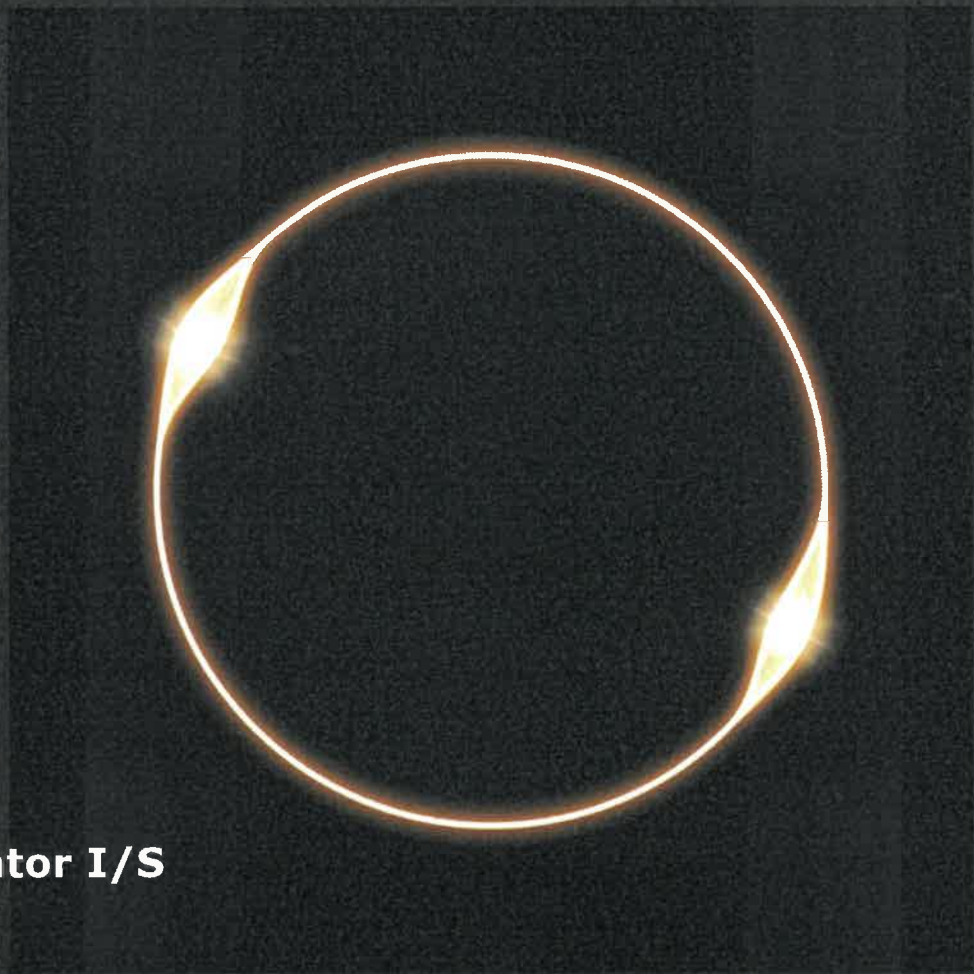
Deloitte.



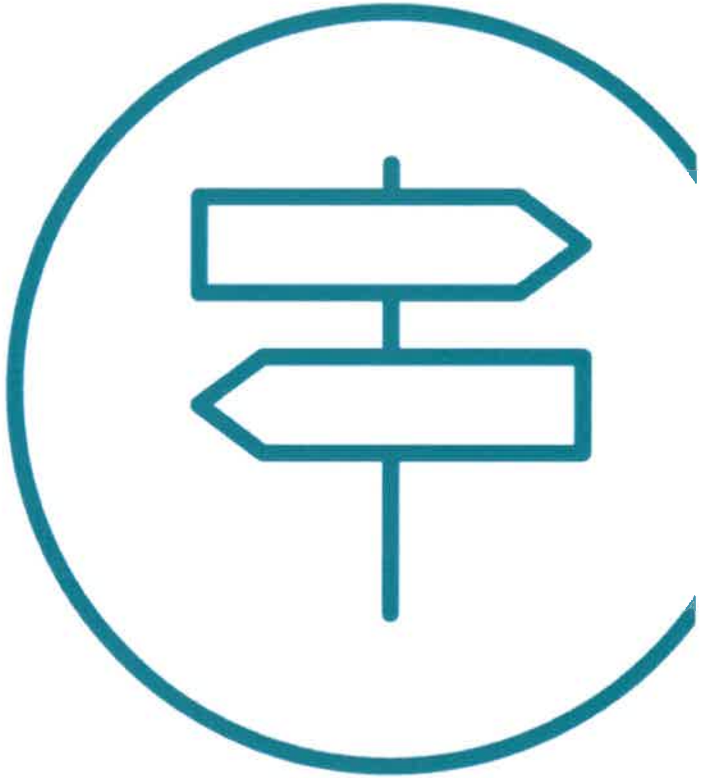
Clorius Varmemålerkontor I/S

Year end 2022

14-04-2023

Audit & Assurance

Agenda



Conclusion of our audit

Conclusion on our audit

We have finalised our audit and issue an auditor's report without modifications, emphasis of matter or other matter paragraphs or other reporting requirements

Deloitte's "Standard terms and conditions" contain a description of the objective, scope and performance of our audit, our reporting, and the definition of responsibilities etc. Our engagement letter includes a link to these terms and conditions, and we recommend that all members of Management read the description of the objective, scope and performance of our audit, our reporting, and the definition of responsibilities etc.

Pursuant to Danish law, we declare that we comply with the legal requirements of independence and that we have received all the information requested during our audit.

We issue an auditor's report without modifications, emphasis of matter or other matter paragraphs or other reporting requirements.

No intentional or unintentional misstatements were found during our audit.

Conclusion

We have finalised our audit of the financial statements for 2022 presented by Management.

If Management approves the annual report in its present form, we will issue an auditor's report on the financial statements without modifications, emphasis of matter or other matter paragraphs or other reporting requirements.

Furthermore, we have read the management commentary to ensure that the disclosures in this commentary are consistent with the financial statements and with the information that came to our knowledge during our audit.

We will issue a separate statement that the management commentary is consistent with the financial statements.

Testing of Management's duties

We have tested the Executive Board's observance of such duties as have been imposed on it by Danish company law to draw up and keep records. We have also checked that the Company observes the Danish Bookkeeping Act in all material respects.

Going concern

Management has decided to present the financial statements on a going concern basis.

Based on our audit, we agree on Management's assessment.

Unadjusted misstatements

No misstatements were found during our audit.

We recommend that management develop a calculation method based on IFRS-9 based on actual historical loss rates.

Management's statements

Overview of and comments on Management's statements

As part of our audit, we have performed certain procedures in accordance with applicable law and auditing standards regarding Management's statement on the annual report, Management's letter of representation and inquiries about fraud.

We have been informed by Management that they do not any have knowledge of actual, presumed or alleged fraud.

Statement by Management on the annual report

Management is required by law to give a statement on the annual report, in which it is confirmed that the annual report:

- Has been approved.
- Gives a true and fair view of the financial position and results in accordance with the Danish Financial Statements Act.
- Includes a management commentary which contains a fair review of the affairs and conditions referred to therein.

Executive Board's letter of representation

As part of our audit of complex areas, the Executive Board has issued a letter of representation to us on the financial statements.

Inquiries about fraud

We are required by law to obtain representations from Management and those charged with governance regarding any actual or presumed fraud or misstatement.

Management and those charged with governance have informed us that they do not have any knowledge of actual, presumed or alleged fraud and that no particular risk of material misstatement is assessed to exist in the financial statements as a result of fraudulent financial reporting or misappropriation of company assets.

The Company's internal control environment

We have reviewed the Company's business processes and internal controls in selected areas

Our audit also included an assessment as to whether the Company's reporting systems, business processes and internal controls function properly. The purpose of this is to check whether accurate, reliable and timely accounting recordings exist as a basis for presenting the financial statements.

The Company has no segregation of duties in all significant financial reporting areas. This increases the risk of misstatements in the financial statements due to intentional or unintentional actions and omissions.

Segregation of duties SAP

We found that the SAP users have access privileges beyond those necessary to perform their assigned duties, which may create improper segregation of duties.

We recommend that the SAP user access profiles be reviewed and amended to ensure that the users have access rights on a strictly need to have access only.

The Company's limited resources

We are aware that, with the Company's limited resources, it is not practicable to segregate duties in the areas stated.

We point out that our comments should not be taken to mean that our audit revealed specific matters that could indicate irregularities or fraud, but they are intended to emphasize that segregation of duties is usually a material element in the internal control of an enterprise.

We have observed that in case of errors, difficult areas the tasks are sometimes taken over by the head of accounting. This implies that the 4 eyes principle will not be followed. Moreover, that the head of accounting spend more time preparing accounting records rather than review work prepared by others and monitoring of the business & accounting.

Moreover, we have observed that account receivables have increased compared to last year. We have been informed that this is partly caused by the fact that the customers again in 2022 have not received dunning letters as the finance department has not had the time to do due to staff constrains. Partly because of the cyper-attack, which disallowed the staff access to the accounting system for a period of time.

The incident confirmed our observation from last year.

Summary of significant matters

Cyberattack

The ista-group was exposed to a hacker attack on the 25th of the July. This triggered the group to close access to all systems to ensure that no data was changed or stolen from the group's systems.

This meant that there was no access to all groups bookkeeping or operating systems such as Mirus for a longer period (weeks), while work was done to secure access again and that no data had been affected by the attack.

It was established that data had been stolen in order to obtain payment for the release of data. No money was paid to the hacker, but 370 GB of data was published. The management in ista Germany has reported the matter to the police, and a report has been made to the relevant authorities (including Denmark) regarding the data breach.

On 12 September 2022 the systems in Denmark and the rest of the group were opened individually to ensure that there were no challenges in connection with this. The systems were re-established based on back ups from the weekend.

As a consequence of the above, the company's CFO contacted the Tax Authorities to postpone the VAT reporting for Q3 2022 (and thus avoiding a fine).

We have received clearance memo from Deloitte in Germany's testing on the ERP-system SAP, and clearance memo from Deloitte in Poland's testing on the Mirus-system - both with no annotations.

We have not noticed any abnormality a result of the cyberattack during our audit.

Relevant information

General rules of transfer pricing documentation and country-by-country reporting (CbC)

The Group has activities in several foreign jurisdictions and is subject to various international tax and transfer pricing requirements and obligations.

Management has confirmed to us that the Group's transfer pricing documentation is updated and supports and documents historical as well as this year's controlled transactions, i.e., that the controlled transactions have been conducted following the arm's length principle, including benchmark studies or other comparable data that support the prices and terms applied.

Although Management has confirmed the above to us, we recommend that the Group have its transfer pricing documentation reviewed to ensure that the requirements are fulfilled from a Danish perspective due to the increased level of scrutiny by the Danish tax authorities and the significant penalties involved if the transfer pricing documentation is not considered sufficient.

Transfer pricing documentation – content requirements

The Danish requirements relating to the structure and content of the transfer pricing documentation are closely aligned with the OECD requirements.

The master file must contain standardised information relevant to all members of the Group, including an overview of the Group's business, the nature of its global business operations, its overall transfer pricing policies with a focus on services, intangible assets and financing, and its global allocation of income and economic activity.

The local file must provide detailed information on the individual local entity and focus on analysing the controlled transactions.

The transfer pricing documentation must be able to form a basis for the assessment of whether the prices and terms on transactions between related parties have been determined in line with what would have been agreed between unrelated parties.

The Danish tax authorities generally have a high focus on transfer pricing. In addition, there has been an increased focus on preparing sufficient comparability analyses in recent years.

Country-by-country reporting (CbC)

Danish companies are subject to country-by-country reporting requirements if the Group's consolidated revenue exceeds DKK 5.6 billion (approx. EUR 750 million) in the financial year preceding the reporting year of the CbC report. The obligation is generally imposed on the ultimate parent or a surrogate parent entity unless special circumstances apply.

No later than 12 months after the end of the financial year, the reporting entity required to file a CbC report must submit a standardised report containing information on every tax jurisdiction in which the Group carries out its activities.

CbC: Preliminary reporting of the reporting entity

Before the end of each year, Danish companies subject to country-by-country reporting must notify the Danish tax authorities of which group company will file the CbC report.

In Denmark, only the management company must notify the Danish tax authorities on behalf of a jointly taxed group.

Relevant information

General rules of transfer pricing documentation and country-by-country reporting (CbC)

New rules for the filing of transfer pricing documentation

Transfer pricing documentation must be prepared contemporaneously and finalised at the time of the Danish tax return filing.

For income years starting on or after 1 January 2021, taxpayers must submit their transfer pricing documentation to the Danish tax authorities no later than 60 days after the deadline for filing the tax return. Consequently, Danish taxpayers with calendar financial years must finalise their transfer pricing documentation for the income year 2022 no later than 30 June 2023, and the transfer pricing documentation must be submitted in DIAS before 60 days after the deadline for filing the tax return, i.e., on 29 August 2023.

An extension can be given upon request by the taxpayer if special circumstances apply. However, please note that such extension requires that the taxpayer has separately applied for and received a prolongation of the filing deadline for the tax return.

The transfer pricing documentation, which comprises a local file and a master file, is prepared for the individual legal entity, i.e., NOT on a joint taxation basis.

The Danish tax authorities are entitled to make a discretionary assessment of the taxable income if the transfer pricing documentation is either not submitted, not submitted in time or if the transfer pricing documentation is considered insufficient.

According to the Danish penalty regime, the tax authorities may issue penalties for late submission, non-submission, or incomplete submission of a company's transfer pricing documentation.

The standard penalty for late submission, non-submission, or submission of inadequate transfer pricing documentation is DKK 250,000 per company a year. However, this amount may be reduced to DKK 125,000 if adequate documentation is subsequently submitted. In addition, if a penalty is levied on the documentation, a further penalty of 10% of the gross income adjustment may be imposed if the transfer pricing audit leads to an income adjustment.

Please note: In January 2023, the Danish tax authorities commenced circulating letters informing taxpayers that the Danish tax authorities had decided to issue penalties for non-compliance with the rules mentioned above. The Danish tax authorities are systematically issuing letters to all taxpayers, confirming that they fall within the filing requirements but have failed to submit their transfer pricing documentation within the deadline.

Relevant information

General rules of transfer pricing documentation

Taxpayers subject to the rules of transfer pricing documentation

Generally, Danish taxpayers are required to prepare transfer pricing documentation of their controlled transactions. Transactions are considered controlled transactions if controlling influence is exercised, if transactions are between consolidated legal entities, or if transactions are between taxpayers and their permanent establishments in Denmark or abroad.

Regarding the above, controlling influence means ownership or control of voting rights, i.e., more than 50% of the share capital is directly or indirectly owned or control is exercised over more than 50% of the votes. Therefore, when assessing whether the taxpayer is considered to have a controlling influence over a legal entity or whether a controlling influence is exercised over the taxpayer by a legal entity or natural person, shares and voting rights held by group companies are taken into account.

Transactions with other Danish group companies may be excluded from the transfer pricing documentation to the extent they are taxed under the same rules.

However, if one Danish company is subject to ordinary corporate tax and another Danish company is taxed under the special Danish Tonnage Tax Scheme or other tax regimes, the Danish companies are obliged to prepare and submit transfer pricing documentation even if the transactions are between Danish companies.

We recommend seeking detailed advice should you believe your group is exempted from the Danish requirement. In this context, it is a common mistake to assume that the requirements do not apply in Denmark if the group is not obliged to prepare transfer pricing documentation at a group level.

Limited documentation obligation

A limited documentation obligation applies to parties liable to pay tax which, alone or together with consolidated companies, have:

- less than 250 employees, *and* <u>either</u>
  - a total annual balance sheet of less than DKK 125 million, <u>or</u>
  - annual revenue of less than DKK 250 million.

For these parties liable to pay tax, the documentation obligation solely applies to controlled transactions with physical and legal entities, and permanent establishments registered in a non-EU/EEA country with which Denmark does not have a double taxation agreement that includes a provision concerning transfer pricing.

Relevant information
Various matters

Significant matter	Comments
Registration of beneficial owners	During our audit, we checked your registration of beneficial owners with the Danish Business Authority. As far as we know, the current registration is correct. Meanwhile, please also note that the Danish Parliament passed Act No. 554 amending the rules of beneficial owners on 2 May 2019. The amending act comprises further disclosure requirements for enterprises, foundations and associations, and their beneficial owners to ensure greater transparency over the ownership structure of Danish enterprises, foundations and associations. The Danish Companies Act includes a new requirement that management must check at least once a year whether there have been any changes in the information registered on the beneficial owners. The findings from such checks must be presented at the meeting at which the executive board and/or the board of directors approves the annual report. Consequently, we suggest that this item be discussed, documented, and incorporated in the minutes of the board meeting at which the annual report is approved. The Company must retain documentation of the information obtained about its beneficial owners for five years, including information on its attempted identification of the beneficial owners. Moreover, under section 15a(3) of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism (the Danish Anti-Money Laundering Act), entities such as audit firms are required to report to the Danish Business Authority if they identify inconsistencies in the information registered on beneficial owners. This requirement means that Deloitte must report to the Danish Business Authority if we find that the beneficial owners evident from cvr.dk are not the right ones. The obligation to report became effective on 10 January 2020.

Relevant information

New rules of VAT legislation

The new legislation will impact all Danish businesses and businesses with transactions involving Denmark

In June 2022, the Danish Parliament passed a new bill allowing the Danish Tax Agency to impose interest on unreported or incorrectly reported VAT, special payroll duty tax ("lønsumsafgift") and potentially also excise duties. So far, the applicable interest rate is 0.7% a month. However, the interest rate will likely increase in the next few years.

The new rules are highly relevant to Danish businesses and foreign businesses doing business with or in Denmark. This legislation is a significant change in Danish VAT etc., in which adjustments on indirect taxes generally did not attract calculation of interests.

The interest surcharge applies to all adjustments, whether made on the initiative of the tax administration or the business itself. In future, interest payments can only be avoided if the business has declared VAT etc. correctly and paid on time. If this is not the case, an interest surcharge is levied so that interest and compound interest are payable from the time when the amount should have been declared correctly.

The law has no transitional rules, meaning that the general three-year statute of limitation applies. However, in cases where "intent" or "gross negligence" is established, we cannot rule out the statute of limitation; thus, the calculation of interests can be extended to ten years. In other words, interest will be calculated as of 15 June 2022 and retroactively.

Interests can be imposed even for periods subject to ongoing audits or during ongoing requests for a binding VAT ruling. Consequently, such audits etc. might lead to interest applying to longer periods, calculated as of the date when the VAT was due.

The new legislation does allow for interest exoneration. However, historically, the Danish Tax Agency has rarely exploited this option, namely exempting businesses from interest.

When will the legislation become effective?

As of 15 June 2022, the bill covers only the following scenarios, i.e., the legislation has become effective:

- The business reports and files the first VAT return too late
- The business reports on time but files the first VAT return too late

For the remaining scenarios, the rules are expected to take effect later due to the underlying support from IT systems not yet being fully in place. A likely date for the remaining scenarios is currently 1 July 2023, but the date is not carved in stone.

Relevant information

New rules of VAT legislation

The new legislation will impact all Danish businesses and businesses with transactions involving Denmark (continued)

The new legislation will impact Danish businesses and foreign businesses doing business in Denmark. The latter will especially be the case for foreign businesses unaware of their VAT obligations in Denmark. In this respect, please note that Denmark has special VAT rules, which can all lead to VAT obligations in Denmark for foreign businesses. These are, e.g., place of supply rules including provisions on "use and enjoyment", TOGC, a fixed establishment for VAT, and rules concerning foreign businesses supplying services relating to real estate in Denmark to either a non-Danish VAT registered business or to a VAT registered business in Denmark but by using a non-Danish subcontractor.

Implementing the new law will increase the need for all businesses to ensure the correct handling of transactions from the beginning of their economic activity and continuing through their business life cycle to avoid paying interest. Consequently, there is a much higher incentive to ask for binding rulings or advice regarding uncertain topics.

Further, in case non-compliance is suspected in Denmark, we strongly recommend that it be analysed and, if needed, brought into compliance before implementing the interest rules. Apart from the two scenarios on the previous slide, interest will not be charged in case of corrections made by the businesses before the implementation of the interest rules if the corrections are paid within two weeks of the corrections being filed (to be on the safe side, corrections should also be paid before implementing the interest rules).

New legislation has also entered into force concerning businesses subject to limited VAT recovery due to performing both VAT-liable and VAT-exempt activities, i.e., companies calculating a partial exemption rate (pro rata) for a financial year (on account rate and final rate). As of 1 January 2023, any corrections due to the calculation of the final partial exemption rate for the financial year must be made in the ordinary VAT return, which includes sixth months after the end of the company's financial year. If corrections are made later, correction returns must be made, and interest is due in case of corrections in favour of the tax authorities.

Relevant information
New rules of bookkeeping

Introduction

The Danish Parliament has adopted a new Bookkeeping Act to strengthen the response against misstatements and fraud. In addition, the new rules introduce guidance for increased digitalisation of the accounting processes:

- to exploit the potential of increasing the digitalisation of accounting, including making it easier for the individual company to comply with the accounting obligation,
- to strengthen the quality of accounting and compliance in general, and
- to strengthen the Danish Business Authority's control function so it can intervene more quickly against companies with an increased risk of non-compliance.

Basic requirements for digital accounting systems

The Company can choose to apply:

- A standard accounting system. Service providers of standard accounting systems on the Danish market must register and have their digital accounting system approved by the Danish Business Authority. Service providers of registered standard systems are responsible for ensuring that the Danish accounting system requirements are met.
- A customised digital accounting system. The Company will be responsible for ensuring that the Danish accounting system requirements are met.

In future, companies will be prompted to disclose information on the accounting system when submitting their annual report to the Danish Business Authority. Based on this reporting, the Danish Business Authority will perform controls of both standard systems (via controls of the service providers) and customised systems (direct control of the company).

Process descriptions

Companies must prepare a description of their accounting systems, and the description must include the following:

1. the Company's procedures to ensure that all its transactions are continuously recorded,
2. the Company's procedures to ensure that its accounting records are stored reliably, and
3. which employees are responsible for the procedures according to no. 1-2.

The process descriptions must be in place by 1 January 2023.

Relevant information

New rules of bookkeeping

The basic requirements for digital bookkeeping

The Company must:

- enter all transactions in a digital accounting system.
- keep the recorded transactions and associated documents in a digital accounting system. In addition, the definition of accounting records is extended to include documentation of factual information in the management commentary in the Company's annual report (e.g., MD&A and note disclosures).
- support correct accounting of the Company's transactions and secure storage of documents for the transactions for at least five years.
- meet requirements for high IT security, including access controls and automatic backup procedures.
- support automation of the Company's administrative processes.
  - support automatic sending and receipt of e-invoicing.
  - bank reconciliation in the accounting system using a CSV file or integration to the bank.
  - the potential possibility of using a standardised public chart of account or being able to map to one should the Danish Business Authority determine to issue a standard chart of account.

Responsibility etc.

Management cannot waive its responsibility to meet the requirements of the Danish Bookkeeping Act by outsourcing the bookkeeping. Management still bears the responsibility that the third party in question records all of the Company's transactions correctly and stores the Company's accounting records following the requirements of the Danish Bookkeeping Act.

The Danish Business Authority can impose fines and penalties on Management should it not comply with the Danish Bookkeeping Act.

The rules will be implemented gradually over time

01.02.2023	Standard system requirements were disclosed
01.11.2023	Deadline for registration of standard digital accounting systems
Expected 01.01.2024	Publication of registered standard digital accounting systems
Expected 01.07.2024	Requirements for standard digital accounting systems become effective for reporting classes B, C, and D
Expected 01.07.2025	Requirements for customised digital accounting systems become effective for reporting classes B, C, and D
Expected 01.07.2026	Requirements for digital accounting become effective for reporting class A

Signing page

Presented at the Board of Directors' meeting on 14 April 2023

Deloitte Statsautoriseret Revisionspartnerselskab
Copenhagen, 14 April 2023

Flemming Larsen
State-Authorised
Public Accountant

Board of Directors

Benny Martin Mathiesen Chairman	Torben Sidelmann Mathiasen	Marco Henrik Ødemark

Enclosure 1- objective, scope and performance of our audit, our reporting as well as a definition of the responsibilities of Management and auditors

Objective and scope

The objective of the audit is to enhance the reliability of the consolidated and parent financial statements.

Our audit will be planned and performed based on a systematic risk assessment and it does not aim at detecting or correcting immaterial misstatements that do not cause changes in the overall evaluation of the consolidated and parent financial statements.

The objective of the audit is to enhance the reliability of the consolidated and parent financial statements. We will examine whether the consolidated and parent financial statements have been prepared in accordance with the accounting provisions of Danish legislation and the Articles of Association as well as relevant accounting standards.

In accordance with applicable Standards on Auditing, our audit will be planned and performed based on a systematic risk assessment to the effect that those items in the consolidated and parent financial statements, those parts of the Company's accounting and reporting systems and other business processes which involve the highest risk of material misstatements are emphasised. As a result, our audit does not aim at detecting or correcting immaterial misstatements that do not cause changes in the overall evaluation of the consolidated and parent financial statements.

In order to perform our risk assessment we will, among other details, obtain information about the following matters relating to the Company:

- Industry, relevant legislation and other external matters
- Activities and accounting policies applied
- Objectives, strategies and related business risk
- Business processes and the Company's internal control system.

As part of our audit planning, we will review the Company's overall internal control system and specific controls, including controls in the financial reporting process, to be able to perform a focused risk assessment.

If our risk assessment leads us to believe that any inadequacies or weaknesses in the general IT controls may cause the financial statements to be materially misstated, we will also review those of the Company's general IT controls which are of relevance to financial reporting.

Objective and scope

Our audit will involve assessing and considering the accounting policies applied and the accounting estimates made by Management.

During our audit we will direct our attention with requisite professional skepticism to matters that might suggest fraud and other irregularities.

Our audit will not include a review of all vouchers and transactions. It is carried out through sample collection of documentation, or by other means, to confirm the accuracy of the accounting records and consolidated and parent the financial statements. In this context, we will test the internal controls to such extent as we consider necessary for our audit of the consolidated and parent financial statements.

Our audit will also involve assessing and considering the accounting policies applied and the accounting estimates made by Management.

Material misstatements in the consolidated and parent financial statements may have been caused by unintentional as well as intentional actions or omissions. The possibility of preventing material misstatements, including fraud and irregularities, primarily depends on the extent to which sound internal control is ensured in the organization of recording systems and business processes.

During our audit we will direct our attention with requisite professional skepticism to matters that might suggest fraud and other irregularities. In connection with planning the audit, we will obtain

- the Executive Board's assessment of the risk of the consolidated and parent financial statements containing material misstatements due to fraud
- the Executive Board's assessment of accounting and control systems introduced by it to mitigate such risks
- the Executive Board's knowledge of any detected or ongoing investigations of fraud.

In addition, we will ask the Board of Directors how it supervises the activities and processes initiated by the Executive Board to identify and respond to the risk of fraud in the Company as well as the internal controls implemented by the Executive Board to mitigate such risks.

Objective and scope

Any misstatements in the consolidated and parent financial statements resulting from fraud and irregularities may not necessarily be detected during our audit since misstatements of this nature are usually concealed or hidden

We will also ask the Board of Directors whether it has any knowledge of detected, presumed or alleged fraud affecting the Company.

When performing the audit, we will carry out specific audit procedures directed at Management's possibility of overriding established internal controls.

Furthermore, we will check that the consolidated and parent financial statements have been reconciled to the underlying accounting records, and we will review any material entries and adjustments that were made during the preparation of the consolidated and parent financial statements.

Any misstatements in the consolidated and parent financial statements resulting from fraud and irregularities may not necessarily be detected during our audit since misstatements of this nature are usually concealed or hidden. If we discover circumstances which may cause suspicion to this effect, we will conduct further investigations, subject to prior agreement with Management, for purposes of invalidating or confirming our suspicion.

Pursuant to law, we shall notify each member of Management if we, during our audit, become aware of one or several members of Management committing or having committed economic crime, including money laundering, in connection with the performance of their work for the Company. Such notification shall take place if we have reason to believe that the crime concerns significant amounts or is otherwise considered gross negligence just as the notification is included in the audit book comments. If Management has failed to document that the necessary measures have been taken to stop the crime no later than 14 days after this, we have an obligation to notify the Public Prosecutor for Serious Economic and International Crime.

Performance of the audit

Our audit will not be finalized until Management has made a final decision on the annual report, and we have issued our auditor's report on the consolidated and parent financial statements.

The scope of our work is determined on the basis of an overall assessment of materiality and risk of material misstatements in the consolidated and parent financial statements.

We will carry out our audit in the course of the year and in connection with the year-end closing. Our audit will not be finalized until Management has made a final decision on the annual report, and we have issued our auditor's report on the consolidated and parent financial statements.

The scope of our work is determined on the basis of an overall assessment of materiality and risk of material misstatements in the consolidated and parent financial statements.

During our audit of the financial statements, we will obtain assurance as to the existence of the Company's assets, the Company's ownership of such assets as well as their proper recognition and measurement. In addition, we will obtain assurance that all liabilities and other obligations, including contingent liabilities, etc, incumbent on the Company have been properly recognized and measured. In addition, we will ensure that the accruals concept has been applied to financial statement items and that the items have been disclosed correctly in the financial statements.

During our audit of the consolidated financial statements, we will review the financial records providing the basis for them and, in this context, make sure that the consolidation is based on audited financial disclosures about the Group's enterprises and that the eliminations made are correct and complete. In addition, we will review subsidiaries' financial statements with supporting audit reports, taking into consideration each subsidiary's significance to the Group in general.

For purposes of assessing the quality of the subsidiaries' financial disclosures we will send audit instructions to their auditors. Furthermore, at intervals and based on a materiality criterion, we will extend our review and assessment of the financial disclosures with site audits of the individual foreign subsidiaries.

Performance of the audit

As part of our audit, we will consider Management's assessment relating to the fact that the consolidated and parent financial statements are usually prepared on a going concern basis.

If we find misstatements in the consolidated and parent financial statements during our audit, we will inform Management thereof.

We will perform an overall evaluation of the consolidated and parent financial statements, including whether or not the disclosures in the notes give sufficient supplementary information for the reader to form an opinion of the Group's and Company's business developments on the basis of the consolidated and parent financial statements.

We will investigate whether all significant events occurring up to the date of the auditor's report have been included correctly in the consolidated and parent financial statements.

Based on Management's assessment, the consolidated and parent financial statements are usually prepared on a going concern basis. Management's assessment requires taking into account all available information about the development of the Company and the Group, especially including the expected future cash flows. As part of our audit, we will consider Management's assessment.

In connection with our audit of the consolidated and parent financial statements, we will, in accordance with generally accepted standards on auditing, ask Management to confirm information within areas that are particularly difficult to audit. This may include information about contingent liabilities in the shape of mortgages, guarantees, lawsuits and fraud, related party transactions, environmental issues, events after the balance sheet date as well as financial statement items subject to particular risk or uncertainty.

When basing our audit procedures on information prepared by the Company, we need to perform procedures to determine whether the information received is accurate and complete.

If we find misstatements in the consolidated and parent financial statements during our audit, we will inform Management thereof, and we will ask Management to adjust those misstatements. Management is also to state whether the unadjusted misstatements, if any, in the consolidated and parent financial statements that were found during the audit are individually or collectively immaterial to the overall presentation of the consolidated and parent financial statements.

We will perform an overall evaluation of the consolidated and parent financial statements, including whether or not the disclosures in the notes give sufficient supplementary information for the reader to form an opinion of the Group's and Company's business developments on the basis of the consolidated and parent financial statements.

As prescribed by Danish legislation, we will check whether the legal requirements for maintenance and filing of accounting records have been fulfilled. In addition, we will test the Board of Directors' observance of such duties as have been imposed on it to draw up and maintain books, records, minutes, etc

Statement on the management commentary

Our audit does not include the management commentary. However, we read the management commentary to ensure that the disclosures are consistent with the information that came to our knowledge during our audit.

Our audit does not include the management commentary. However, the Danish Financial Statements Act requires that we read the management commentary to ensure that the disclosures in this review are consistent with the consolidated and parent financial statements and with the information that came to our knowledge during our audit. Such reading of the management commentary also involves assessing whether it contains the disclosures required by the Danish Financial Statements Act.

Audit reporting

On conclusion of our audit, we will provide the consolidated and parent financial statements with an auditor's report.

We will submit a set of audit book comments on the annual report, in which we will outline material accounting and audit matters as well as our findings.

In the event of material deficiencies in the Company's accounting and recording systems, in its internal controls or in other business processes etc, we will include the matters in the audit book comments.

On conclusion of our audit, we will provide the consolidated and parent financial statements with an auditor's report. If the auditor's report has not been qualified or does not include an emphasis of matter paragraph, this will indicate that

- the consolidated and parent financial statements have been presented and audited in accordance with the accounting provisions of Danish legislation and the Company's Articles of Association as well as relevant accounting standards
- the consolidated and parent financial statements provide a true and fair view of the Group's and the Company's assets, equity and liabilities, cash flows, financial position and their its financial performance.

The auditor's report will also include our statement on whether the disclosures in the management commentary are consistent with the consolidated and parent financial statements.

Following the completion of our audit, we will submit a set of audit book comments on the annual report, in which we will outline material accounting and audit matters as well as audit procedures performed and our findings in this respect. We will also inform the Board of Directors in the audit book comments of any unadjusted misstatements in the consolidated and parent financial statements which the Executive Board has deemed immaterial to the overall presentation of the consolidated and parent financial statements. If any internal specifications, reports or similar records are presented to us during our audit of the consolidated and parent financial statements which we consider to be necessary for Management to be able to make a decision on the consolidated and parent financial statements, we will refer to such material in the audit book comments.

In addition, we will submit audit book comments during the year if we carry out work that may form the basis of individual conclusions, or if otherwise deemed necessary.

Any weaknesses, deficiencies or inexpediencies we may find in the Company's accounting and recording systems, in its internal controls or in other business processes etc will be reported to Management together with our recommendations to address such issues. In the event of material deficiencies, or if otherwise deemed necessary, we will include the matter in the audit book comments. We should point out, however, that we do not plan our audit of the consolidated and parent financial statements with a view to disclosing all weaknesses, deficiencies or inexpediencies that may occur in the Company's accounting and recording systems, etc.

Audit reporting

If we become aware of circumstances which give us reason to believe that members of Management may be held liable for damages or be subject to criminal liability, we shall insert an emphasis of matter paragraph to this effect in the auditor's report.

As auditors we are bound by secrecy, and this implies that we are not allowed to pass on confidential information of which we become aware during the audit.

Unless otherwise agreed, we shall communicate electronically with the Company as appropriate.

If, during our audit, we become aware of circumstances which give us reason to believe that members of Management may be held liable for damages or be subject to criminal liability, we shall, under Danish law, insert an emphasis of matter paragraph to this effect in the auditor's report. Information shall always be provided in the event of violation of

- Part 28 of the Danish Penal Code as well as legislation on taxation, duties and grants
- the provisions laid down for the Company by Danish company law or similar legislation
- legislation on preparation and presentation of financial statements and on maintenance and filing of accounting records.

If, during our audit, we find that the Board of Directors has not observed its obligations as regards drawing up and maintaining books, records, minutes, etc, we shall present a separate report to be enclosed with the annual report presented at the Annual General Meeting.

As auditors we are bound by secrecy, and this implies that we are not allowed to pass on confidential information of which we become aware during the audit. However, this secrecy does not include information required by applicable law, court rulings or arbitral awards or by supervisory authorities, or in cases where the information is justly deemed necessary to protect own legal interests.

The auditor's independence is one of the fundamental preconditions for issuing a credible report and therefore governed by detailed regulations. To safeguard such independence, we have a number of procedures in place for accepting and managing our assurance engagements. In the event that we violate the rules of independence during our provision of services, we are required to discuss with Management the consequences thereof; this includes accounting for the reason for such violation and putting into practice measures designed to prevent future violation. The outcome of these discussions will be evident from our audit book comments.

Unless otherwise agreed, we shall communicate electronically with the Company as appropriate. Communication via the Internet involves a risk of confidential information being read by parties other than the intended recipients. Accordingly, we do not assume any responsibility for any damage that may occur as a result of communicating via the Internet, nor will we hold the Company responsible.

Definition and responsibilities

Board of Directors and the Executive Board are responsible for ensuring, through appropriate business processes and recording and control systems, that intentional or unintentional errors and misstatements are prevented, detected and corrected to the extent possible.

The Board of Directors and the Executive Board are responsible for the preparation of financial statements.

The Board of Directors shall sign the audit book comments presented as confirmation that each board member has read the audit book comments.

Pursuant to Danish legislation, our audit will be based on the following definitions of the responsibilities of Management and auditors in relation to the annual report:

Management's responsibilities

It is the responsibility of the Executive Board to ensure that the Company's accounting records are kept in accordance with applicable legal provisions, and that assets are managed in a satisfactory manner, one of the means being the establishment of a reliable internal control system.

It is the responsibility of the Board of Directors to ensure that the Company's accounting records and asset management are controlled satisfactorily, and that the requisite basis for auditing exists.

Board of Directors and the Executive Board are responsible for ensuring, through appropriate business processes and recording and control systems, that intentional or unintentional errors and misstatements are prevented, detected and corrected to the extent possible. Under the Danish Bookkeeping Act, Management is required to prepare a description of such business processes and recording systems that is adapted to the nature and size of the Company.

The Board of Directors and the Executive Board are also responsible for the preparation of financial statements which comply with the accounting provisions of Danish legislation and the Company's Articles of Association as well as relevant accounting standards. Another responsibility of Management is to provide access for the auditors to all such information as they deem necessary to perform their audit.

The Board of Directors shall sign the audit book comments presented as confirmation that each board member has read the audit book comments and is familiar with their contents.

Definition and responsibilities

As auditors, we are responsible for verifying that the consolidated and parent financial statements do not contain material misstatements, and that the disclosures in the management commentary are consistent with the consolidated and parent financial statements.

As auditors, it is not our responsibility to perform the audit with a view to commenting on the Company's business transactions.

Pursuant to Danish legislation, our audit will be based on the following definitions of the responsibilities of Management and auditors in relation to the annual report:

Auditor's responsibilities

It is our responsibility to ensure that the consolidated and parent financial statements prepared comply with the accounting provisions of Danish legislation, the Company's Articles of Association as well as relevant accounting standards. It is also our responsibility to assess the accounting policies applied as well as the information provided and the accounting estimates made by Management. In addition, we are responsible for verifying that the consolidated and parent financial statements do not contain material misstatements, and that the disclosures in the management commentary are consistent with the consolidated and parent financial statements.

Under the Danish Act on Public Accountants, the auditor is the representative of the general public in connection with issuance of reports required by law, or which are not exclusively for the use of the assignor. This entails that, in connection with the issuance of reports, the auditor shall also take into consideration users of the annual report other than the Company's owners.

It is not our responsibility to perform the audit with a view to commenting on the Company's business transactions.

If we provide any advisory services and assistance according to agreement with Management – for example, in connection with the preparation of the income tax return – we have separate responsibilities as advisers in this respect.

Audit documentation

Working papers and other documentation are property only of Deloitte.

Working papers and other documentation, including both electronic and hardcopy working papers that are obtained as part of the audit, are property only of Deloitte. In accordance with current practice, such documentation may be destroyed or deleted after five years unless we still consider the documentation to be of relevance to the audit.

If it is considered appropriate to surrender material or files to the Company, this is done assuming that the Company solely applies the material for its own use and does not surrender the material to any third party.

We assume no responsibility for the Company's own application of the surrendered material unless specific written agreement is concluded regarding our assistance in the processing of such material and our responsibility in this respect.

Quality assurance

We are subject to a quality control review by a Public Accountants Oversight Board set up by the Danish Business Authority.

Our audit documentation may be selected for quality control on a sample basis.

Pursuant to the Danish Act on Public Accountants, we are subject to a quality control review by a Public Accountants Oversight Board set up by the Danish Business Authority. The Public Accountants Oversight Board appoints the persons to perform the quality control review.

This means that our audit documentation, including audit documentation of [XXX] and the Group, may be selected for quality control on a sample basis.

Members of the Public Accountants Oversight Board and the persons to perform the quality control review are subject to professional secrecy.

Publication of annual report etc

If the Company's annual report is to be made public in extract, we recommend discussing this with us.

The Company shall obtain our approval before any documents on which our company name appears are made public.

If the Company's annual report etc is to be made public in extract or in a form that differs from the document on which we issued our auditor's report, we recommend discussing this with us since the Danish Financial Statements Act contains specific regulations in this respect. However, such prior discussion with us should always take place upon publication of the annual report on the Company's website in a form that differs from the document on which we issued our auditor's report.

The Company shall also obtain our approval before any other documents on which our company name appears are made public or surrendered to a third party.

Basis of audit

The Company shall review operating accounts and balance sheet accounts for correct classification and accrual.

The Company shall prepare the annual report in accordance with applicable laws.

Prior to the year-end closing, we shall send a separate working plan specifying the reconciliations and analyses etc which we need for our audit.

To provide a basis for our audit, the Company shall review operating accounts and balance sheet accounts for correct classification and accrual as well as prepare reconciliation statements, specifications, calculations and analyses etc.

In addition, the Company shall prepare the annual report in accordance with applicable laws.

In this connection, the Company shall prepare documentation for the year-end closing containing a trial balance inclusive of all post-journal entries and reconciliations etc. All of these records shall have been reviewed and approved by the person in charge of the closing of the accounts before the documentation is made available to Deloitte. Prior to the year-end closing, we shall send a separate working plan specifying the reconciliations and analyses etc which we need for our audit.

Should we need further analyses or reconciliations when planning or performing the audit, we shall ask the Company's staff also to assist us in preparing such documentation.

In connection with the year-end closing, we shall in consultation with the Company agree on the timing of our audit.

Advisory services

If any other special arrangements are made to carry out detailed services, this will be included in the audit book comments.

We will consider the independence requirements when performing advisory services.

If any special arrangements are made to carry out detailed control reviews, submit special assurance reports or similar services, this will be included in the audit book comments.

We will consider the independence requirements of the Danish Public Accountants Act when performing advisory services and assistance assignments.

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Audit & Assurance