DAFA Group A/S

Holmstrupgårdsvej 12, DK-8220 Brabrand

Annual Report for 2022

CVR No. 17 63 01 80

The Annual Report was presented and adopted at the Annual General Meeting of the company on

Kaare Bo Nielsen
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 Consolidated Financial Statements and Parent Company Financial Statements of DAFA Group A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Aarhus, 1 March 2023

Executive Board

Steen Agerbo Bødtker
CEO

Board of Directors

Eivind Drachmann Kolding Chairman	Vilhelm Eigil Hahn-Petersen Vice chairman	Frederik Oliver Busch

Independent Auditor's report

To the shareholder of DAFA Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DAFA Group A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group´s and the Parent Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent 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 Group´s and the Parent Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's report

Aarhus, 1 March 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Elife Savas
State Authorised Public Accountant
mne34453

Company information

The Company	DAFA Group A/S Holmstrupgårdsvej 12 DK-8220 Brabrand Telephone: 87476666 Email: dafa@dafa.dk Website: www.dafa.dk CVR No: 17 63 01 80 Financial period: 1 January - 31 December Incorporated: 7 February 1994 Municipality of reg. office: Aarhus
Board of Directors	Eivind Drachmann Kolding, chairman Vilhelm Eigil Hahn-Petersen, vice chairman Frederik Oliver Busch
Executive board	Steen Agerbo Bødtker
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 8000 Aarhus C

Group Chart

Company	Residence	Ownership
DAFA Group A/S	**Holmstrupgårdvej 12, 8220 Brabrand, Denmark**	
DAFA A/S	Holmstrupgårdvej 12, 8220 Brabrand, Denmark	100%
DAFA Building Solutions A/S	Holmstrupgårdvej 1, 8220 Brabrand, Denmark	100%
DAFA Sverige AB	Hanögatan 11 211 24 Malmö	100%
DAFA Norge AS	Borgeskogen 30 3160 Stokke	100%
DAFA Polska sp. Z.o.o.	ul. Chemiczna 18 Natolin 05-825 Grodzisk Mazowiecki	100%
DAFA Deutschland GmbH	Skandinavien-Bogen 6 24983 Handewitt	100%
DAFA Italia S.r.l	Via Repubblica 17 23841 Annone di Brianza (LC)	100%
DAFA US inc.	1500 North Halsted Street 2nd floor Chicago, IL 60642	100%
DAFA China Holding ApS	Holmstrupgårdvej 12, 8220 Brabrand, Denmark	100%
DAFA Sealing Technology (Tianjin) Co., Ltd.	B711 Xinhua International Plaza, No.89 Dayangfang Road, Shilihe Chaoyang District, 100122, Beijing, China	100%

Financial Highlights

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

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	492,545	567,944	513,276	515,362	460,980
Gross profit/loss	172,545	234,391	211,129	205,909	167,528
EBITDA excl. special items	62,410	100,117	88,849	78,918	48,505
Profit/loss before financial income and expenses	18,513	79,003	68,608	58,838	28,189
Profit/loss of financial income and expenses	-1,049	-161	-1,935	-1,082	-678
Net profit/loss	11,160	57,697	50,510	42,653	19,947
Balance sheet					
Balance sheet total	312,923	349,600	321,538	310,916	307,463
Investment in property, plant and equipment	12,413	16,578	11,289	14,478	11,497
Equity	214,373	227,516	183,941	160,791	126,998
Cash flows					
Cash flows from:					
- operating activities	29,953	60,743	63,853	77,044	56,646
- investing activities	-10,338	-17,268	-16,757	-14,591	-11,514
- financing activities	-34,825	-35,973	-45,800	26,209	-13,473
Change in cash and cash equivalents for the year	-15,210	7,502	1,296	88,662	31,659
Number of employees	303	340	309	302	318
Ratios					
Gross margin	35.0%	41.3%	41.1%	40.0%	36.3%
Profit margin	3.8%	13.9%	13.4%	11.4%	6.1%
Return on assets	5.9%	22.6%	21.3%	18.9%	9.2%
Solvency ratio	68.5%	65.1%	57.2%	51.7%	41.3%
Return on equity	5.1%	28.0%	29.3%	29.6%	31.4%
EBITDA excl. special items	12.7%	17.6%	17.3%	15.3%	10.5%

DAFA Group A/S - Management's review

Principal activities

DAFA contributes sustainable, long-lasting foam and rubber solutions which seal, absorb and protect. The goal is that customers experience added value by collaborating with DAFA and that they choose DAFA as their preferred supplier.

DAFA sells its products to the industrial segment and building segment.

DAFA's business model is through a global footprint to follow our customers development and requirements by offering high service and quality in sustainable, long-lasting foam and rubber solutions which seal, absorb and protect. We want to grow together with our customers by focusing on close customer relations and development of innovative quality products and solutions.

DAFA delivers World-class solutions driven by our passion for Innovation and Sustainability.

The solutions are produced and distributed through divisions in Denmark, Poland, Italy and China. In addition, there are sales offices in the USA, Sweden, Norway, Germany and India.

Acquisition of the DAFA Group by Danish Private Equity Fund, CataCap II K/S ("CataCap") and co-investors

In May 2022, DAFA Group and all affiliated subsidiaries were indirectly acquired by CataCap and co-investors.

The Group is controlled by the Private Equity Fund CataCap which has 51.94% of the shares and 100% of the voting shares.

CataCap is a member of "Active Owners" and complies with ethical guidelines, guidelines for responsible ownership. DAFA strives to fulfil the guidelines issued by Active Owners. More information about Active Owners is found on http://aktiveejere.dk

Development in activities and financial position

2022 did not develop as expected in terms of revenue and earnings as outside factors made it a challenging year.

Supply chain issues and low production output in the wind industry combined with China's zero tolerance COVID-policies impacted DAFA's revenue which came out at DKK 493 million compared with DKK 568 million last year.

General increases in raw material and other input prices, including historically high overseas freight rates, put pressure on the gross margin of the business which for 2022 was below the year before. The gross margin development reflects a year where mitigating actions where continuously implemented resulting in gross margin end of 2022 being back at the level where the year started, but due to a time lag between input price increases and mitigating actions gross margin measured over the year was eroded. However, at the end of 2022 DAFA is well positioned with a strong gross margin in line with historic performance.

EBITDA for the year includes special items related to the transaction where private equity fund CataCap (together with co-investors) acquired the Group, and as such does not reflect operating earnings in the company. EBITDA before special items was DKK 62 million compared with DKK 100 million the year before and reflects the decline in revenue and lower gross margin measured over the year, as well as the fact that despite lower revenue management has focused on developing the company to pursue growth rather than cutting costs.

Positive outside factors have also emerged. In the short term a general localisation strategy in the supply chain has impacted our business positively, in particular for DAFA Polska where we have seen increased activity as more customers move their supply chain from Asia to Europe, and this development we expect to continue in the coming years. In the medium and long term, the prospects in the wind industry have grown significantly as it has become a strategic priority for nations to grow this energy source in DAFA's core markets.

Outlook

In 2023 we expect to increase revenue through organic growth compared to 2022 with about 10%. Furthermore we expect an improved result of the year. The growth ambitions for 2023 and forward is supported by an updated strategy, which we have worked intensively at in the second half year of 2022. To reach our aspiration, we have identified four Must-Win Battles focusing on growth and five enabling initiatives.

The four growth initiatives are:

- Winning in wind globally
- Growing European revenues within the four segments, Medico, HVAC, White Goods and Electronics
- Consolidating through an active M&A agenda
- Growing Building Solutions

The five enabler initiatives we have identified and are working on are the following:

- Commercial Excellence Model. A uniform and structured approach to drive existing and new sales globally
- Industrialising operations. We want to have industrialised operations with cross-border production planning and state-of-the-art machinery ensuring our operation machines is future-fit
- Organisational model able to handle significant growth. A robust and future-fit global organisation to handle our growth ambitions. Recruitment of new CCO and COO to deliver into this are in process
- Industry-leading in ESG. We want to be recognized as a leader in our industry regarding ESG. Recruitment of an ESG Manager to secure this is in process
- Scalable backbone. Well-oiled IT backbone with competencies and resources to fuel the set growth ambitions are in process, and in 2022 a new experienced Group IT and Digitalization Director had started.

In line with the growth strategic initiatives, we have reinforced the sales organisation globally with new Head of Sales Central Europe, 2 new sales managers in Germany and from 2023 we have a sales manager in India.

Particular Risk

In DAFA, risk is a natural part of the way the business is operating. Efficient risk management ensures that the risk is evaluated periodically and addressed daily to reduce the risk to an acceptable level. The Board of Directors has the overall responsibility for DAFA's risk management and for identifying and controlling the risk. Management has the daily responsibility to follow the overall guidelines and to report to the Board of Directors about the most important risk areas.

Operating Risk

The Group's key operating risks relate to the ability to maintain and develop its position at existing customers while increasing the market share. The Group's global footprint supports thereby the ability to minimise operating risks

Market Risk

The Group is exposed to periodic fluctuations in sales in line with the general macro-economic environment, and this risk is limited due to the global footprint.

Credit Risk

According to the Group's credit policy, all major customers are rated on a current basis.

Financial Risk

The Executive Board and Board of Directors regularly evaluate whether the capital structure supports the achievements of overall strategic goals and long-term growth.

The Group is financed through its own capital with a solvency rate at approx. 23% at group level, as well as acquisition loan, vendor loan, overdraft facility and supplier credit. Duration and interest risk are evaluated as appropriate for the Group. At the balance sheet date, net interest-bearing debt was DKK 663 million, which is deemed to be an appropriate level in relation to the total balance (capital structure).

Due to foreign activities, profit, cash flows and equity are affected by the exchange and interest rate developments for several currencies. It is the Company's currency policy not to hedge currency risks as most transactions are naturally hedged through purchases and sales in the same currencies.

Research and development activities

DAFA continuously develops and improves its products in cooperation with its customers. The related costs are charged to the income statement as they are incurred. Resources spent on implementation of new technology is capitalised under the item completed development projects.

Intellectual capital

It is essential for DAFA's continued growth to retain and develop employees; therefore, significant resources are allocated to these efforts.

To ensure competitiveness and efficiency, new technology investments are made continuously alongside continued competence development.

Intellectual capital resources are of great importance to DAFA. In the construction segment, continuous product development is carried out based on knowledge of the market and our customers. In the industry segment, customised quality solutions are developed for which our employees' know-how of materials and possible solutions is a key factor.

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Statutory declaration of Corporate Social Responsibility in accordance with section 99a of the Danish Financial Statements Act

DAFA conducts the business activities as described in the business model section with deep respect for all the stakeholders and constant focus on reducing our environmental impact. In 2010 DAFA Joined UN Global Compact and DAFA has since been incorporating the 10 principles of UN Global Compact into strategies, policies and procedures establishing a culture of integrity upholding not only our basic responsibilities to people and planet, but also setting the platform for long term sustainable business operations.

The 10 principles of Global Compact concerning respect for human rights, labour, environment and anti-corruption. A set of guidelines to ensure that DAFA's employees, in cooperation with customers, suppliers, authorities and other stakeholders, create a responsible development of DAFA's business and surroundings. DAFA has recently submitted Communication of Progress No. 13 for publication on our website. The statutory declaration in accordance with section 99a is included in the DAFA ESG/COP report – February 2023 which can be read or downloaded from the link below.

https://dafa-group.com/en/sustainability

The statutory report is based on the principles for ESG reporting set out by CFA Society Denmark, FSR and NASDAQ for "ESG key figures in the annual report" and guidelines for UN Global Compact annual Communication of Progress.

Environment

DAFA aims to live in harmony with our surroundings, neighbours as well as the environment.

Therefore DAFA has set out an ambitious strategy: "DAFA Go Green" based on the most significant risks and impacts for climate, environment and CSR. The goals and the status of achievement are reported on DAFAs website on an annual basis: https://dafa-group.com/en/sustainability

Statutory statement regarding the underrepresented gender in accordance with the section 99b of the Danish Financial Statements Act

In DAFA, we acknowledge that diversity in Management and employees is a strength and as a part of this, equality in gender contributes to the business development. DAFA's target regarding the underrepresented gender is that both genders are to be represented on the Board of Directors, and no one is underrepresented. The target was met from 2006 to May 2022, but currently the representation of the underrepresented gender on the Board of Directors is 0 %. Following CataCap's acquisition a new board of directors was elected consisting of three members. Currently, a recruitment of an additional two board members is ongoing with a target for the underrepresented gender of minimum 20% representation on the board to be realised in 2023. This is in line with the minimum requirements set by CataCap.

Diversity at other management levels

DAFA is also considering diversity at other management levels than the Board of Directors. The long-term aim is that the Company reflects the surrounding society and especially the Company's customers, not only in terms of gender, but also in terms of nationality and ethnicity. This reflection of the surrounding society is to contribute to the Company being an attractive choice for customers as well as present and future employees and in this way enabling the Company to achieve its long-term business goals

The policy of the Company states that both genders are encouraged equally to apply for vacant positions in the Company. Both genders are also guaranteed the same rights and conditions during their employment. As DAFA strives for an equal gender representation in Management, we acknowledge that women are currently underrepresented. Therefore, we have placed special focus on ensuring that women are, where possible, included in the list of candidates for new hires and internal promotions. Moreover, we have in situations where more candidates are assessed to be equally qualified for a position selected the female candidate. In 2022 the underrepresented gender in Global Management is represented by 10 %.

DAFA will in the future increase the work to equal the gender representation, and the expectation for 2023 is to improve the balance of gender compared with today.

Statutory statement regarding data ethics in accordance with the section 99d of the Danish Financial Statements Act

DAFA's data ethics are based on privacy for customers and employees as a fundamental value. The Company strives for a positive staff culture around errors where openness about mistakes and problems leads to improvements. Employees who access data have undergone an e-learning programme on how to process data.

Our data ethics principles support ethical decision-making when using data across the value chain. We further strengthened the integration of data protection and human rights risks in management processes.

Board of Directors and Executive Board - Directorship

Board of Directors

Eivind Drachmann Kolding *Chairman of the board since 2022*	Vilhelm Eigil Hahn-Petersen *Deputy chairman, since 2022*	Frederik Oliver Busch *Boardmember since 2022*
Suggested by: CataCap	CataCap	CataCap
Directorship: Executive Board	**Executive Board**	**Executive Board**
	CataCap Management A/S CATACAP DM ApS CataCap DM II ApS CATACAP GENERAL PARTNER I ApS CataCap General Partner II ApS CATACAP MANAGEMENT A/S CATACAP OP ApS CC DAFA Invest ApS CC Fly Invest ApS CC Globe Invest ApS CC II Management Invest 2017 GP ApS CC Toaster Invest Aps CC BidCo ApS CC BidCo II ApS CC HoldCo ApS CC HoldCo II ApS CC TopCo Invest ApS CC TopCo II Invest ApS CC TRACK INVEST ApS CC North Invest ApS CC TAP Invest ApS DAFA MIP ApS MYCO ApS Rekom ManCo ApS TPA Green ManCo ApS	FOB UP Invest ApS

Chairman	**Chairman**	**Chairman**
DAFA Holding I ApS DAFA Holding II ApS DAFA Group A/S MFT Energy A/S KGH ApS NTG Nordic Transport Group A/S DANMARK'S SKIBSKREDIT A/S DEN ERHERVSDRIVENDE FOND GL STRAND	DAFA PropCo ApS DAFA A/S LUXPLUS WE ApS LUXPLUS CEE A/S EchoEcho ApS CC Green Wall Invest ApS	
Deputy Chairman	**Deputy Chairman**	**Deputy Chairman**
NNIT A/S LEO FONDET LEO Holding A/S	DAFA Holding I ApS DAFA Holding II ApS DAFA Group A/S LUXPLUS ApS Rekom Group A/S Rekom Group Holding ApS CC Mist NEW Holding I ApS CC Fly Holding I ApS CC Fly Holding II A/S CC Toaster Holding I ApS CC Toaster Holding II ApS	
Board Member	**Board Member**	**Board Member**
	Aerfin Holdings Limited Aerfin Limited Airhelp Limited Atlantic HoldCo Limited Atlantic OfferCo Limited CataCap General Partner I ApS TP AEROSPACE HOLDING A/S TPA Holding I A/S TPA Holding II A/S	DAFA Holding I ApS DAFA Holding II ApS DAFA Group A/S DAFA PropCo ApS LUXPLUS ApS LUXPLUS CEE A/S CC Toaster Holding I ApS CC Toaster Holding II ApS

Executive Board

Steen Agerbo Bødtker

CEO, since 2018

Executive Board

DAFA Holding I ApS

DAFA Holding II ApS

DAFA Group A/S

DAFA A/S

DAFA PropCo Aps

DAFA China Holding ApS

EJENDOMSSELSKABET HOLMSTRUPGÅRDVEJ8-16 ApS

Chairman

DAFA Building Solutions A/S

H. Skjøde Knudsen Holding A/S

Skjøde Administration A/S

BRENDERUP EJENDOMSSELSKAB A/S

Odense Bygningsservice A/S

Danish Pig Genedics A/S

Komplementarselskabet Danish Pig Genetics ApS

Deputy Chairman

Board Member

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Revenue	1	492,545	567,944	4,811	3,871
Other operating income		8	197	0	0
Expenses for raw materials and consumables		-260,533	-284,631	0	0
Other external expenses		-59,475	-49,119	-11,824	-689
Gross profit		**172,545**	**234,391**	**-7,013**	**3,182**
Staff expenses	3	-132,850	-134,274	-13,855	-6,120
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-21,182	-21,114	0	0
Profit/loss before financial income and expenses		**18,513**	**79,003**	**-20,868**	**-2,938**
Income from investments in subsidiaries		0	0	29,879	60,791
Financial income	5	879	1,549	370	364
Financial expenses	6	-1,928	-1,710	-2,266	-1,313
Profit/loss before tax		**17,464**	**78,842**	**7,115**	**56,904**
Tax on profit/loss for the year	7	-6,304	-21,145	4,045	793
Net profit/loss for the year	8	**11,160**	**57,697**	**11,160**	**57,697**

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Completed development projects		62	0	0	0
Acquired licenses		5,968	8,068	0	0
Acquired other similar rights		82	0	0	0
Goodwill		23,889	30,683	0	0
Intangible assets	9	**30,001**	**38,751**	**0**	**0**
Land and buildings		36,473	38,445	0	0
Plant and machinery		40,519	42,014	0	0
Other fixtures and fittings, tools and equipment		5,460	3,460	0	0
Leasehold improvements		3,335	2,938	0	0
Property, plant and equipment	10	**85,787**	**86,857**	**0**	**0**
Investments in subsidiaries	11	0	0	278,086	307,542
Deposits	12	3,334	3,334	0	0
Fixed asset investments		**3,334**	**3,334**	**278,086**	**307,542**
Fixed assets		**119,122**	**128,942**	**278,086**	**307,542**
Raw materials and consumables		28,789	32,348	0	0
Work in progress		1,832	2,585	0	0
Finished goods and goods for resale		52,045	51,678	0	0
Inventories		**82,666**	**86,611**	**0**	**0**
Trade receivables		77,881	95,728	0	0
Receivables from group enterprises		2,293	0	0	505
Other receivables		9,069	3,839	869	29
Deferred tax asset	14	767	0	767	0
Corporation tax		3,113	0	3,106	855
Prepayments	13	0	29	0	0
Receivables		**93,123**	**99,596**	**4,742**	**1,389**
Current asset investment		**1,000**	**2,229**	**0**	**0**

Balance sheet 31 December

Cash at bank and in hand	**17,012**	**32,222**	**0**	**755**
Current assets	**193,801**	**220,658**	**4,742**	**2,144**
Assets	**312,923**	**349,600**	**282,828**	**309,686**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Share capital		5,000	5,000	5,000	5,000
Reserve for net revaluation under the equity method		0	0	86,657	115,331
Retained earnings		209,373	202,516	122,716	87,185
Proposed dividend for the year		0	20,000	0	20,000
Equity		**214,373**	**227,516**	**214,373**	**227,516**
Provision for deferred tax	14	2,481	4,526	0	0
Other provisions	15	1,969	2,131	0	0
Provisions		**4,450**	**6,657**	**0**	**0**
Lease obligations		4,453	5,659	0	0
Other payables		615	472	0	0
Long-term debt	16	**5,068**	**6,131**	**0**	**0**
Credit institutions		0	13,778	12,622	13,778
Lease obligations	16	1,253	1,237	0	0
Trade payables		56,148	66,499	0	0
Payables to group enterprises		0	0	55,051	62,624
Corporation tax		10,568	2,463	0	0
Other payables	16	21,063	25,319	782	5,768
Short-term debt		**89,032**	**109,296**	**68,455**	**82,170**
Debt		**94,100**	**115,427**	**68,455**	**82,170**
Liabilities and equity		**312,923**	**349,600**	**282,828**	**309,686**

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Statement of changes in equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	5,000	202,516	20,000	227,516
Ordinary dividend paid	0	0	-20,000	-20,000
Other equity movements	0	-4,303	0	-4,303
Net profit/loss for the year	0	11,160	0	11,160
Equity at 31 December	**5,000**	**209,373**	**0**	**214,373**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	5,000	115,331	87,185	20,000	227,516
Ordinary dividend paid	0	0	0	-20,000	-20,000
Other equity movements	0	782	-5,085	0	-4,303
Net profit/loss for the year	0	-29,456	40,616	0	11,160
Equity at 31 December	**5,000**	**86,657**	**122,716**	**0**	**214,373**

Cash flow statement 1 January - 31 December

	Note	Group 2022	Group 2021
		TDKK	TDKK
Result of the year		11,160	57,697
Adjustments	17	24,289	48,038
Change in working capital	18	-471	-27,375
Cash flow from operations before financial items		**34,978**	**78,360**
Financial income		879	1,549
Financial expenses		-1,928	-1,710
Cash flows from ordinary activities		**33,929**	**78,199**
Corporation tax paid		-3,976	-17,456
Cash flows from operating activities		**29,953**	**60,743**
Purchase of intangible assets		-673	-2,811
Purchase of property, plant and equipment		-10,894	-16,578
Sale of intangible assets		0	293
Sale of property, plant and equipment		0	4,057
Current asset investments made		0	-2,229
Sale of current asset investments		1,229	0
Cash flows from investing activities		**-10,338**	**-17,268**
Repayment of loans from credit institutions		-13,778	-14,509
Reduction of lease obligations		-1,190	-1,958
Raising of other long-term debt		143	494
Dividend paid		-20,000	-20,000
Cash flows from financing activities		**-34,825**	**-35,973**
Change in cash and cash equivalents		**-15,210**	**7,502**
Cash and cash equivalents at 1 January		32,222	24,720
Cash and cash equivalents at 31 December		**17,012**	**32,222**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		17,012	32,222
Cash and cash equivalents at 31 December		**17,012**	**32,222**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
1. Revenue				
Geographical segments				
Scandinavia	224,659	254,542	4,811	3,871
Rest of Europe	196,402	197,974	0	0
Rest of the world	71,483	115,428	0	0
	492,545	**567,944**	**4,811**	**3,871**

Revenue in parent company consist of management fee charged to primarily companies within Scandinavia, hence it has been presented this way.

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
2. Special items				
Integration and strategy costs in connection with changed ownership of DAFA Group A/S	22,715	0	17,367	0
	22,715	**0**	**17,367**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

3. Staff Expenses

Wages and salaries	112,041	117,934	13,639	5,947
Pensions	6,535	7,131	186	142
Other social security expenses	9,992	7,547	0	0
Other staff expenses	4,282	1,662	30	31
	132,850	**134,274**	**13,855**	**6,120**
Including remuneration to the Executive Board and Board of Directors	**15,219**	**8,358**	**12,197**	**4,364**
Average number of employees	**303**	**340**	**3**	**2**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

4. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment

Amortisation of intangible assets	6,795	9,709	0	0
Depreciation of property, plant and equipment	14,387	11,405	0	0
	21,182	**21,114**	**0**	**0**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

5. Financial income

Interest received from group enterprises	0	0	303	142
Other financial income	879	1,549	67	222
	879	**1,549**	**370**	**364**

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Notes to the Financial Statements

6. Financial expenses

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	0	0	1,582	628
Other financial expenses	1,881	1,567	684	542
Exchange adjustments, expenses	47	143	0	143
	1,928	**1,710**	**2,266**	**1,313**

7. Income tax expense

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	7,347	21,161	-3,106	-855
Deferred tax for the year	-871	-78	-767	0
Adjustment of tax concerning previous years	-172	62	-172	62
	6,304	**21,145**	**-4,045**	**-793**

8. Profit allocation

	Parent company	
	2022	2021
	TDKK	TDKK
Extraordinary dividend paid	0	10,000
Proposed dividend for the year	0	20,000
Reserve for net revaluation under the equity method	-29,456	29,332
Retained earnings	40,616	-1,635
	11,160	**57,697**

Notes to the Financial Statements

9. Intangible fixed assets

Group

	Completed development projects	Acquired licenses	Acquired other similar rights	Goodwill
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	1,239	14,169	3,035	67,686
Additions for the year	63	412	165	0
Disposals for the year	0	-58	0	0
Cost at 31 December	1,302	14,523	3,200	67,686
Impairment losses and amortisation at 1 January	1,239	6,101	3,035	37,004
Amortisation for the year	1	2,512	83	6,793
Reversal of amortisation of disposals for the year	0	-58	0	0
Impairment losses and amortisation at 31 December	1,240	8,555	3,118	43,797
Carrying amount at 31 December	**62**	**5,968**	**82**	**23,889**
Amortised over	3 years	3 years	3-5 years	10 years

Notes to the Financial Statements

10. Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	51,639	109,005	26,092	5,658
Additions for the year	0	8,044	3,405	964
Disposals for the year	0	-1,062	-2,807	0
Cost at 31 December	51,639	115,987	26,690	6,622
Impairment losses and depreciation at 1 January	13,194	66,991	22,632	2,720
Exchange adjustment	476	1,355	7	7
Depreciation for the year	1,227	7,954	1,384	560
Reversal of impairment and depreciation of sold assets	0	-832	-2,793	0
Transfers for the year	269	0	0	0
Impairment losses and depreciation at 31 December	15,166	75,468	21,230	3,287
Carrying amount at 31 December	**36,473**	**40,519**	**5,460**	**3,335**
Including assets under finance leases amounting to	0	5,446	74	0

Notes to the Financial Statements

	Parent company	
	2022	2021
	TDKK	TDKK

11. Investments in subsidiaries

	2022 TDKK	2021 TDKK
Cost at 1 January	191,429	191,429
Cost at 31 December	191,429	191,429
Value adjustments at 1 January	116,113	86,003
Exchange adjustment	-4,305	5,878
Net profit/loss for the year	35,808	67,772
Dividend to the Parent Company	-54,088	-36,000
Amortisation of goodwill	-7,123	-7,050
Change in intercompany profit on inventories	-160	70
Other adjustments	412	-560
Value adjustments at 31 December	86,657	116,113
Carrying amount at 31 December	**278,086**	**307,542**
Remaining positive difference included in the above carrying amount at 31 December	30,532	38,194

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
DAFA A/S	Denmark	25,000,000 DKK	100%
DAFA Building Solutions A/S	Denmark	5,000,000 DKK	100%
DAFA China Holding ApS	Denmark	125,000 DKK	100%
DAFA Sverige AB	Sweden	100,000 SEK	100%
DAFA Deutschland GmbH	Germany	25,000 EUR	100%
DAFA US Inc.	USA	20.000 USED	100%
DAFA Polska sp. Z. o. o.	Poland	2,196,000 PLN	100%
DAFA Italia S.r.l	Italy	10,000 EUR	100%
DAFA Norway AS	Norge	500 NOK	100%

Notes to the Financial Statements

12. Other fixed asset investments

Group

	Deposits
	TDKK
Cost at 1 January	3,334
Cost at 31 December	3,334
Carrying amount at 31 December	**3,334**

13. Prepayments

Prepayments consist of payments of insurance, licenses and sponsorships.

14. Provision for deferred tax

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Deferred tax liabilities at 1 January	4,526	4,604	0	0
Correction of prior year deferred tax	-1,941	0	0	0
Amounts recognised in the income statement for the year	-871	-78	-767	0
Deferred tax liabilities at 31 December	**1,714**	**4,526**	**-767**	**0**
Recognised in the balance sheet as follows:				
Assets	767	0	767	0
Provisions	2,481	4,526	0	0
	1,714	**4,526**	**-767**	**0**

Notes to the Financial Statements

15. Other provisions

Other provisions of TDKK 1,969 (2021: TDKK 2,131) have been recognised for expected costs related to pension provisions for the employees.

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Other provision 1 January	2,131	2,131	0	0
Adjustment for the year	-162	0	0	0
	1,969	**2,131**	**0**	**0**

The provisions are expected to mature as follows:

Provisions falling due after 5 years	1,969	2,131	0	0

16. 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:

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Lease obligations				
After 5 years	0	838	0	0
Between 1 and 5 years	4,453	4,821	0	0
Long-term part	4,453	5,659	0	0
Within 1 year	1,253	1,237	0	0
	5,706	**6,896**	**0**	**0**
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	615	472	0	0
Long-term part	615	472	0	0
Other short-term payables	21,063	25,319	782	5,768
	21,678	**25,791**	**782**	**5,768**

Notes to the Financial Statements

17. Cash flow statement - Adjustments

	Group 2022	Group 2021
	TDKK	TDKK
Financial income	-879	-1,549
Financial expenses	1,928	1,710
Depreciation, amortisation and impairment losses, including losses and gains on sales	21,182	21,114
Tax on profit/loss for the year	6,304	21,145
Exchange adjustments	-4,246	5,618
	24,289	**48,038**

18. Cash flow statement - Change in working capital

	Group 2022	Group 2021
	TDKK	TDKK
Change in inventories	3,945	-19,685
Change in receivables	10,353	-6,259
Change in other provisions	-162	-21
Change in trade payables, etc	-14,607	-1,410
	-471	**-27,375**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

19. Contingent assets, liabilities and other financial obligations

Charges and security

As partially security for borrowings and bank commitments in the DAFA Holding I ApS Danish Group companies, security in share capital, regarding the Group companies DAFA Building Solutions A/S and DAFA A/S is effective.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	8,721	12,237	179	315
Between 1 and 5 years	31,019	32,718	0	179
	39,740	**44,955**	**179**	**494**

Guarantee obligations

The Group has issued partially guarantee of payment between the Danish DAFA Holding I ApS Group companies DAFA Holding I ApS, DAFA Holding II ApS, DAFA Group A/S, DAFA Building Solutions A/S and DAFA A/S and the DAFA Holding I ApS Groups´ credit institutions.

Other contingent liabilities

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 CC DAFA Invest 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.

20. Related parties and disclosure of consolidated financial statements

Transactions

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

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

DAFA Holding II ApS - 100% legal owner

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
DAFA Holding I ApS	Holmstrupgårdvej 12, 8220 Brabrand

Notes to the Financial Statements

21. Fee to auditors appointed at the general meeting

	Group	
	2022	2021
	TDKK	TDKK
KPMG		
Audit fee	355	784
Tax advisory services	22	48
Non-audit services	206	63
	583	**895**
PwC		
Audit fee	530	0
Tax advisory services	50	0
Non-audit services	50	0
	630	**0**

22. Subsequent events

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

Notes to the Financial Statements

23. Accounting policies

The Annual Report of DAFA Group A/S for 2022 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 Consolidated Financial Statements and the Parent Company Financial Statements for 2022 are presented in TDKK.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, DAFA Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Leases

Leases in terms of which the Group 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 Group.

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

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

Notes to the Financial Statements

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.

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 transaction date rates are recognised in financial income and expenses in the income statement

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Segment information on revenue

Information on geographical segments is based on the Group´s risks and returns and its internal financial reporting system.

Income statement

Net sales

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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 the consolidated revenue for the year.

Notes to the Financial Statements

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

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 Group, 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 comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with . The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 year.

Other intangible fixed assets

Licences and rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Software licences and rights are amortised over the period of the agreements, which is 3 years and 3-5 years, respectively.

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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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:

Buildings	40-50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years

Notes to the Financial Statements

Leasehold improvements	10 years

The fixed assets' residual values are determined at nil.

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.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

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

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

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits and FIZ Investment certificates.

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 goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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.

Current Asset Investments

Current Asset Investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

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 Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Loans, such as loans from credit institutions, 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.

Notes to the Financial Statements

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit before financials x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity
EBITDA excl. special items	(Gross profit/loss + staff expenses - special items) x 100 / Revenue