in DKK	Deposits
Group:	
Cost as at 01.01.21	61,251
Cost as at 31.12.21	61,251
Carrying amount as at 31.12.21	61,251
Parent:	
Cost as at 01.01.21	61,251
Cost as at 31.12.21	61,251
Carrying amount as at 31.12.21	61,251

	Group		Parent	
	31.12.21 DKK	31.12.20 DKK	31.12.21 DKK	31.12.20 DKK

12. Work in progress for third parties

Work in progress for third parties	98,121,052	105,720,678	98,121,052	105,720,678
On-account invoicing	-61,968,326	-53,662,609	-66,935,819	-53,662,609
Total work in progress for third parties	36,152,726	52,058,069	31,185,233	52,058,069
Prepayments received from work in progress for third parties, short-term payables	-64,378,450	-67,701,277	-64,378,450	-67,701,277

13. Prepayments

Prepaid insurance premiums	950,770	1,239,386	950,770	1,239,386
Prepaid suppliers	2,979,691	2,362,975	2,626,590	2,199,140
Other prepayments	1,122,015	2,097,358	1,122,015	2,097,358
Total	5,052,476	5,699,719	4,699,375	5,535,884

14. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	1,050	1,050,000

	Group		Parent	
	31.12.21 DKK	31.12.20 DKK	31.12.21 DKK	31.12.20 DKK

15. Deferred tax

	31.12.21 DKK	31.12.20 DKK	31.12.21 DKK	31.12.20 DKK
Deferred tax as at 01.01.21	11,090,937	8,626,196	11,683,704	9,942,836
Deferred tax recognised in the income statement	2,089,399	2,454,150	1,769,930	1,730,277
Deferred tax recognised in equity	0	10,591	0	10,591
Deferred tax as at 31.12.21	13,180,336	11,090,937	13,453,634	11,683,704
Deferred tax is recognized in the balance sheet as:				
Deferred tax asset	0	-670,016	0	0
Provisions for deferred tax	13,180,336	11,760,953	0	0
Total	13,180,336	11,090,937	0	0

As at 31.12.2021, the company has recognised a deferred tax asset of DKK 0k, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

16. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.21	Total payables at 31.12.20
Group:				
Mortgage debt	3,745,687	5,636,378	13,704,665	14,575,805
Payables to other credit institutions	0	0	0	853,770
Lease commitments	1,778,914	68,420	3,999,544	3,817,326
Payables to group enterprises	0	0	0	25,680,503
Other payables	0	11,144,396	12,432,822	12,536,014
Total	5,524,601	16,849,194	30,137,031	57,463,418
Parent:				
Mortgage debt	994,857	5,636,378	10,590,811	11,577,822
Lease commitments	1,637,260	68,420	3,857,890	3,700,893
Payables to group enterprises	0	0	0	25,680,503
Other payables	0	11,144,396	12,432,822	12,536,014
Total	2,632,117	16,849,194	26,881,523	53,495,232

17. Fair value information

Figures in DKK	Derivative financial instruments
Group:	
Fair value as at 31.12.21	-1,162,455
Unrealised changes of fair value recognised in equity for the year	552,966
Parent:	
Fair value as at 31.12.21	-1,162,455
Unrealised changes of fair value recognised in equity for the year	552,966

18. Derivative financial instruments

Parent:

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The company concludes contracts for the sole purpose of hedging the interest risk on future payment of variable interest on mortgage debt.

The interest rate swap has a principal of DKK 10,789k and a maturity of 11 years with expiration on 30.06.32. The interest rate swap has a fair value of DKK -1,162k as at the balance sheet date 31.12.21. The change in fair value has been recognised directly on the equity. The interest rate swap has been concluded with a Danish financial institution.

19. Contingent assets

The entreprise has no contingent assets.

The company has no contingent assets.

20. Contingent liabilities

Group:

Lease commitments

The group has concluded warehouse lease with a notice period of 1-6 months and yearly rent of DKK 825k. The group has concluded other contracts with a short notice period and a yearly payment of DKK 450k.

Parent:

Lease commitments

The company has concluded warehouse lease with a notice period of 6 months and a yearly rent of DKK 472k. The company has concluded other contracts with a short notice period and a yearly payment of DKK 450k.

20. Contingent liabilities - continued -

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company CTB Denmark Holding ApS.

21. Charges and security

Group:

Land and buildings with a carrying amount of DKK 52,054k have been provided as security for mortgage debt of DKK 13,705k. As security for bank engagements a letter of indemnity of DKK 10,000k is registeret.

Parent:

Land and buildings with a carrying amount of DKK 41,515k have been provided as security for mortgage debt of DKK 10,591k. As security for bank engagements a letter of indemnity of DKK 10,000k is registeret.

The company has provided security for group enterprises' facilities to credit institutions. The amount is PLN 45k and EUR 2,450k.

22. Related parties

Controlling influence	Basis of influence
CTB Denmark Holding ApS, København	Ownership

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

Remuneration for the management is specified in note 3. Employee aspects.

The company is included in the consolidated financial statements of the parent CTB Denmark Holding ApS, København.

	Group	
	2021 DKK	2020 DKK
23. Adjustments for the cash flow statement		
Other operating income	-127,696	-5,157,952
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	6,988,323	6,185,864
Other operating expenses	0	831,560
Financial income	-2,848,912	-3,453,420
Financial expenses	2,626,876	8,390,163
Tax on profit or loss for the year	10,721,089	4,731,415
Other adjustments	-805,043	0
Total	16,554,637	11,527,630

24. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

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

24. Accounting policies - continued -

CURRENCY

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

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the

24. Accounting policies - continued -

hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

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.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

24. Accounting policies - continued -

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 in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

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

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.

Other operating income

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

24. Accounting policies - continued -

Depreciation, amortisation and impairment losses

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

	Useful lives, years	Residual value, per cent
Completed development projects	5	0
Goodwill	5	0
Buildings	20-30	0
Plant and machinery	10-20	0
Other plant, fixtures and fittings, tools and equipment	3-8	0

Goodwill is amortised over 5 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

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

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

Other operating expenses

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

Income from equity investments in group entreprises

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

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

24. Accounting policies - continued -

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.

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

Tax on profit/loss for the year

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

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

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

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

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

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated

24. Accounting policies - continued -

amortisation and impairment losses.

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

Goodwill

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

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

Gains and losses on the disposal of intangible assets

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

Property, plant and equipment

Property, plant and equipment comprise land and buildings, plant and machinery 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.

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

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.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

24. Accounting policies - continued -

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

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

Equity investments in group entreprises

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

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

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

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

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.

24. Accounting policies - continued -

Impairment losses on fixed assets

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

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

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

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

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories

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

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

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

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

24. Accounting policies - continued -

Receivables

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

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

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

Work in progress for third parties

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

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

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

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

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

Prepayments

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

Cash

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

24. Accounting policies - continued -

Equity

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

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

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

Current and deferred tax

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

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

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

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

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

24. Accounting policies - continued -

Payables

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

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

Prepayments received from customers

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

CASH FLOW STATEMENT

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

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

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

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

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

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