



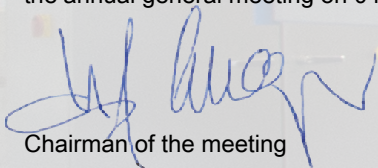
Trepko

Trepko A/S

Energivej 30, 2750 Ballerup
CVR no. 58 37 36 13

Annual report for 2021

This annual report has been adopted at
the annual general meeting on 04.04.22



Chairman of the meeting

Trepko A/S
Energivej 30
2750 Ballerup
Denmark

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Worldwide supplier 
of filling/packaging machines

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The company

Trepko A/S
Energivej 30
2750 Ballerup
Denmark

Tel.: +45 43 99 22 44
Website: www.trepko.com
E-mail: trepko@trepko.dk

Registered office: Ballerup
CVR no.: 58 37 36 13
Financial year: 01.01 -31.12

Executive Board

CEO Jacob Østergaard Knudsen

Board of Directors

Hans Christian Hansen
Henrik Bjørn Oehlenschläger
Jacob Østergaard Knudsen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Banks

Handelsbanken
Nordea

Lawyer

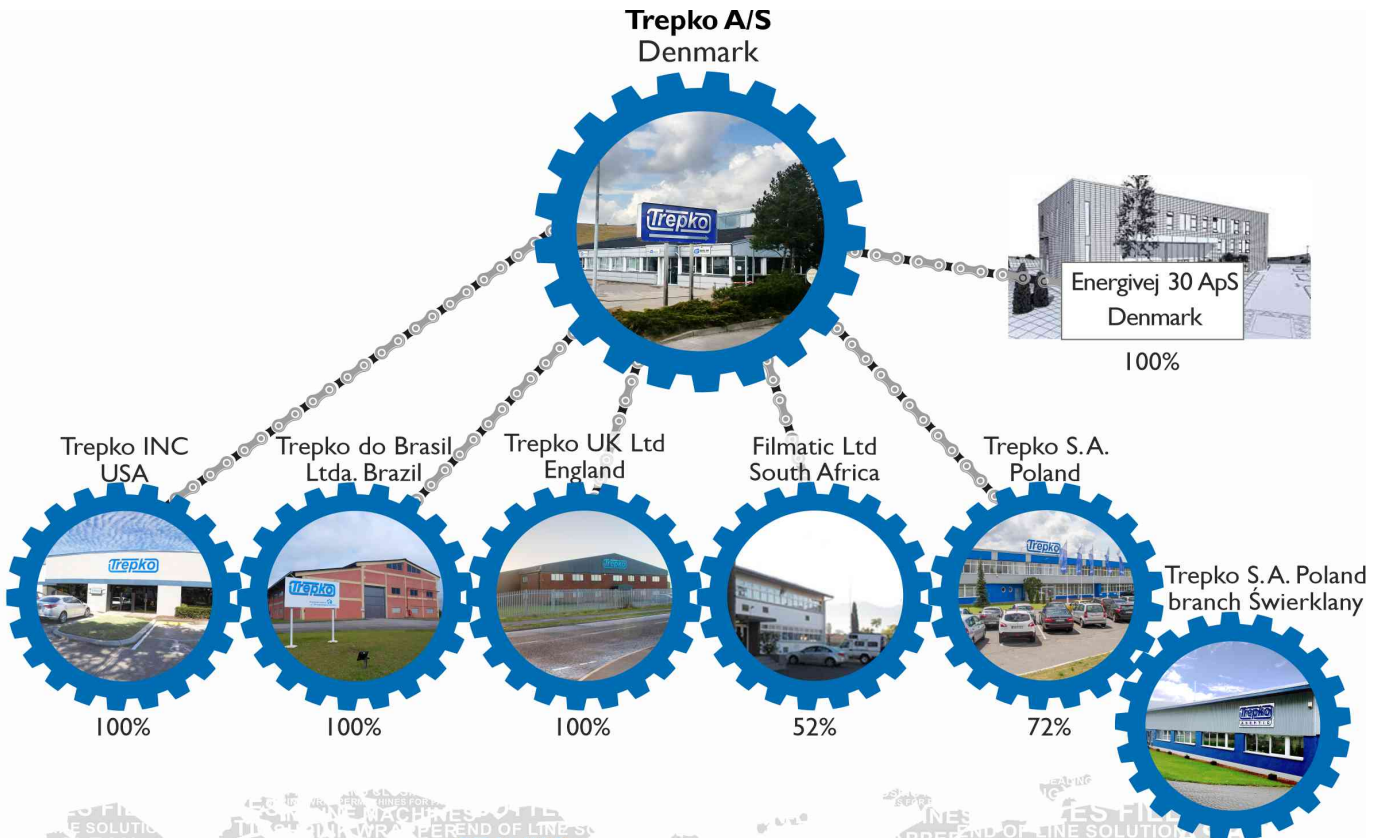
Rialto Advokater

Parent company

H.C. Holding Investeringsaktieselskab, Ballerup, Denmark

Subsidiaries

Trepko S.A., Gniezno, Poland
Trepko (UK) Limited, Gainsborough, England
Trepko Inc, Tampa, USA
Filmatic Packaging Systems Ltd, Cape Town, South Africa
Trepko do Brasil Ltd, Curitiba, Brazil
Energivej 30 ApS, Ballerup, Denmark



Worldwide supplier
of filling/packaging machines 

We have on this day presented the annual report for the financial year 01.01.21 - 31.12.21 for Trepko A/S.

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

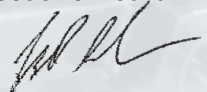
In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.21 and of the results of the group's and parent's activities and of the group's cash flows for the financial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


Ballerup, march 28, 2022

Executive Board



Jacob Østergaard Knudsen
CEO


Board of Directors



Hans Christian Hansen
Chairman



Henrik Bjørn Oehlenschläger



Jacob Østergaard Knudsen
CEO

To the Shareholder of Trepko A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of Trepko 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.

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.

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 performance 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.

Soeborg, Copenhagen, march 31, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab CVR no. 32 89 54 68



Kim Nielsen

State Authorized Public

Accountant MNE-no. mne29417

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2021	2020	2019	2018	2017
Profit/ loss					
Revenue	302,864	325,207	353,496	361,492	343,910
Index	88	95	103	105	100
Gross profit	159,949	174,638	202,793	200,152	187,133
Index	85	93	108	107	100
Operating profit	35,141	55,728	66,892	71,301	65,082
Index	54	86	103	110	100
Total net financials	1,750	2,059	3,472	4,109	4,552
Index	38	45	76	90	100
Profit before tax	36,891	57,787	67,439	73,938	67,042
Index	55	86	101	110	100
Profit for the year	29,575	45,586	54,413	58,685	53,755
Index	55	85	101	109	100
Balance					
Total assets	372,902	403,517	438,825	413,047	334,504
Index	111	121	131	123	100
The years investments in property, plant and eqp.	3,096	29,946	8,615	91,111	32,773
Index	9	91	26	278	100
Equity	262,484	278,174	304,234	290,804	245,528
Index	107	113	124	118	100
Non-current assets	122,935	124,278	125,618	110,380	35,431
Index	347	351	355	312	100
Inventories	67,165	57,617	59,666	59,547	62,380
Index	108	92	96	95	100
Receivables	116,933	152,280	227,657	185,564	161,306
Index	72	94	141	115	100
Cashflow					
Net cash flow:					
Operating activities	45,706	62,488	36,876	33,728	77,285
Investing activities	-5,625	-12,543	-24,880	-52,347	-4,680
Financing activities	-40,435	3,697	-49,556	-7,328	-15,361
Cash flows for the year	-354	53,642	-37,560	-25,947	57,244

Ratios

	2021	2020	2019	2018	2017
Profitability					
Return on equity	11%	16%	18%	22%	24%
Gross margin	53%	54%	57%	55%	54%
Return on invested capital	25%	29%	35%	36%	36%
Profit margin	12%	17%	19%	20%	19%
Equity ratio					
Solvency ratio	67%	68%	69%	70%	73%
Others					
Number of employees (average)	615	623	619	624	602

Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result} \times 100}{\text{Revenue}}$
Return on invested capital:	$\frac{\text{EBITA} \times 100}{\text{Avg. invested capital excl. goodwill}}$
EBITA:	Operating profit plus amortisation and impairment losses on goodwill.
Invested capital excl. goodwill:	Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.
Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

Primary activities

The main activities of the Company and the Group as a whole consist of development, production and sale of filling and packaging machines for the global food industry.

The products are sold to customers in more than 100 countries on 6 continents.

Development in activities and financial affairs

The pandemic has caused many investments still to be on hold and there is a general hesitation in the market for entering large capital investments. The depressed investment climate has led to increased competition in the industry, causing the company to face a revenue decrease of 6% and a profit before tax decreasing by 35%.

For the year 2021 a continued revenue decrease was anticipated, and as expected the industry is currently operating in a depressed business climate, which significantly reduced earnings compared to 2020. Going forward it is the expectation of the management that the turnover and profit will be at the level of 2021 this year and the next many years.

The group's income statement for the period 01.01.21 – 31.12.21 thereby show a net profit after tax of DKK 29.575 Mill. against DKK 45.586 Mill. for the preceding year.

The profit before tax decreased to DKK 36.891 Mill. from DKK 57.787 Mill.

Ongoing discussions with the Danish tax authorities continued to put management resources in both Poland and Denmark under considerable stress. The company's claim for repayment of DKK 11.846 Mill. with interest remains intact.

COVID19 caused all local and international trade fairs to be canceled, this started to loosen up in the last quarter of 2021. Still there has however not been held any fairs with international participation, which is problematic as these serve as the launchpad for the groups developments. Due to the war in Ukraine the 6th Trepko Conference & Exhibition scheduled for June 2022 has also been postponed without a new date being announced. With no platform for demonstrating the new solutions, the groups product launches continues to be stalled.

Profit & Loss Account for the Parent Company

The net profit of the parent company – including profits from the daughter companies and before taxes – amounts to DKK 23.815 Mill. for the year 2021 vs. DKK 39.886 Mill. for the previous year. The board of directors considers the result as being satisfactory, taking into account that the activities in the parent company are limited to sale of machinery, spare parts and service, some special design work – and finally acting as the parent company in the Trepko Group.

The company's expected development

The Trepko Group has a strong position on the global market in terms of product range, quality and price, and the Group continues to show high solvency at a time when an increasing number of competitors are facing substantially financial problems – or already have gone bankrupt. No doubt that Trepko's extremely high solvency – the highest in the industry – has a strong impact on many customers' preference for Trepko as their supplier, when making considerable capital investments with a life expectancy of up to 20 years.

Resources are currently allocated to product developments, but the ongoing expansion of the global business is currently stalled due to the lack of local as well as international exhibitions.

The Trepko Group remains openminded for the acquisition of small and medium-sized companies whose products constitute a natural supplement to the Trepko Group's present product range – or companies, which in other ways might contribute to a strengthening of Trepko's global market position. As part of this strategy, the Trepko Group has during the previous years made acquisitions of Unipak and Hugart Filling Machines (Poland), Filmatic (South Africa), Regal and KDR Engineering (UK), Mecopak (Sweden), and finally of Brasholanda (Brazil).

The Trepko Group has the necessary capital strength and financial resources to make any such desired acquisitions, and will continue to do so following its acquisition strategy: acquiring companies', whose geographical market or products will complement Trepko's existing markets or product range, and thus help build the Trepko brand as previously acquired companies have.

For the Trepko Group in general, the stock of orders (backlog) were acceptable upon entering into 2022. A unchanged revenue and profit level is expected for the year 2022.

The industry is currently operating in a depressed business climate, and continued low earnings are expected for this and the coming years. Thanks to Trepko's always very high solvency and significant cash resources, the group is well prepared to tackle this situation.

Knowledge resources

To be able to supply these solutions it is crucial for the company that it is able to recruit and maintain employees' with a high education level in the production. It is an ambition for the company to have both the newest knowledge and a quick adaptability. As measurement for this employee turnover and structure are important indicators.

The critical business process connected to supply of machinery to the food industry are service, quality and individual solutions. To make sure that the customer receives the agreed service and machinery, there are demands to the production, to secure that specific methods and procedures can be documented.

Special risks

Foreign currency risks:

Activities outside Denmark are causing the result, cash flows and equity to be influenced by the exchange rates and interest rate movements for a number of currencies. It is the policy of the company to hedge commercial exchange rate exposure. The hedge is primarily done by use of foreign exchange contracts to hedge expected turnover and purchase within the next 12 months. The company does not enter into speculative foreign currency holdings.

Exchange rate adjustments for investments in subsidiaries and associated companies, that are independent entities, are calculated directly into the equity. Relating exchange rate risks are not being covered as it is the company's opinion that a current hedging of such longterm investments will not be optimal from a total risk and cost perspective.

Supply chain risk:

For the manufacturing of machines, the company rely on component supplies. Due to the world wide logistic and manufacturing issues, shortages and increased delivery-times are experienced for many materials and components required for the manufacturing of Trepko's products. In March 2020 the Trepko Group identified and initiated additional stock keep of critical components, as a part of its preparations for handling the pandemic. Till now the company has thereby been relatively well prepared for this challenge though still affected.

Lock down risk:

The product flow of the company was also in 2021 threatened and impacted by lockdowns caused by COVID 19. To minimize the impact of such events actionplans was in-place for all factories on how to handle and execute lockdowns. The plans were detailed down to the level of the individual employee. At this stage the risk of lock-down appear heavily reduce, though the groups laborforce still is impacted by Covid-19.

External environment

The activities of Trepko are characterized by a low degree of influence on the environment. The group is working on reducing its energy consumption and moving towards renewable energy to the greatest extent possible. Trepko has not made an environment policy nor environment statement.



In 2021 Trepko continued and finalized it's planned solar panel investments. In total the group now has a solar power capacity of 630 kW. Based on the success of the finalised project, increased solar panel investments are being considered. Initiatives for improvements of the energy efficiency of buildings, installations and vehicles are continuously on-going at all sites.

Research and development activities

The Trepko Group continues to develop new products aiming at expanding its productline and ensuring its position as a one-stop-shop within packing machines for the dairy, fats and oil industries. In addition refinement of existing products is carried out on a continuous basis with the goal of ensuring a high quality product offering value for money. Development costs are not activated in the balance.

Subsequent events

Subsequent to the balance sheet date, the long ongoing war between Russia and Ukraine escalated significantly. This has an immediate and continued impact on Trepko's market in Europe and Asia.

Corporate social responsibility

It is the intention of the management in every possible way to run Trepko within the laws and legislation of the countries in which the company operates.

It is furthermore the intent of the management to ensure that the company operates as a responsible company, minimizing any negative impact on stakeholders and the surrounding society as much as possible. Up till now Trepko have chosen not to adopt or implement formulated policies for social responsibility. The reason being, that the company operates and carries out its activities under consideration of normally accepted principles and business moral. It is the opinion of the management that this automatically ensures that the company operates in a socially responsible way.

It follows that the company:

- target being an attractive and “happy” workplace for all employees,
- respect and contribute to human rights as defined by UN,
- refrain from involvement in (and work against) corruption and bribes.

Apart from contributing to the local societies through tax, the group's local activities provide jobs both directly and with subsuppliers in the local communities. In addition Trepko supports initiatives helping children in the local communities where the company has manufacturing facilities.



Taxpolicy:

It is and has always been the policy of Trepko to pay tax on profit as per the rules and regulations in the countries where the company has its local activities. The company has not “taxoptimized” its activities. As tax authorities around the world intensify their hunt for revenue, management resources have become increasingly occupied with entertaining these authorities in certain countries. The company fears that this is a tendency that will only increase in the coming years. In order to insure that management resources are devoted to their intended purpose, it is therefore the policy of the group to permanently stop or heavily reduce investments in group companies experiencing unreasonable scrutiny comparable to harassment from local authorities.

Future work with social responsibility:

Trepko continues to operate in a responsible manner, minimizing the negative impact on its stakeholders and surrounding society to the greatest extent possible. The management will continuously evaluate the need for formalized policies and guide lines.

Gender diversity

In the parent company the gender ratio on the Board of Directors is 100 % male. By 2022 the gender ratio is intended to be 33% female in the parent company.

For the groups board of directors the gender ratio is 8%, which is intended increased to 15% in 2022.

It is the Trepko Group's policy to recruit the Board of Directors, as well as staff for any other position, based on relevant qualifications. The candidates gender, race, nationality and sexual preference are therefore not a consideration in the recruitment process.

Putting a target ratio for any underrepresented group in any part of the group, would be a violation of the recruitment policy. It is therefore only done in subsidiaries where specifically required by law.

Data ethics

The market for the company's products is narrow, and does not leave the company much room for performing data analysis on its potential and current customers. It follows that the company does not analyse such data using algorithms, and such analysis are not an integrated part of the company's business strategy.

Note	Group		Parent		
	2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000	
1	Revenue	302,864	325,207	40,704	53,256
	Other operating income	4,326	5,154	983	643
	Costs of raw materials and consumables	-94,383	-111,642	-29,981	-32,568
	Property costs	-409	0	0	0
	Other external expenses	-52,449	-44,081	-3,019	-2,736
	Gross profit	159,949	174,638	8,687	18,595
2	Staff costs	-113,055	-111,410	-7,325	-5,804
	Profit before depreciation, amortisation, write-downs and impairment losses	46,894	63,228	1,362	12,791
	Depreciation and impairments losses of property, plant and equipment	-8,035	-7,406	-277	-270
	Profit before fair value adjustments	38,859	55,822	1,085	12,521
	Fair value adjustment of investment properties	0	1,105	0	0
	Other operating expenses	-3,718	-1,199	0	0
	Operating profit	35,141	55,728	1,085	12,521
3	Income from equity investments in group enterprises	0	0	21,677	23,972
4	Financial income	3,907	8,638	1,186	3,445
5	Financial expenses	-2,157	-6,579	-133	-52
	Profit before tax	36,891	57,787	23,815	39,886
6	Tax on profit for the year	-7,316	-12,201	-599	-3,566
	Profit for the year	29,575	45,586	23,216	36,320

7 Frees to auditors appointed by the general meeting

8 Distribution of net profit

Note	ASSETS				
	Group		Parent		
	31.12.21 DKK '000	31.12.20 DKK '000	31.12.21 DKK '000	31.12.20 DKK '000	
	Acquired rights	494	515	0	0
9	Total intangible assets	494	515	0	0
	Land and buildings	68,525	68,873	0	0
	Investment properties	28,800	28,800	0	0
	Other fixtures and fittings, tools and equipment	21,348	24,245	592	637
	Prepayments for property, plant and equipment	2,240	602	0	0
10	Total property, plant and equipment	120,913	122,520	592	637
11	Equity investments in group enterprises	0	0	175,130	170,236
12	Deposits and other receivables	1,528	1,243	69	68
	Total investments	1,528	1,243	175,199	170,304
	Total non-current assets	122,935	124,278	175,791	170,941
	Raw materials and consumables	32,639	26,805	624	624
	Work in progress	4,590	8,735	0	0
	Manufactured goods and goods for resale	18,449	21,145	5,851	7,627
	Prepayments for goods	11,487	932	0	0
	Total inventories	67,165	57,617	6,475	8,251
13	Work in progress for third parties	23,129	24,921	4,049	7,548
	Trade receivables	74,622	84,808	9,440	13,271
	Receivables from group enterprises	12,193	34,800	11,859	38,563
	Deferred tax asset	1,266	1,355	0	0
	Income tax receivable	450	1,060	0	0
	Other receivables	3,670	2,564	77	116
14	Prepayments	1,603	2,772	449	962
	Total receivables	116,933	152,280	25,874	60,460
	Other investments	115	115	115	115
	Total securities and equity investments	115	115	115	115
	Cash	65,754	69,227	22,964	19,485
	Total current assets	249,967	279,239	55,428	88,311
	Total assets	372,902	403,517	231,219	259,252

EQUITY AND LIABILITIES		Group		Parent	
		31.12.21 DKK '000	31.12.20 DKK '000	31.12.21 DKK '000	31.12.20 DKK '000
Note					
15	Share capital	5,000	5,000	5,000	5,000
	Reserve for net revaluation according to the equity method	0	0	104,645	99,752
	Foreign currency translation reserve	-14,397	-16,764	0	0
	Cash flow hedging reserve	-333	-1,163	-35	-660
	Retained earnings	210,478	201,332	106,135	84,311
	Proposed dividend for the financial year	15,000	40,000	0	40,000
	Equity attributable to owners of the parent	215,748	228,405	215,745	228,403
17	Non-controlling interests	46,736	49,769	0	0
	Total equity	262,484	278,174	215,745	228,403
16	Provisions for pensions and similar obligations	3,454	3,486	0	0
18	Provisions for deferred tax	1,702	2,797	422	1,115
19	Other provisions	2,644	1,210	0	0
	Total provisions	7,800	7,493	422	1,115
20	Mortgage debt	12,410	13,115	0	0
20	Payables to other credit institutions	3,654	30,344	0	0
	Total long-term payables	16,064	43,459	0	0
20	Short-term part of long-term payables	1,387	5,384	0	0
	Payables to other credit institutions	730	3,849	15	784
13	Prepayments received from work in progress for third parties	48,884	27,495	2,036	1,707
	Prepayments received from customers	663	222	663	222
	Trade payables	10,911	9,973	694	840
	Payables to group enterprises	0	0	8,290	19,119
	Deposits	461	452	0	0
	Income taxes	1,467	2,218	1,341	3,086
	Other payables	16,896	23,952	2,013	3,976
	Deferred income	5,155	846	0	0
	Total short-term payables	86,554	74,391	15,052	29,734
	Total payables	102,618	117,850	15,052	29,734
	Total equity and liabilities	372,902	403,517	231,219	259,252
21	Fair value information				
22	Derivative financial instruments				
23	Charges and security				
24	Contingent liabilities				
25	Related parties				

Group:		Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non- controlling interests	Total equity
Figures in DKK '000	Share capital							
01.01.20 - 31.12.20								
Balance as at 01.01.20	5,000	0	0	205,440	40,000	250,440	53,193	303,633
Foreign currency translation adjustment of foreign enterprises	0	-16,764	0	0	0	-16,764	-5,024	-21,788
Fair value adjustment of hedging instruments	0	0	-1,163	-426	0	-1,589	0	-1,589
Dividend paid	0	0	0	0	-40,000	-40,000	-8,197	-48,197
Other changes in equity	0	0	0	0	0	0	529	529
Net profit/loss for the year	0	0	0	-3,682	40,000	36,318	9,268	45,586
Balance as at 31.12.20	5,000	-16,764	-1,163	201,332	40,000	228,405	49,769	278,174
01.01.21 - 31.12.21								
Balance as at 01.01.20	5,000	-16,764	-1,163	201,332	40,000	228,405	49,769	278,174
Foreign currency translation adjustment of foreign enterprises	0	2,367	0	0	0	2,367	-303	2,064
Fair value adjustment of hedging instruments	0	0	830	0	0	830	0	830
Dividend paid	0	0	0	0	-40,000	-40,000	-9,217	-49,217
Other changes in equity	0	0	0	930	0	930	128	1,058
Net profit/loss for the year	0	0	0	8,216	15,000	23,216	6,359	29,575
Balance as at 31.12.21	5,000	-14,397	-333	210,478	15,000	215,748	46,736	262,484
Parent:		Reserve for net revaluation according to the equity method	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non- controlling interests	Total equity
Figures in DKK '000	Share capital							
01.01.20 - 31.12.20								
Balance as at 01.01.20	5,000	112,925	0	93,115	40,000	251,040	0	251,040
Foreign currency translation adjustment of foreign enterprises	0	-16,764	0	0	0	-16,764	0	-16,764
Distributed dividend from group enterprises	0	-19,107	0	19,107	0	0	0	0
Fair value adjustment of hedging instruments	0	-1,274	-660	-259	0	-2,193	0	-2,193
Dividend paid	0	0	0	0	-40,000	-40,000	0	-40,000
Net profit/loss for the year	0	23,972	0	-27,652	40,000	36,320	0	36,320
Balance as at 31.12.20	5,000	99,752	-660	84,311	40,000	228,403	0	228,403
01.01.21 - 31.12.21								
Balance as at 01.01.21	5,000	99,752	-660	84,311	40,000	228,403	0	228,403
Foreign currency translation adjustment of foreign enterprises	0	2,367	0	0	0	2,367	0	2,367
Distributed dividend from group enterprises	0	-20,286	0	20,286	0	0	0	0
Fair value adjustment of hedging instruments	0	205	625	0	0	830	0	830
Dividend paid	0	0	0	0	-40,000	-40,000	0	-40,000
Other changes in equity	0	930	0	0	0	930	0	930
Net profit/loss for the year	0	21,677	0	1,538	0	23,215	0	23,215
Balance as at 31.12.21	5,000	104,645	-35	106,135	0	215,745	0	215,745

Note	Group	
	2021 DKK '000	2020 DKK '000
Profit for the year	29,575	45,586
Adjustments for the cash flow statement		
Other operating income	-38	0
Depreciation and impairments losses of property, plant and equipment	8,035	7,406
Fair value adjustment of investment properties	0	-1,105
Financial income	-3,907	-8,638
Financial expenses	2,157	6,579
Tax on profit or loss for the year	7,315	12,202
Other adjustments	3,757	-2,957
Total	17,319	13,487
Change in working capital:		
Inventories	-10,836	-6,163
Receivables	-5,103	26,574
Trade payables	938	-2,829
Other payables relating to operating activities	19,092	-2,929
Other provisions	1,434	0
Cash flows from operating activities before net financials	52,419	73,726
Interest income and similar income received	3,907	8,635
Interest expenses and similar expenses paid	-2,157	-6,579
Income tax paid	-8,463	-13,294
Cash flows from operating activities	45,706	62,488
Purchase of intangible assets	-381	-300
Purchase of property, plant and equipment	-5,335	-27,398
Sale of property, plant and equipment	376	32
Loans	-285	15,123
Cash flows from investing activities	-5,625	-12,543
Dividend paid	-9,217	-8,197
Repayment of mortgage debt	0	14,905
Repayment of payables to credit institutions	-31,218	-3,011
Cash flows from financing activities	-40,435	3,697
Total cash flows for the year	-354	53,642
Cash, beginning of year	69,227	25,048
Short-term payables to credit institutions, beginning of year	-3,849	-13,312
Cash, end of year	65,024	65,378
Cash, end of year, comprises:		
Cash	65,754	69,227
Short-term payables to credit institutions	-730	-3,849
Total	65,024	65,378

	Group		Parent	
	2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000

1. 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, sales and services	301,118	323,499	40,704	53,256
Revenue, rental income from rental property	1,746	1,708	0	0
Total	302,864	325,207	40,704	53,256

Revenue comprises the following geographical markets:

Europe	175,250	179,967	34,715	47,002
Africa	68,986	97,068	966	606
North and south America	49,656	37,903	111	410
Asia and middleeast	4,682	6,057	4,681	5,112
Others countries	4,290	4,212	231	126
Total	302,864	325,207	40,704	53,256

2. Staff costs

Wages and salaries	97,283	96,914	7,116	5,603
Pensions	2,046	1,893	143	139
Other social security costs	13,726	12,603	66	62
Total	113,055	111,410	7,325	5,804

Average number of employees during the year	615	623	8	8
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3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	21,068	22,151
Elimination of internal gains and losses	0	0	609	1,821
Total	0	0	21,677	23,972

	Group		Parent	
	2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000
4. Financial income				
Interest, group enterprises	0	0	191	202
Other interest income	467	194	467	194
Other financial income	3,440	8,444	528	3,049
Total	3,907	8,638	1,186	3,445
5. Financial expenses				
Interest, group enterprises	0	0	8	3
Other interest expenses	2,157	6,579	80	49
Other financial expenses	0	0	45	0
Total	2,157	6,579	133	52
6. Tax on profit for the year				
Current tax for the year	8,492	11,171	1,469	3,111
Adjustment of deferred tax for the year	-1,050	1,030	-870	455
Total	7,316	12,201	599	3,566
7. Fees to auditors appointed by the general meeting				
Statutory audit of the financial statements	731	615	268	250
Other services	152	126	50	19
Total	883	741	318	269
8. Distribution of net profit				
Reserve for net revaluation according to the equity method	0	0	21,677	23,972
Proposed dividend for the financial year	15,000	40,000	0	40,000
Non-controlling interests	6,359	9,268	0	0
Retained earnings	8,216	-3,682	1,539	-27,652
Total	29,575	45,586	23,216	36,320

9. Intangible assets

Figures in DKK '000	Completed development projects	Acquired rights	Goodwill
Group:			
Cost as at 01.01.21	2,282	6,297	14,747
Foreign currency translation adjustment of foreign enterprises	-21	-134	-14
Additions during the year	0	381	0
Disposals during the year	0	-166	0
Cost as at 31.12.21	2,261	6,378	14,733
Amortisation and impairment losses as at 01.01.21	-2,282	-5,782	-14,747
Foreign currency translation adjustment of foreign enterprises	21	130	14
Amortisation during the year	0	-405	0
Reversal of amortisation of and impairment losses on disposed assets	0	173	0
Amortisation and impairment losses as at 31.12.21	-2,261	-5,884	-14,733
Carrying amount as at 31.12.21	0	494	0

10. Property, plant and equipment

Figures in DKK '000	Land and buildings	Investment properties	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment
Group:				
Cost as at 01.01.21	75,805	27,695	76,601	602
Foreign currency translation adjustment of foreign enterprises	860	0	40	0
Additions during the year	388	0	2,708	2,240
Disposals during the year	0	0	-1,285	0
Transfers during the year to/from other items	0	0	0	-602
Cost as at 31.12.21	77,053	27,695	78,064	2,240
Depreciation and impairment losses as at 01.01.21	-6,933	0	-52,356	0
Foreign currency translation adjustment of foreign enterprises	30	0	-42	0
Depreciation during the year	-1,625	0	-5,028	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	710	0
Depreciation and impairment losses as at 31.12.21	-8,528	0	-56,716	0
Fair value adjustments as at 01.01.21	0	1,105	0	0
Fair value adjustments as at 31.12.21	0	1,105	0	0
Carrying amount as at 31.12.21	68,525	28,800	21,348	2,240
Parent:				
Cost as at 01.01.21	0	0	2,901	0
Additions during the year	0	0	272	0
Disposals during the year	0	0	-200	0
Cost as at 31.12.21	0	0	2,973	0
Depreciation and impairment losses as at 01.01.21	0	0	-2,264	0
Depreciation during the year	0	0	-277	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	160	0
Depreciation and impairment losses as at 31.12.21	0	0	-2,381	0
Carrying amount as at 31.12.21	0	0	592	0

11. Equity investments in group enterprises

Equity investments in
group enterprises

Figures in DKK '000

Parent:

Cost as at 01.01.21	70,178
Cost as at 31.12.21	70,178
Revaluations as at 01.01.21	114,559
Foreign currency translation adjustment of foreign enterprises	2,367
Net profit/loss from equity investments	21,414
Dividend relating to equity investments	-20,286
Fair value adjustment of hedging instruments	205
Changes in intra-group profit from inventories	569
Other equity adjustments relating to equity investments	931
Revaluations as at 31.12.21	119,759
Depreciation and impairment losses as at 01.01.21	-14,807
Depreciation and impairment losses as at 31.12.21	-14,807
Carrying amount as at 31.12.21	175,130

Subsidiaries: Name and registered office:	Ownership interest	Equity	Net profit/loss for the year	Recognised value
Trepko S.A., Gniezno, Poland	72%	143,595	18,333	103,389
Trepko (UK) Limited, Gainsborough, England	100%	22,681	572	22,681
Trepko Inc Tampa, Florida USA,	100%	24,157	4,356	24,157
Filmatic Packaging Systems Ltd, Cape Town, South Africa	52%	12,811	2,265	6,662
Trepko do Brasil Ltd, Curitiba, Brazil	100%	10,214	777	10,214
Energivej 30 ApS Ballerup, Denmark,	100%	8,320	1,108	8,320
Regulation to group practice	100%	-293	262	-293

12. Other non-current financial assets

Deposits and other receivables

Figures in DKK '000

	Group	Parent
Cost as at 01.01.21	1,242	68
Foreign currency translation adjustment of foreign enterprises	-11	0
Additions during the year	297	1
Cost and carrying amount as at 31.12.21	1,528	69

	Group		Parent	
	31.12.21 DKK '000	31.12.20 DKK '000	31.12.21 DKK '000	31.12.20 DKK '000

13. Work in progress for third parties

Work in progress for third parties	47,692	43,422	11,485	12,118
On-account invoicing	-73,447	-45,996	-9,472	-6,277
Total work in progress for third parties	-25,755	-2,574	2,013	5,841
Work in progress for third parties	23,129	24,921	4,049	7,548
Prepayments received from work in progress for third parties, short- term payables	-48,884	-27,495	-2,036	-1,707
Total	-25,755	-2,574	2,013	5,841

14. Prepayments

Prepayments consist of payments received from customers on long term projects

15. Share capital

The share capital consists of 50 shares with a total nominal value of DKK 5,000,000.
The share capital has been fully paid in at the balance sheet date.

16. Provisions for pensions and similar obligations

The provision for pension obligations only concerns the group companies in Poland as the other pension plans are defined contribution plans where the pension obligation is incumbent on the individual insurance company and where the group does not have obligations towards the employees when they leave the group.

	Group		Parent	
	31.12.21 DKK '000	31.12.20 DKK '000	31.12.21 DKK '000	31.12.20 DKK '000
17. Non-controlling interests				
Non-controlling interests, beginning of year	49,769	53,193	0	0
Foreign currency translation adjustment of foreign enterprises	-303	-5,024	0	0
Dividend paid	-9,217	-8,197	0	0
Other changes in equity	128	529	0	0
Net profit/loss for the year (distribution of net profit)	6,359	9,268	0	0
Total	46,736	49,769	0	0

18. Deferred tax

Deferred tax as at 01.01.21	1,442	755	1,115	958
Deferred tax recognised in the income statement	-1,169	1,030	-870	-141
Deferred tax recognised in equity	163	-343	177	298
Deferred tax as at 31.12.21	436	1,442	422	1,115

Deferred tax recognized in the balance sheet:

Deferred tax asset	-1,266	-1,355	0	0
Provisions for deferred tax	1,702	2,797	422	1,115
Total	436	1,442	422	1,115

As at 31.12.21, the company has recognised a deferred tax asset of t. DKK 1,266 which can primarily be attributed to accounting write-downs on debtors, and tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

19. Other provisions

Non-current liabilities	1,866	809	0	0
Current liabilities	778	401	0	0
Total	2,644	1,210	0	0

Other provisions consist of warranty commitments only.

20. Long-term payables

Group: Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables 31.12.21	Total payables 31.12.20
Mortgage debt	722	9,824	13,132	13,831
Payables to other credit institutions	665	665	4,319	35,012
Total	1,387	10,489	17,451	48,843

21. Fair value information

Figures in DKK '000	Investment properties	Derivative financial instruments	Total
Group:			
Fair value as at 31.12.21	28,800	-319	28,481
Unrealised changes of fair value recognised in the income statement for the year	0	0	0
Unrealised changes of fair value recognised in equity for the year	0	830	830

The company uses the normal earnings method to determine the fair value of the investment property.

Determination of fair value is based on an expected normalized operating profit and a required return of 6%. The required rate of return is determined taking into account the property's location, age, state of maintenance and degree of occupancy, including terms and conditions in leases.

On the balance sheet date, leases have been entered into on all leases. Leases are entered into on the usual terms of the Lease Act. Operating costs are estimated based on the costs that are expected to be incurred for the operation of the investment property in a normal year, including costs for repairs and maintenance to maintain the property in its current state of maintenance.

No external appraiser has been used in determining the fair value of the investment property. Currency forward contracts are valued according to generally accepted valuation techniques based on relevant observable swap curves and exchange rates. Both externally calculated fair values based on discounting of future cash flows are used. The statement does not include own credit risk, as it is assessed to be neutral for the report.

22. Derivative financial instruments

Group:

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The enterprise concludes contracts for the sole purpose of hedging the currency risk on the future sale/purchase of goods in foreign currency. Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

Group companies: 0-12 months DKK 23 Mill.

Parent: 0 -12 months DKK 11 Mill.

23. Charges and security

Group:

The group has issued mortgage deeds registered to the mortgagor in the total amount of DKK 13.132 Mill secured upon investment properties with a carrying amount of DKK 28.800 Mill.

24. Contingent liabilities

Group:

Lease commitments:

The group has concluded lease agreements with terms to maturity of total DKK 4.675 Mill. .

Recourse guarantee commitments:

The group has provided the usual guarantes for repairs on sold equipment. Guarantee cost are charged to the profit and loss account as incurred.

Parent:

Recourse guarantee commitments:

The company has provided a guarantee for a subsidiary's debt to credit institutions. The guarantee towards the credit institutions for the subsidiary is at DKK 4.989 Mill.

The company has provided a guarantee for a subsidiary's mortgage debt. The guarantee towards the mortgage debt for the subsidiary is at DKK 13.132 Mill.

Guarantee commitments:

The company has provided usual guarantee on repair on sold equipmet. Guarantee cost are charged to the profit and loss account as incurred.

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 liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The parent company has not provided any security over assets.

25. Related parties

Controlling influence	Basis of influence
H.C. Holding Investeringsaktieselskab, Ballerup, Denmark	Parent company
Hans Christian Hansen, The Bahamas	Shareholder
Jesper Bjørn Hansen, The Bahamas	Shareholder
Mathias Pihl Hansen, New York, USA	Shareholder
Christian Pihl Hansen, Florida, USA	Shareholder

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

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.

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

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 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

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

INCOME STATEMENT

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

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).

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

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.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Property costs

Property costs comprise costs relating to property management, including repair and maintenance costs, real property taxes, insurance, overhead costs and other costs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated 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	3-10	0
Acquired rights	3-10	0
Goodwill	3-10	0
Buildings	30	0-70
Leasehold improvements	0	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

Land is not depreciated.

Investment properties are not depreciated.

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

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

Write-downs of current assets exceeding normal write-downs

Write-downs of current assets exceeding normal write-downs comprise write-downs of inventories, trade receivables and other current assets that due to their nature or size or otherwise due to the affairs of the enterprise are considered to exceed normal write-downs.

Fair value adjustment of investment properties

Unrealised value adjustments of investment properties and realised gains and losses on the sale of assets are recognised in the fair value adjustment of investment properties.

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 enterprises

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.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies, gains and losses on other securities and equity investments 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.

Dividends from other equity investments are recognised as income in the financial year in which the dividend is declared.

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.

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 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 amortisation and impairment losses.

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

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation 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 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

Investment properties

Investment properties comprise investments in land and buildings for the purpose of earning a return on such investments in the form of regular operating income and capital gains on sale. Investment properties are recognised at cost at the date of acquisition. Cost comprises the purchase price plus expenses resulting directly from the purchase until the asset is ready for use. Investment properties are subsequently measured at fair value with value adjustments in the income statement. The fair value is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has not been used to determine the fair value.

Other property, plant and equipment

Other property, plant and equipment comprise land and buildings, leasehold improvements as well as other fixtures and fittings, tools and equipment.

Other 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.

Other property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Prepayments for property, plant and equipment

Prepayments for property, plant and equipment comprise prepayments to suppliers.

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 enterprises

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.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

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

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.

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 material and labour costs. 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.

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.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less onaccount 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.

Other investments

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost. Other equity investments classified as current assets are written down to the lower of cost and net realisable value.

Cash

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

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the 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.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

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.

Funds in the nature of loans, security or other financial assistance subject to the rules of the Danish Companies Act on the company's legal financing of the purchase of company shares, granted by the company to shareholders and management, are recognised in the financial statements of the parent in equity under reserve for loans and security provided. The reserve is reduced or dissolved to the extent that the loan, security or other financial assistance is reduced or terminated.

Provisions

Pension obligations are measured in the balance sheet on the basis of actuarial computations to the extent that such obligations are not covered by insurance (defined benefit plans). Actuarial gains and losses on defined benefit plans are recognised directly in equity under retained earnings.

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

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.

Payables

Deposits recognised under liabilities comprise deposits received from lessees under the company's leases.

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.

Deferred income

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

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 and cash equivalents at the beginning and end of the year comprise cash and short-term securities with no significant price risk.

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.