
Norrecco A/S

B-Vej 8, DK-2300 Copenhagen

Annual Report for 1 October 2023 - 30 September 2024

CVR No. 30 51 84 38

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 3/4 2025

Barnaby Michael John
Hampson
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Norrecco A/S for the financial year 1 October 2023 - 30 September 2024.

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 September 2024 of the Company and of the results of the Company operations for 2023/24.

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.

Copenhagen, 3 April 2025

Executive Board

Niels Brix
Executive Officer

Board of Directors

Flemming Sloth Lauridsen
Chairman

Frank Jensen
Vice chairman

Niels Brix

Barnaby Michael John Hampson

Independent Auditor's report

To the shareholder of Norrecco A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2024 and of the results of the Company's operations for the financial year 1 October 2023 - 30 September 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Norrecco A/S for the financial year 1 October 2023 - 30 September 2024, 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 Financial 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.

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.

Independent Auditor's report

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.
- 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, 3 April 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Kenneth Østergaard
State Authorised Public Accountant
mne47262

Oliver Svane
State Authorised Public Accountant
mne49837

Company information

The Company	Norrecco A/S B-Vej 8 DK-2300 Copenhagen CVR No: 30 51 84 38 Financial period: 1 October 2023 - 30 September 2024 Incorporated: 19 December 2007 Financial year: 17th financial year Municipality of reg. office: Copenhagen
Board of Directors	Flemming Sloth Lauridsen, chairman Frank Jensen, vice chairman Niels Brix Barnaby Michael John Hampson
Executive Board	Niels Brix
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	592,903	663,421	578,864	432,592	366,365
Gross profit	95,088	130,229	112,212	85,102	68,771
Profit/loss of primary operations	24,298	62,476	29,471	37,994	20,976
Profit/loss of financial income and expenses	-40,126	-4,119	-2,242	6,667	16,115
Net profit/loss for the year	-22,310	43,722	25,957	37,436	34,840
Balance sheet					
Balance sheet total	352,810	422,030	443,597	453,175	310,339
Investment in property, plant and equipment	35,301	20,703	9,584	7,552	3,630
Equity	183,301	245,611	254,889	179,563	157,827
Number of employees	83	83	85	76	64
Ratios					
Gross margin	16.0%	19.6%	19.4%	19.7%	18.8%
Profit margin	4.1%	9.4%	5.1%	8.8%	5.7%
Return on assets	6.9%	14.8%	6.6%	8.4%	6.8%
Solvency ratio	52.0%	58.2%	57.5%	39.6%	50.9%
Return on equity	-10.4%	17.5%	11.9%	22.2%	24.8%

Management's review

Key activities

The activity of the company consist of receiving, sorting, handling, recycling and sales of materials from the construction industry, industrial sector as well as public and private suppliers, and other related activities.

Development in the year

The income statement of the Company for 2023/24 shows a loss of TDKK 22,310, and at 30 September 2024 the balance sheet of the Company shows a positive equity of TDKK 183,301.

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

At the start of the year, Management expected a revenue in the range of DKK 600-625 million and a result before tax in the range of DKK 30-35 million. In 2023/24 the Company has realised a revenue of DKK 593 million which is below expectations. The reason for revenue being lower than expected is due to three significant projects tailing off and then ending during the year. This meant a lower revenue across soil, related waste fractions and gate fees. The result before tax amounts to DKK -16 million, which is below expectations. The reason for the result being lower than expected is primarily due to results in subsidiaries being significantly lower than expected.

In the financial year 2023/24 one-off write down have been made in the subsidiary Norrecco Agerskov A/S, on its tangible assets and provisions for expected costs related hereto has been booked. The income from subsidiaries and the result for the year for 2023/24 has in total been negatively affected by DKK 41 million attributable hereto.

Special risks - operating risks and financial risks

Operating risks

It has been assessed, that there are no single significant risks corresponding to the operations of Norrecco A/S.

Credit risks

It has been assessed, that there are no significant credit risks in Norrecco A/S.

Targets and expectations for the year ahead

For the coming financial year, a total revenue of DKK 615-630 million, and a profit before financial items and income from subsidiaries of DKK 26-28 million is expected.

Research and development

Norrecco A/S does not carry on any research or development activities in the traditional sense, but the Company aims at being at the forefront of development and uses the newest technologies.

External environment

Norrecco A/S is environmentally conscious and continuously works to reduce any impact on the environment caused by its operations, e.g. through more environmentally friendly waste disposal and increased waste sorting, thus, improving recycling opportunities. The Company is certified under ISO 14001.

The Company's centres are organised in accordance with today's high environmental requirements, and the processing of waste and soil takes place in the best environmentally sound way.

Environmental and safety policies are described in detail on the Company's website at www.norrecco.dk/miljø.

Management's review

Intellectual capital resources

To some extent, Norrecco A/S is dependent on attracting and retaining employees who are able to continue the development of the Company's operations.

Knowledge resources that may be of particular importance for the Company's future operations relate to being at the front edge of a wide range of services as well as having and maintaining a good image as an effective, dependable as well as a flexible, socially and environmentally responsible company with a good working environment.

Statement of corporate social responsibility

Please refer to the parent company Loop MidCo ApS', CVR-no. 44 21 37 53, annual report for a description of the entire Reconor Group's corporate social responsibility report.

Statement on data ethics

Please refer to the parent company Loop MidCo ApS', CVR-no. 44 21 37 53, annual report for a description of the entire Reconor Group's data ethics.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 30 September 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023/24 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 October 2023 - 30 September 2024

	Note	2023/24	2022/23
		TDKK	TDKK
Revenue	1	592,903	663,421
Other operating income		2,553	2,243
Expenses for raw materials and consumables		-386,019	-427,392
Other external expenses		-114,349	-108,043
Gross profit		95,088	130,229
Staff expenses	2	-56,225	-54,816
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-14,553	-12,937
Other operating expenses		-12	0
Profit/loss before financial income and expenses		24,298	62,476
Income from investments in subsidiaries	4	-40,116	-1,551
Financial income	5	4,690	5,380
Financial expenses	6	-4,700	-7,948
Profit/loss before tax		-15,828	58,357
Tax on profit/loss for the year	7	-6,482	-14,635
Net profit/loss for the year	8	-22,310	43,722

Balance sheet 30 September 2024

Assets

	Note	2023/24	2022/23
		TDKK	TDKK
Software		480	641
Goodwill		31,858	36,814
Intangible assets	9	32,338	37,455
Land and buildings		94,237	90,047
Other fixtures and fittings, tools and equipment		24,788	5,742
Prepayments for property, plant and equipment		2,675	0
Property, plant and equipment	10	121,700	95,789
Investments in subsidiaries	11	24,349	81,047
Fixed asset investments		24,349	81,047
Fixed assets		178,387	214,291
Raw materials and consumables		7,148	6,368
Inventories		7,148	6,368
Trade receivables		58,222	68,871
Receivables from group enterprises		102,795	117,850
Other receivables		4,234	3,444
Prepayments	12	892	6,283
Receivables		166,143	196,448
Cash at bank and in hand		1,132	4,923
Current assets		174,423	207,739
Assets		352,810	422,030

Balance sheet 30 September 2024

Liabilities and equity

	Note	2023/24	2022/23
		TDKK	TDKK
Share capital		20,000	20,000
Retained earnings		163,301	185,611
Proposed dividend for the year		0	40,000
Equity		183,301	245,611
Provision for deferred tax	13	934	3,457
Provisions relating to investments in group enterprises		4,218	0
Other provisions	14	28,799	19,264
Provisions		33,951	22,721
Lease obligations		15,287	0
Payables to group enterprises relating to corporation tax		8,963	10,648
Long-term debt	15	24,250	10,648
Lease obligations	15	3,469	0
Trade payables		35,819	63,815
Payables to group enterprises		50,323	57,039
Payables to group enterprises relating to corporation tax		10,648	9,651
Other payables		11,049	12,545
Short-term debt		111,308	143,050
Debt		135,558	153,698
Liabilities and equity		352,810	422,030
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Fee to auditors appointed at the general meeting	18		
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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	20,000	185,611	40,000	245,611
Ordinary dividend paid	0	0	-40,000	-40,000
Net profit/loss for the year	0	-22,310	0	-22,310
Equity at 30 September	20,000	163,301	0	183,301

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
1. Revenue		
Geographical segments		
Revenue, Denmark	592,903	663,421
	<u>592,903</u>	<u>663,421</u>

The company's revenue can be attributed to a segment within the company's main activity.

	2023/24	2022/23
	TDKK	TDKK
2. Staff expenses		
Wages and salaries	49,723	47,756
Pensions	4,054	3,453
Other social security expenses	905	937
Other staff expenses	1,543	2,670
	<u>56,225</u>	<u>54,816</u>
Including remuneration to the Executive Board and Board of Directors		
	<u>5,507</u>	<u>2,720</u>
Average number of employees	<u>83</u>	<u>83</u>

With reference to section 98(3) of the Danish Financial Statements Act, remuneration to the executive board and the board of directors is disclosed collectively, as a separate presentation would entail information on remuneration for a single member.

	2023/24	2022/23
	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	5,190	7,051
Depreciation of property, plant and equipment	8,956	5,886
Impairment of tangible assets	407	0
	<u>14,553</u>	<u>12,937</u>

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
4. Income from investments in subsidiaries		
Share of profits of subsidiaries	-34,163	4,402
Amortisation of goodwill	-5,953	-5,953
	<u>-40,116</u>	<u>-1,551</u>
	2023/24	2022/23
	TDKK	TDKK
5. Financial income		
Interest received from group enterprises	4,374	5,002
Other financial income	316	378
	<u>4,690</u>	<u>5,380</u>
	2023/24	2022/23
	TDKK	TDKK
6. Financial expenses		
Interest paid to group enterprises	281	5,073
Other financial expenses	4,419	2,783
Exchange loss	0	92
	<u>4,700</u>	<u>7,948</u>
	2023/24	2022/23
	TDKK	TDKK
7. Income tax expense		
Current tax for the year	9,005	10,693
Deferred tax for the year	-2,523	3,942
	<u>6,482</u>	<u>14,635</u>

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
8. Profit allocation		
Proposed dividend for the year	0	40,000
Reserve for net revaluation under the equity method	0	-1,661
Retained earnings	-22,310	5,383
	<u>-22,310</u>	<u>43,722</u>

9. Intangible fixed assets

	Software	Goodwill
	TDKK	TDKK
Cost at 1 October	7,062	72,408
Additions for the year	73	0
Cost at 30 September	<u>7,135</u>	<u>72,408</u>
Impairment losses and amortisation at 1 October	6,421	35,594
Amortisation for the year	234	4,956
Impairment losses and amortisation at 30 September	<u>6,655</u>	<u>40,550</u>
Carrying amount at 30 September	<u>480</u>	<u>31,858</u>
Amortised over	<u>5 years</u>	<u>5-10 years</u>

Notes to the Financial Statements

10. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment
	TDKK	TDKK	TDKK
Cost at 1 October	132,765	8,405	0
Additions for the year	11,310	21,316	2,675
Disposals for the year	0	-30	0
Cost at 30 September	<u>144,075</u>	<u>29,691</u>	<u>2,675</u>
Impairment losses and depreciation at 1 October	42,718	2,663	0
Impairment losses for the year	189	218	0
Depreciation for the year	6,931	2,025	0
Reversal of impairment and depreciation of sold assets	0	-3	0
Impairment losses and depreciation at 30 September	<u>49,838</u>	<u>4,903</u>	<u>0</u>
Carrying amount at 30 September	<u>94,237</u>	<u>24,788</u>	<u>2,675</u>
Amortised over	<u>10-30 years</u>	<u>5-12 years</u>	
Including assets under finance leases amounting to	<u>0</u>	<u>19,536</u>	<u>0</u>

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
11. Investments in subsidiaries		
Cost at 1 October	86,936	86,936
Cost at 30 September	86,936	86,936
Value adjustments at 1 October	-5,889	1,661
Net profit/loss for the year	-34,163	4,403
Dividend to the Parent Company	-20,800	-6,000
Amortisation of goodwill	-5,953	-5,953
Value adjustments at 30 September	-66,805	-5,889
Equity investments with negative net asset value transferred to provisions	4,218	0
Carrying amount at 30 September	24,349	81,047
Positive differences arising on initial measurement of subsidiaries at net asset value	59,529	59,529
Remaining positive difference included in the above carrying amount at	17,858	23,811

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Norrecco Agerskov A/S	Tønder	500.000	100%
Norrecco Uge ApS	Tønder	125.000	100%

12. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions as well

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
13. Provision for deferred tax		
Deferred tax liabilities at 1 October	3,457	-485
Amounts recognised in the income statement for the year	-2,523	3,942
Deferred tax liabilities at 30 September	934	3,457
Intangible assets	106	141
Property, plant and equipment	7,164	7,524
Amortization	0	29
Provisions	-6,336	-4,237
	934	3,457
	2023/24	2022/23
	TDKK	TDKK
14. Other provisions		
The purpose of the company is to receive and dispose soil and waste from the industrial sector. The provision represent the cost, that is necessary to bear, to cleanse, sort and dispose received soil and waste at the balance sheet date. The provision falls due continuously, as a part of the company's daily operations.		
Provision for waste and soil disposal	28,799	19,264
	28,799	19,264
The provisions are expected to mature as follows:		
Provisions falling due after 5 years	0	0
	0	0

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
15. 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:		
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	15,287	0
Long-term part	15,287	0
Within 1 year	3,469	0
	<u>18,756</u>	<u>0</u>
Payables to group enterprises relating to corporation tax		
Between 1 and 5 years	8,963	10,648
Long-term part	8,963	10,648
Within 1 year	10,648	9,651
	<u>19,611</u>	<u>20,299</u>
	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
16. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,518	1,768
Between 1 and 5 years	624	1,060
	<u>2,142</u>	<u>2,828</u>
Lease obligations, period of non-terminability 6-75 months	42,581	51,165

Notes to the Financial Statements

2023/24	2022/23
TDKK	TDKK

16. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The company has provided a surety bond for the parent company Reconor A/S.

The Danish 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 Loop MidCo ApS, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

The company is covered by payment guarantees, which in total amounts to thousands of DKK 47.426 at 30th of September 2024.

Credit institution has a claim on selected debtors, which are included in the accounts receivables from sales and services. Negative pledge have been registered.

The company is part of a joint mutual agreement of Subordination and Financial Support submitted between group-affiliated companies. The Agreement is effective until 31 March 2026.

The management has an ongoing dialogue with the municipality of Tønder regarding possible adjustments and recommendations for the operation of the subsidiary Norrecco Agerskov A/S' site in Agerskov. The ongoing dialogue with the municipality is positive and it is the management's assessment that any adjustments and recommendations will not result in a material drawdown of financial resources for the subsidiary or the group, this is naturally subject to uncertainty.

17. Related parties and disclosure of consolidated financial statements

Basis

Controlling interest

Biosphere TopCo Limited

Ultimate capital owner, 100%

Reconor A/S

Capital owner, 100%

Transactions

Transactions with related parties during the financial year have been made on an arm's length basis.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name

Place of registered office

Loop MidCo ApS

Paradisæblevej 4, 2, 2 2500 Valby, Denmark

Reconor A/S

Paradisæblevej 4, 2, 2 2500 Valby, Denmark

Notes to the Financial Statements

18. Fee to auditors appointed at the general meeting

In accordance with section 96(3) of the Danish Financial Statements Act, fees paid the auditors appointed at the annual general meeting has been omitted as it is included in the consolidated financial statements of Loop MidCo ApS.

19. Subsequent events

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

Notes to the Financial Statements

20. Accounting policies

The Annual Report of Norrecco A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023/24 of Reconor A/S, 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 Reconor A/S, 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

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

Notes to the Financial Statements

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.

Segment information on revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. geographical segments are regarded as the primary segments.

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.

Expenses for raw materials and consumables

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 indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and 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 gains and losses on the sale of intangible assets and 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.

Notes to the Financial Statements

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 enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-10 year.

Goodwill is amortised over its assessed and estimated useful life, which is determined on the basis of the nature and market position of the enterprise, as well as the stability and customer base of the industry.

Software is measured at cost less accumulated depreciation. Software is depreciated on a straightline basis over the useful life, which is estimated at 5 years.

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 buildings	30 years
Technical installations	10-12 years
Other fixtures and fittings, tools and equipment	5-12 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments 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.

Notes to the Financial Statements

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.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

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 rent, insurance premiums, subscriptions and interest.

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$