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# ***DANX A/S***

Vejleåvej 9, DK-2635 Ishøj

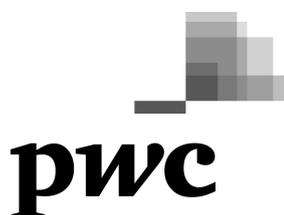
## **Annual Report for 1 July 2020 - 30 June 2021**

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CVR No 20 40 68 44

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
10/11 2021

Sadik El Mahdaoui  
Chairman of the General  
Meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 July - 30 June	9
Balance Sheet 30 June	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DANX A/S for the financial year 1 July 2020 - 30 June 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 June 2021 of the Company and of the results of the Company operations for 2020/21.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ishøj, 10 November 2021

## Executive Board

Lars Bo Larsen  
CEO

## Board of Directors

Klaus Rud Sejling  
Chairman

Sadik El Mahdaoui

Bob Thorhauge

# Independent Auditor's Report

To the Shareholder of DANX A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2021 and of the results of the Company's operations for the financial year 1 July 2020 - 30 June 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DANX A/S for the financial year 1 July 2020 - 30 June 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Financial Statements" section of our report. We are independent of 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 on Management's Review

Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

# Independent Auditor's Report

## 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 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 Financial Statements unless Management either intends to liquidate the Company 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

- 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Hellerup, 10 November 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Thomas Baunkjær Andersen

statsautoriseret revisor

mne35483

Nikolaj Erik Johnsen

State Authorised Public Accountant

mne35806

## Company Information

### The Company

DANX A/S  
Vejeåvej 9  
DK-2635 Ishøj

CVR No: 20 40 68 44  
Financial period: 1 July - 30 June  
Incorporated: 30 June 1997  
Financial year: 24th financial year  
Municipality of reg. office: Ishøj

### Board of Directors

Klaus Rud Sejling, Chairman  
Sadik El Mahdaoui  
Bob Thorhauge

### Executive Board

Lars Bo Larsen

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK	2017/18 TDKK	2016/17 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Profit/loss before financial income and expenses	28,054	11,004	9,101	4,505	-26
Net financials	54	-506	-51	461	1,149
Net profit/loss for the year	21,937	8,161	7,027	3,833	828
<b>Balance sheet</b>					
Balance sheet total	63,903	45,583	33,579	28,598	80,737
Equity	31,633	19,696	11,535	4,508	10,675
Investment in property, plant and equipment	1,800	2,625	1,779	1,270	2,302
Number of employees	74	62	60	63	68
<b>Ratios</b>					
Solvency ratio	49.5%	43.2%	34.4%	15.8%	13.2%

# Management's Review

## Key activities

DANX A/S is a leading and highly respected provider of customised transportation and logistics solutions within the niche of Service Logistics.

Our prime activity is efficient and highly reliable in-night distribution of spare parts to technician vans and workshops in the Nordics and the Baltics from both local and European warehouses.

It is the intention to perform any activity which the Board of Directors find suitable to achieve the above target.

## Development in the year

The income statement of the Company for 2020/21 shows a profit of TDKK 21,937, and at 30 June 2021 the balance sheet of the Company shows equity of TDKK 31,633.

The result is considered satisfactory.

## The past year and follow-up on development expectations from last year

The financial development and result is significantly better than the expectations communicated in the Annual Report for 2020/21

## *Special risks - operating risks and financial risks*

DANX A/S sales and purchases are mainly effected in DKK, EUR, SEK and NOK. Financial risks are therefore limited to the listed currencies. These foreign exchange risks are not hedged; however, Management assesses the exposure on a current basis and considers whether any exposure should be hedged by means of forward exchange contracts.

DANX is not significantly affected by other financial or operational risks, which not are common for industries in which DANX operates.

## Targets and expectations for the year ahead

The revenue growth is expected to be between 5-10%, compared with the parameters in 2020/2021 financial year realised. EBITDA is expected to increase between 30-50%

## Research and development

The company has no significant research and development activities.

# Management's Review

## External environment

As a service logistics provider, DANX acknowledges that we impact the environment in terms of CO<sub>2</sub>-emission and waste creation. Consequently, the biggest risks derived from our activities are emission of CO<sub>2</sub> from the transport of goods and creation of waste, mainly due to large quantities of packaging materials. To mitigate these risks, we have implemented an environmental management system in accordance with ISO 14001:2015 and we, amongst other things, have undertaken to reduce our CO<sub>2</sub>-emissions and waste creation.

All employees in DANX are committed to protecting the environment, including prevention of pollution and we are determined to continually improve our environmental performance in regards to our carbon footprint.

In 2020/2021 we have had focus on improvement of CO<sub>2</sub>-emission reduction, electricity usage, waste management and recycling of materials.

DANX takes action to constantly optimise the kilometres we drive, and we ask all drivers to take ECO Driving Education. Also, our internal company cars in Norway have been changed to 100 % electric cars. In relation to waste management, we have several sites in the Nordic countries, which this year have had focus on the sorting process and have good control of the different waste fractions, e.g. wood, plastic, packing materials. We have a very high degree of re-usage of pallets, which further reduces our carbon footprint because we transport less waste to recycling plants and generally have reduced our need for producing new pallets. The recycling of printer cartridges from both large and small sites in the Nordic region is close to 100 %. Our large terminals have been, or are in the process of, changing the classical lighting to more efficient LED light.

Finally, we have reduced our CO<sub>2</sub>-emission with 5% per parcel. For further information regarding corporate social responsibility a reference is made to the Management Review in the Annual Report for the ultimate parent, DANX Holding I ApS.

## Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 July - 30 June

	Note	2020/21 TDKK	2019/20 TDKK
<b>Gross profit/loss</b>		<b>72,896</b>	<b>48,095</b>
Staff expenses	2	-43,183	-35,443
Depreciation, property, plant and equipment		-1,659	-1,648
<b>Profit/loss before financial income and expenses</b>	<b>1</b>	<b>28,054</b>	<b>11,004</b>
Income from investments in subsidiaries	3	341	0
Financial income	4	365	142
Financial expenses	5	-652	-648
<b>Profit/loss before tax</b>		<b>28,108</b>	<b>10,498</b>
Tax on profit/loss for the year	6	-6,171	-2,337
<b>Net profit/loss for the year</b>		<b>21,937</b>	<b>8,161</b>

## Balance Sheet 30 June

### Assets

	Note	2020/21 TDKK	2019/20 TDKK
Other fixtures and fittings, tools and equipment		4,164	4,023
Leasehold improvements		0	0
<b>Property, plant and equipment</b>	7	<b>4,164</b>	<b>4,023</b>
Investments in subsidiaries	8	5,841	0
Deposits	9	202	157
<b>Fixed asset investments</b>		<b>6,043</b>	<b>157</b>
<b>Fixed assets</b>		<b>10,207</b>	<b>4,180</b>
Trade receivables		20,233	21,873
Receivables from group enterprises		27,489	13,604
Other receivables		4,448	1,989
Deferred tax asset	12	238	126
Prepayments	10	711	419
<b>Receivables</b>		<b>53,119</b>	<b>38,011</b>
<b>Cash at bank and in hand</b>		<b>577</b>	<b>3,392</b>
<b>Currents assets</b>		<b>53,696</b>	<b>41,403</b>
<b>Assets</b>		<b>63,903</b>	<b>45,583</b>

# Balance Sheet 30 June

## Liabilities and equity

	Note	2020/21 TDKK	2019/20 TDKK
Share capital		500	500
Reserve for net revaluation under the equity method		341	0
Retained earnings		10,792	9,196
Proposed dividend for the year		20,000	10,000
<b>Equity</b>		<b>31,633</b>	<b>19,696</b>
Payables to group enterprises relating to corporation tax		6,283	2,347
Other payables		2,940	461
<b>Long-term debt</b>	13	<b>9,223</b>	<b>2,808</b>
Credit institutions		91	4,649
Trade payables		16,286	15,060
Other payables	13	6,670	3,370
<b>Short-term debt</b>		<b>23,047</b>	<b>23,079</b>
<b>Debt</b>		<b>32,270</b>	<b>25,887</b>
<b>Liabilities and equity</b>		<b>63,903</b>	<b>45,583</b>
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	16		

## Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July 2020	500	0	9,196	10,000	19,696
Ordinary dividend paid	0	0	0	-10,000	-10,000
Net profit/loss for the year	0	341	1,596	20,000	21,937
<b>Equity at 30 June 2021</b>	<b>500</b>	<b>341</b>	<b>10,792</b>	<b>20,000</b>	<b>31,633</b>

After the balance sheet date, the Company has paid an extraordinary dividend of DKK 10,500k.

# Notes to the Financial Statements

	2020/21	2019/20
	TDKK	TDKK
<b>1 Special items</b>		
Government's economic stimulus packages	0	923
	<b>0</b>	<b>923</b>
<b>2 Staff expenses</b>		
Wages and salaries	40,701	29,827
Pensions	1,441	1,080
Other social security expenses	610	494
Other staff expenses	431	4,042
	<b>43,183</b>	<b>35,443</b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b>1,029</b>	<b>2,429</b>
<b>Average number of employees</b>	<b>74</b>	<b>62</b>
<b>3 Income from investments in subsidiaries</b>		
Share of profits of subsidiaries	451	0
Amortisation of goodwill	-110	0
	<b>341</b>	<b>0</b>
<b>4 Financial income</b>		
Interest received from group enterprises	360	142
Other financial income	5	0
	<b>365</b>	<b>142</b>

## Notes to the Financial Statements

	2020/21 TDKK	2019/20 TDKK
<b>5 Financial expenses</b>		
Other financial expenses	160	153
Exchange adjustments, expenses	492	495
	<b>652</b>	<b>648</b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	6,283	2,347
Deferred tax for the year	-112	-10
	<b>6,171</b>	<b>2,337</b>
<b>7 Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 July 2020	18,769	4,827
Additions for the year	1,800	0
Cost at 30 June 2021	20,569	4,827
Impairment losses and depreciation at 1 July 2020	14,746	4,827
Depreciation for the year	1,659	0
Impairment losses and depreciation at 30 June 2021	16,405	4,827
<b>Carrying amount at 30 June 2021</b>	<b>4,164</b>	<b>0</b>
Depreciated over	2-8 years	2-8 years

## Notes to the Financial Statements

	2020/21 TDKK	2019/20 TDKK
<b>8 Investments in subsidiaries</b>		
Cost at 1 July 2020	0	0
Additions for the year	5,500	0
Cost at 30 June 2021	<u>5,500</u>	<u>0</u>
Net profit/loss for the year	451	0
Amortisation of goodwill	-110	0
Value adjustments at 30 June 2021	<u>341</u>	<u>0</u>
<b>Carrying amount at 30 June 2021</b>	<b><u>5,841</u></b>	<b><u>0</u></b>
Positive differences arising on initial measurement of subsidiaries at net asset value	<u>3,782</u>	<u>0</u>
Remaining positive difference included in the above carrying amount at 30 June 2021	<u>3,672</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Source Logistics A/S	Brøndby	500	100%	2,170	723

### 9 Other fixed asset investments

	Deposits TDKK
Cost at 1 July 2020	157
Additions for the year	<u>45</u>
Cost at 30 June 2021	<u>202</u>
<b>Carrying amount at 30 June 2021</b>	<b><u>202</u></b>

# Notes to the Financial Statements

## 10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions.

	2020/21 TDKK	2019/20 TDKK
<b>11 Distribution of profit</b>		
Proposed dividend for the year	20,000	10,000
Reserve for net revaluation under the equity method	341	0
Retained earnings	1,596	-1,839
	<u>21,937</u>	<u>8,161</u>
Extraordinary dividend after year end	<u>10,500</u>	<u>0</u>

## 12 Deferred tax asset

Deferred tax asset at 1 July 2020	126	116
Amounts recognised in the income statement for the year	112	10
<b>Deferred tax asset at 30 June 2021</b>	<u>238</u>	<u>126</u>
Property, plant and equipment	-128	-126
Trade receivables	-110	0
Transferred to deferred tax asset	238	126
	<u>0</u>	<u>0</u>

Deferred tax has been provided at 22% corresponding to the expected current tax rate.

### Deferred tax asset

Calculated tax asset	238	126
<b>Carrying amount</b>	<u>238</u>	<u>126</u>

The recognised tax asset is primary attributable to temporary difference between value for accounting purposes and tax base.

# Notes to the Financial Statements

## 13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2020/21</u> TDKK	<u>2019/20</u> TDKK
<b>Payables to group enterprises relating to corporation tax</b>		
Between 1 and 5 years	6,283	2,347
Long-term part	<u>6,283</u>	<u>2,347</u>
Within 1 year	<u>0</u>	<u>0</u>
	<b><u>6,283</u></b>	<b><u>2,347</u></b>
<b>Other payables</b>		
After 5 years	2,940	461
Long-term part	<u>2,940</u>	<u>461</u>
Other short-term payables	<u>6,670</u>	<u>3,370</u>
	<b><u>9,610</u></b>	<b><u>3,831</u></b>

## Notes to the Financial Statements

	2020/21	2019/20
	TDKK	TDKK
<b>14 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The Company's shares have been provided as security for bank loans in other group enterprises.		
Group enterprises have provided surety in respect of bank loans of other group enterprises.		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	6,422	7,593
Between 1 and 5 years	23,478	23,870
After 5 years	5,207	10,739
	<u>35,107</u>	<u>42,202</u>

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of DANX Holding I ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 15 Related parties

### Controlling interest

DANX GROUP A/S, DK-2635 Ishøj

Parent Company

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The company is a part of the consolidated financial statement mentioned below.

<u>Name</u>	<u>Place of registered office</u>
DANX Holding I ApS (ultimate parent)	Denmark, Ishøj
DANX Group A/S (parent)	Denmark, Ishøj

# Notes to the Financial Statements

## 16 Accounting Policies

The Annual Report of DANX A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020/21 are presented in TDKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of DANX Group A/S (parent) and DANX Holding I ApS (ultimate parent), the Company has not prepared consolidated financial statements.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of DANX Group A/S (parent) and DANX Holding I ApS (ultimate parent), the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Cost of sales

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Depreciation and impairment losses

Depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including management fee, Government's economic stimulus packages and gains/losses on the sale of property, plant and equipment.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish Group Companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Balance Sheet

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-8	years
Leasehold improvements	2-8	years

The fixed assets' residual values are determined at nil.

#### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

#### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### **Other fixed asset investments**

Other fixed asset investments consist of deposits.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

Prepayments comprise prepaid expenses concerning costs incurred in respect of subsequent financial year.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

### Financial Highlights

#### Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$