



## Bogense Plast A/S

Fynsvej 14  
5400 Bogense  
CVR No. 87341119

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 07.04.2021

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**Anja Drewsen**  
Conductor

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# Entity details

## Entity

Bogense Plast A/S

Fynsvej 14

5400 Bogense

CVR No.: 87341119

Registered office: Nordfyns kommune

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Anja Drewsen, chairman

Ib Jensen

Per Grunddal Jørgensen

## Executive Board

Per Grunddal Jørgensen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Bogense Plast 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.

Bogense, 07.04.2021

## Executive Board

**Per Grunddal Jørgensen**

## Board of Directors

**Anja Drewsen**  
chairman

**Ib Jensen**

**Per Grunddal Jørgensen**

# Independent auditor's report

## To the shareholders of Bogense Plast A/S

### Opinion

We have audited the financial statements of Bogense Plast 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.

Odense, 07.04.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Allan Dydensborg Madsen**

State Authorised Public Accountant  
Identification No (MNE) mne34144

# Management commentary

## Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Gross profit/loss	54,915	51,679	50,559	46,146	40,270
Operating profit/loss	13,306	8,429	6,273	2,641	2,714
Net financials	(1,590)	(1,878)	-2,055	-1,961	-1,745
Profit/loss for the year	9,137	5,104	3,287	525	756
Total assets	78,613	69,654	74,627	69,734	71,826
Investments in property, plant and equipment	7,110	5,350	6,596	3,740	12,075
Equity	25,363	21,226	17,122	13,835	13,312
<b>Ratios</b>					
Return on equity (%)	39.22	26.62	21.24	3.87	17.6
Equity ratio (%)	32.26	30.47	22.94	19.84	18.53

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Total assets



### Primary activities

The Company's primary activity consists in production and sale of injection-moulded plastic components as well as assembly.

### Development in activities and finances

With the impact on the market conditions of the ongoing pandemic, and with a new agenda that the company's organization and our valuable customers have had to adapt to, the company has succeeded in navigating safely through a difficult year, where the organization has shown great strength and ability to fast conversion as well as being able to adapt to constantly changing conditions.

In 2020, the company has implemented planned rationalization projects in operations as well as major investments in new technology, which mainly includes additional robot automation and implementation of electrical machines to expand the capacity range. The technology investments are targeted at the trends seen in the market within climate solutions, renewable energy, electrification, and health. Investments in digitalization of work processes as well as in digital integration with customers is an area of focus where the company sees great potential, - this area has been further strengthened. The company's strategic investment in knowledge and technologies for multicomponent injection molding and added value, has gained further momentum in 2020, - and the share of total revenue continues to increase from here.

In 2020, the company has experienced a significant development in access to new projects, especially in very advanced technology areas and materials. The demand for value adding processing continues to grow and our assembling facilities continue to evolve.

Order intake has developed at an acceptable level, and exports to Asia, Germany and especially the USA realized a great increase and created a positive development in gross profit.

The net result for the year 2020 amounted to th.DKK 9,137 against th.DKK 5,104 the year before. The progress in the result must be seen in connection with the fact that through targeted efforts in all areas of operations, significant improvements have been achieved, major investments have been made in the implementation of new technologies with significant reduced energy uptake and in the skills of employees and organizational development. The many initiatives contribute to the company being able to maintain and develop its position as a both national and global oriented preferred technology partner for existing and new customers.

### Uncertainty relating to recognition and measurement

There have been no material uncertainties or unusual matters affecting recognition and measurement.

### Outlook

The market for plastic solutions is growing and there will be an increasing demand for plastic materials the years to come due to growth in markets of megatrends.

The impact of the many initiatives and investments in organization, technologies, and infrastructure, is reflected in optimized solutions of assignments. Digitalization investments in ex. EDI and other integrated IT-solutions with the Company's largest customers and key suppliers, are resulting in even more cost-optimal logistic solutions and better service to customers.

We expect a result for the coming year at the same level as for 2020. We foresee a stable growth in project sales to key customers and for new customers as well. New projects will contribute positively to the business for the coming years. The activity for 2021 is expected to increase slightly (2-5%) comparing to 2020.

### Particular risks

The Company is not exposed to any business or financial risks other than usual risks within the industry. The ongoing pandemic (COVID-19) is at highest level of focus for the management. Risk management plans and procedures are implemented due to constantly new headlines and restrictions announced by the authorities. At the date for this report, we have seen no impact on our business so far. Management expects disruptions on transportation of goods and on access to raw materials together with increasing prices due to reduced capacity if the crisis is prolonged or escalates. Risk management plans are under consideration.

### Intellectual capital resources

The Company has the ambition to be at the forefront of the technologies used in the industry. This generates heavy demands to the company, when it comes to training of employees as well as knowledge gathering and sharing. The company is particularly focused on knowledge sharing through professional networks. To continuously develop technologies and supply competitive products and services, it is crucial for the Company to continue to attract, train and maintain highly qualified staff in all areas important to the Company.

The Company has the ambition of being known for a good working environment, low sickness rate, a good mental working environment and zero tolerance in bullying.

### Environmental performance

The Company monitors all environmental aspects related to the processes and products. The objective of the Company is constantly to carry out continuous improvements and minimize the environmental and work environment impacts that might exist. In addition, there is a close contact and dialogue with the authorities for the areas.

Especially in relation to investments in process equipment the Company focuses on cleaner technologies, resource utilization, energy optimization and recycling of plastics. Environmental management play a central role in the Company's behavior. The Company is environmentally certified since 2007 and has for several years prior to that prepared and submitted green accounts.

In 2019, the Company received Nordfyns Kommune's Environmental award.

Since 2013, the Company has been affiliated with Operation Clean Sweep. It is the Company's objective, through information, procedures and education to ensure that the Company, as well as the Company's trading partners, comply with the intentions of OCS, which ensures that waste from handling plastic pellets is not found in the aquatic environment and in the surrounding nature. The Company's management considers sustainability to be an important parameter for value creation in the industry of the future.

### Research and development activities

The company is certified according to DS / ISO 9001 containing elements from TS16946 and upgraded in 2017 to the latest standard DS / ISO 9001: 2015.

### Events after the balance sheet date

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

# Income statement for 2020

	Notes	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>54,914,824</b>	<b>51,679,402</b>
Staff costs	2	(36,569,589)	(38,561,964)
Depreciation, amortisation and impairment losses	3	(5,039,103)	(4,688,343)
<b>Operating profit/loss</b>		<b>13,306,132</b>	<b>8,429,095</b>
Other financial income		55,907	22,108
Other financial expenses		(1,646,183)	(1,899,883)
<b>Profit/loss before tax</b>		<b>11,715,856</b>	<b>6,551,320</b>
Tax on profit/loss for the year	4	(2,579,091)	(1,447,211)
<b>Profit/loss for the year</b>	5	<b>9,136,765</b>	<b>5,104,109</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Acquired intangible assets		2,224,737	2,192,960
<b>Intangible assets</b>	6	<b>2,224,737</b>	<b>2,192,960</b>
Land and buildings		18,889,683	19,447,210
Plant and machinery		20,027,177	17,152,780
Other fixtures and fittings, tools and equipment		1,654,958	1,538,768
<b>Property, plant and equipment</b>	7	<b>40,571,818</b>	<b>38,138,758</b>
<b>Fixed assets</b>		<b>42,796,555</b>	<b>40,331,718</b>
Raw materials and consumables		5,464,751	5,611,460
Work in progress		2,482,893	3,022,950
Manufactured goods and goods for resale		7,025,062	6,896,030
<b>Inventories</b>		<b>14,972,706</b>	<b>15,530,440</b>
Trade receivables		9,511,514	11,225,338
Contract work in progress	8	673,415	141,754
Other receivables		723,697	645,796
Prepayments	9	1,134,334	1,383,741
<b>Receivables</b>		<b>12,042,960</b>	<b>13,396,629</b>
<b>Cash</b>		<b>8,800,510</b>	<b>395,113</b>
<b>Current assets</b>		<b>35,816,176</b>	<b>29,322,182</b>
<b>Assets</b>		<b>78,612,731</b>	<b>69,653,900</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital	10	500,000	500,000
Retained earnings		16,862,750	15,725,985
Proposed dividend		8,000,000	5,000,000
<b>Equity</b>		<b>25,362,750</b>	<b>21,225,985</b>
Deferred tax	11	2,954,000	2,954,000
<b>Provisions</b>		<b>2,954,000</b>	<b>2,954,000</b>
Mortgage debt		10,657,934	3,036,889
Bank loans		0	3,847,326
Lease liabilities		13,153,346	10,859,325
Debt to other credit institutions		877,975	0
Other payables		3,424,344	1,248,448
<b>Non-current liabilities other than provisions</b>	<b>12</b>	<b>28,113,599</b>	<b>18,991,988</b>
Current portion of non-current liabilities other than provisions	12	4,643,033	4,418,101
Bank loans		0	6,478,061
Contract work in progress	8	624,329	1,130,725
Trade payables		10,789,237	8,712,667
Tax payable		779,091	143,211
Other payables		5,346,692	5,599,162
<b>Current liabilities other than provisions</b>		<b>22,182,382</b>	<b>26,481,927</b>
<b>Liabilities other than provisions</b>		<b>50,295,981</b>	<b>45,473,915</b>
<b>Equity and liabilities</b>		<b>78,612,731</b>	<b>69,653,900</b>
Events after the balance sheet date	1		
Contingent liabilities	13		
Assets charged and collateral	14		
Related parties with controlling interest	15		
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# Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	15,725,985	5,000,000	21,225,985
Ordinary dividend paid	0	0	(5,000,000)	(5,000,000)
Profit/loss for the year	0	1,136,765	8,000,000	9,136,765
<b>Equity end of year</b>	<b>500,000</b>	<b>16,862,750</b>	<b>8,000,000</b>	<b>25,362,750</b>

# Notes

## 1 Events after the balance sheet date

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

## 2 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	32,725,537	34,333,945
Pension costs	2,499,828	2,590,806
Other social security costs	903,306	1,167,952
Other staff costs	440,918	469,261
	<b>36,569,589</b>	<b>38,561,964</b>
Average number of full-time employees	<b>81</b>	<b>87</b>

	<b>Remuneration of management 2020 DKK</b>	<b>Remuneration of management 2019 DKK</b>
Executive Board	1,287,167	0
Board of Directors	90,000	0
Total amount for management categories	0	1,912,374
	<b>1,377,167</b>	<b>1,912,374</b>

## 3 Depreciation, amortisation and impairment losses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	537,897	423,499
Depreciation of property, plant and equipment	4,443,238	4,276,844
Profit/loss from sale of intangible assets and property, plant and equipment	57,968	(12,000)
	<b>5,039,103</b>	<b>4,688,343</b>

## 4 Tax on profit/loss for the year

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	2,579,091	1,143,211
Change in deferred tax	0	304,000
	<b>2,579,091</b>	<b>1,447,211</b>

## 5 Proposed distribution of profit and loss

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Ordinary dividend for the financial year	8,000,000	5,000,000
Retained earnings	1,136,765	104,109
	<b>9,136,765</b>	<b>5,104,109</b>

## 6 Intangible assets

	<b>Acquired intangible assets DKK</b>
Cost beginning of year	3,762,121
Additions	569,674
<b>Cost end of year</b>	<b>4,331,795</b>
Amortisation and impairment losses beginning of year	(1,569,161)
Amortisation for the year	(537,897)
<b>Amortisation and impairment losses end of year</b>	<b>(2,107,058)</b>
<b>Carrying amount end of year</b>	<b>2,224,737</b>

Intangible assets consist of developed and acquired IT-licences. The assets contain external costs and are appraised with reference to the expected support of the Company's main activity.



## 7 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	36,314,875	54,890,990	6,600,068
Additions	167,395	5,918,637	1,023,734
Disposals	(53,249)	0	(520,992)
<b>Cost end of year</b>	<b>36,429,021</b>	<b>60,809,627</b>	<b>7,102,810</b>
Depreciation and impairment losses beginning of year	(16,867,665)	(37,738,210)	(5,061,300)
Depreciation for the year	(696,454)	(3,044,240)	(702,544)
Reversal regarding disposals	24,781	0	315,992
<b>Depreciation and impairment losses end of year</b>	<b>(17,539,338)</b>	<b>(40,782,450)</b>	<b>(5,447,852)</b>
<b>Carrying amount end of year</b>	<b>18,889,683</b>	<b>20,027,177</b>	<b>1,654,958</b>
Recognised assets not owned by entity	0	18,172,751	641,731

## 8 Contract work in progress

	2020 DKK	2019 DKK
Contract work in progress	2,942,085	4,101,565
Progress billings regarding contract work in progress	(2,892,999)	(5,090,795)
Transferred to liabilities other than provisions	624,329	1,130,984
	<b>673,415</b>	<b>141,754</b>

## 9 Prepayments

Prepayments comprises accrual of costs.

## 10 Share capital

	Number	Nominal value DKK
A-shares	500	500,000
	<b>500</b>	<b>500,000</b>

**11 Deferred tax**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Intangible assets	489,000	482,000
Property, plant and equipment	5,620,000	4,770,383
Inventories	209,000	190,000
Receivables	353,000	529,000
Liabilities other than provisions	(3,717,000)	(3,017,383)
<b>Deferred tax</b>	<b>2,954,000</b>	<b>2,954,000</b>

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
<b>Changes during the year</b>		
Beginning of year	2,954,000	2,650,000
Recognised in the income statement	0	304,000
<b>End of year</b>	<b>2,954,000</b>	<b>2,954,000</b>

**12 Non-current liabilities other than provisions**

	<b>Due within 12</b>	<b>Due within 12</b>	<b>Due after</b>	<b>Outstanding</b>
	<b>months</b>	<b>months</b>	<b>more than 12</b>	<b>after 5 years</b>
	<b>2020</b>	<b>2019</b>	<b>months</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>	<b>2020</b>	<b>DKK</b>
	<b>DKK</b>	<b>DKK</b>	<b>DKK</b>	<b>DKK</b>
Mortgage debt	799,552	764,633	10,657,934	7,440,076
Bank loans	0	797,414	0	0
Lease liabilities	3,744,311	2,856,054	13,153,346	5,606,327
Debt to other credit institutions	99,170	0	877,975	407,580
Other payables	0	0	3,424,344	0
	<b>4,643,033</b>	<b>4,418,101</b>	<b>28,113,599</b>	<b>13,453,983</b>

### 13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Grunddal Drewsen Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

### 14 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties at a carrying DKK 18,890k. The mortgage also comprises the plant and machinery deemed part of the property.

Danske Andelskassers Bank A/S also have a mortgage deed at DKK 8,700k in the properties at a carrying DKK 18,890k.

Furthermore Debt to other credit institutions related to loan at Vækstfonden, are secured by way of mortgage on properties at a carrying DKK 18,890k. The mortgage deed amounts to DKK 1,000k

As security for bank debt, the Company has provided a floating charge at DKK 10,000k containing inventory, intangibles, trade receivables as well as Other fixtures and fittings, tools and equipment with a total book value of DKK 29,577k.

Certain items of plant and machinery as well as other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 18,814k.

### 15 Related parties with controlling interest

Related parties with controlling interest – Grunddal Drewsen Invest ApS owns the majority of the shares of the Entity and thus has control over the Entity.

### 16 Transactions with related parties

There has not been any transactions on non-market terms.

### 17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

Grunddal Drewsen Invest ApS, Bogense.

# 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.

However, reclassifications have been made within the category property, plant and equipment. These do not affect the income statement or the comparative figures.

## 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, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Changes in inventories of finished goods and work in progress**

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

**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.

**Staff costs**

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

**Depreciation, amortisation and impairment losses**

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

**Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities.

### **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 and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its parent company. 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**

#### **Intellectual property rights etc**

Intellectual property rights etc comprise in pro-gress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised over 10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

#### **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. Land is not depreciated.

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. development process are recognised in cost based on time spent on each asset.

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

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	20-25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	3 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.

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

**Inventories**

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

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

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

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

**Receivables**

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

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Deferred tax**

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

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

**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.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

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

**Tax receivable or payable**

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Cash flow statement**

With reference to Section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.