



Grenaa Havn A/S

Havnecentervej 1
8500 Grenaa
CVR No. 25137736

Annual report 2022

The Annual General Meeting adopted the
annual report on 19.04.2023

Ole Husum

Chairman of the General Meeting

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This document is an unofficial translation of the Danish original. In the event of any inconsistencies, the Danish version shall apply.

Entity details

Entity

Grenaa Havn A/S

Havnecentervej 1

8500 Grenaa

Business Registration No.: 25137736

Registered office: Norddjurs

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Bent Hansen

Laura Hay Uggla

Lene Skovsgaard Sørensen

Jess Abildskou

Anne Bjerrekær

Lars Jørgensen Møller

Jens Meinke Meilvang

Benny Viggo Hammer

Anette Ruby Liebe

Executive Board

Henrik Skade Carstensen

Kirsten Hvid Schmidt

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Grenaa Havn A/S for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Grenaa, 19.04.2023

Executive Board

Henrik Skade Carstensen

Kirsten Hvid Schmidt

Board of Directors

Bent Hansen

Laura Hay Uggla

Lene Skovsgaard Sørensen

Jess Abildskou

Anne Bjerrekær

Lars Jørgensen Møller

Jens Meinke Meilvang

Benny Viggo Hammer

Anette Ruby Liebe

Independent auditor's report

To the shareholders of Grenaa Havn A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Grenaa Havn A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 19.04.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz

State Authorised Public Accountant
Identification No (MNE) mne34145

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Revenue	72,279	68,219	59,696	59,978	58,553
Gross profit/loss	42,773	40,664	35,476	41,148	38,551
Operating profit/loss	10,865	11,718	9,932	16,324	17,636
Net financials	830	(1,706)	(1,118)	(1,842)	(2,577)
Profit/loss for the year	10,556	9,895	9,165	14,032	14,784
Balance sheet total	398,424	401,774	355,068	358,079	340,327
Investments in property, plant and equipment	27,619	35,905	25,331	10,414	34,999
Equity	232,950	222,394	212,499	203,333	189,301
Cash flows from operating activities	22,651	10,614			
Cash flows from investing activities	(24,962)	(35,451)			
Cash flows from financing activities	(1,216)	31,424			
Ratios					
Gross margin (%)	59.18	59.61	59.43	68.61	65.84
Net margin (%)	14.60	14.50	15.35	23.40	25.25
Return on equity (%)	4.64	4.55	4.41	7.15	
Equity ratio (%)	58.47	55.35	59.85	56.78	55.62

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100
Revenue

Net margin (%):

Profit/loss for the year * 100
Revenue

Return on equity (%):

Profit/loss for the year * 100
Average equity

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The primary activities of Grenaa Havn A/S, hereinafter referred to as the Port of Grenaa, consist in operating and constructing the port infrastructure. The operation of the port infrastructure enables the Port of Grenaa to put land, quays, port basins and buildings at the disposal of the customers of the Port. Moreover, stevedoring as well as other port-related services are performed.

Development in activities and finances

Revenue in 2022 was DKK 72.3m, which was higher than the four previous record years (2018, 2019, 2020 and 2021). Profit before tax was DKK 11.7m and after tax DKK 10.6m (in 2021 before tax DKK 10m and after tax DKK 9.9m). During the year, we have invested in new electric cars, worked to get more on-shore power supply at the port and invested in Nordhavnsvej 28, whose future name will be Grenaa Havn Logistik Terminal. During the year, we have also built a new warehouse – Pakhus 26.

The skyrocketing energy prices in the wake of the Russian attempt to annex Ukraine, and an inflation rate not seen higher in many years have also hit the Port of Grenaa. Diesel prices, in particular, have resulted in considerably higher expenses, especially for the operations of our diesel cranes.

When large ships and rigs enter the Port of Grenaa, it will inevitably result in the sediment on the harbour bed being stirred up, and a rough 'landscape' is created on the harbour bed. For the Port of Grenaa to live up to customers' requirements and expectations for a suitable depth in the basins, we have cleaned up and levelled this 'landscape' during the year.

The Port's application for dredging in the Kattegat has been with the Danish Ministry of Environment for almost nine months (at April 2023). This means that we had to deposit the sediment from the excavation in various locations in the basins, which, in the long term, will result in additional costs when it has to be removed again.

Percentage breakdown of revenue



In 2021, the Port of Grenaa initiated the strategy period, 'Port of Partnerships for a Green World 2025'. The strategy is the overall management tool for the port development in the business areas: wind, energy & innovation, stacking & maintenance, bulk, ferries & shipping lines, recycle & waste management, project cargo and rentals.

The objective of the port development within the above areas in particular is achieved by making the competences of the port much more visible, which have been strengthened by adjusting and expanding the organisation of the Port since the adoption of the strategic plan. With the new strategy, the focus on CSR and sustainability has been key conditions for the strategic and operational work of the Port.

The Port of Grenaa has seen a continuously positive development within the focus areas of the strategic plan.

Shipping and quay fees:

Revenue has decreased by approx. DKK 0.9m compared to 2021, equal to a decrease of approx. 3%.

Rental of areas and buildings:

In 2022, the Port of Grenaa saw an ever increasing demand for areas and especially the many warehouses of the port, which resulted in an increase of DKK 4.2m compared to 2021, equal to an increase of approx. 22%.

Other activities:

Income from other activities naturally follows developments in shipping and quay fees and in rental of areas and buildings etc.

Significant matters

In 2021, the Port of Grenaa and Driftsselskabet Grenaa Havn A/S initiated a huge effort to become certified under the three international ISO standards for quality management, environmental management, and occupational health and safety management. We have continued our efforts in 2022.

The three management systems are important tools to ensure development within the business areas of the Port and to structure the CSR and sustainability effort of the Port.

Moreover, we have focused our efforts on further digitalisation.

Cash

The Port of Grenaa's cash decreased by DKK 3.5m in 2022. Operating activities have added DKK 22.7m to cash.

Investments

Total investments in property, plant and equipment amounted to DKK 27.6m net in 2022 specified as follows:

- Investments in land and buildings DKK 16.0m
- Investments in plant and machinery DKK 2.0m
- Investments in other fixtures and fittings, tools and equipment DKK 9.5m

Financial risks

The interest-bearing debt has decreased by DKK 1.2m during the year.

The Port of Grenaa is not exposed to any particular currency risks.

The Port of Grenaa is not exposed to any particular operating risks other than those to which the industry is usually subject.

Profit/loss for the year in relation to expected developments

The Port of Grenaa had not expected an increase in revenue in 2022. Nevertheless, the Port has continued its good development and has seen an increase in revenue, now delivering the best revenue in the Port's history. We believe this is due to our competence in landing ad hoc projects and our whole organisation's ability to quickly and flexibly act on new projects and bring them to successful completion. We will continue working to maintain this positive development and ensure that our company remains ready for change in the face of future challenges.

Outlook

In 2023, the Executive Board does not expect the same revenue as in 2022, but still looks into a reasonable year with high activity at the port.

2023 is expected to be characterised by efforts to strengthen the Port's position on the market so that it will be able to maintain and improve its competitiveness.

A very current focus area for the Port of Grenaa is to stay an attractive player for future large projects, especially near- and off-shore wind farms, such as wind farms in the Kattegat, and of course the Port's other core segments. Experience from the establishment of Anholt Offshore Wind Farm shows that wind turbine projects create significant growth and jobs in the local community. The growth in near- and off-shore wind farms, however, partly depends on a considerable reduction in the case processing time. It is an obstacle that the case processing time for a wind farm may last up to three years, as it not only slows down the propensity to invest, but also the green transition. In the worst case, this could affect employment at the Port of Grenaa and in the local community, which to a large extent supplies the labour for these projects. This applies not only in the establishment phase but for a large part of the labour also in the entire operating period, which lasts up to 30 years. Especially projects that are a short distance from the Port of Grenaa rely on local employment.

At the beginning of 2023, Grenaa Havn A/S og Driftsselskabet Grenaa Havn A/S have achieved an ISO certification of both companies. The companies have achieved certification according to the three international ISO standards, quality management (ISO 9001), environmental management (ISO 14001) and health and safety management (ISO 45001). These standards are a crucial seal of approval, which creates security for the Port's stakeholders and increases the Port's competitiveness. Having achieved the three ISO standards, the organisation is now going to work with the processes to be ready for the first follow-up audit in 2024.

The Port of Grenaa is constantly focused on ensuring that the Port's various customer groups have the facilities and get the service they demand and, not least, ensure that the quality of these is of the highest possible standard.

In 2023, the Port of Grenaa will continue working on its CSR and sustainability goals. We will continue the transformation of the Port's equipment from fossil fuels to electricity as machines and vehicles are developed and are available within the financial scope.

Use of financial instruments

In the financial year, the Company signed a baseload purchasing power agreement on receipt of green electricity as part of the Group's green energy policy. The signed contract is categorised as a derivative financial instrument which does not qualify as hedging instruments, causing changes in fair value to be continuously adjusted in the income statement as financial items. Consequently, the Company is exposed to changes in future electricity spot prices in particular.

The risk is assessed to be low as the Company extensively re-invoices the purchase of electricity and is able to include increases in raw material prices in the Company's sales prices. As a result, the Company has not made any separate hedging transactions to hedge the price risk.

Knowledge resources

We are currently working to develop and update our capabilities, primarily within the areas:

1. Market understanding
2. Profiling
3. Technology

1. Market understanding and continuous adjustments of the business strategy

Based on the strategic plan of the Port, the Port of Grenaa now concentrates on implementing the Board of Directors' ambitions and targets for the development of the port.

This is done through optimum utilisation of the competences existing in the organisation of the Port through an active and committed cooperation with customers and cooperative partners and through the professional networks of which the Port is a member. The Port generally assigns a high priority to developing partnerships and is so completely in line with UN SDG 17.

The strategic plan of the Port governs the growth. This requires close contact with important market players and constant efforts to follow market developments within segments that are particularly relevant for the Port of Grenaa. Only by being close to the market, the employees of the Port of Grenaa will be able to respond to the opportunities that arise. And tapping these opportunities will require flexibility and focus by the entire workforce, who must demonstrate that they are able to work as a team who has a professional understanding of the customer's demands and needs.

Besides being close to its markets, the Port of Grenaa must also continue to strengthen its relations to the Municipality of Norddjurs and other public organisations. As a vital element of the infrastructure, the Port of Grenaa will play an active role in the joint efforts to enhance business developments locally and regionally. Being a port offering ferry service for both heavy vehicles and passenger cars, the Port is supporting more sustainable transport systems and hence also UN SDG 11.

2. Profiling

In 2021, the Port of Grenaa initiated a new strategy period, 'Port of Partnerships for a Green World 2025'. The new strategy takes the 2016 - 2020 strategy period as natural starting point when there has been a strong focus on selected business areas, partnerships and sustainability. With the new strategy, the Port of Grenaa continues this focus by profiling itself as a port of partnerships for a green world, where partnerships, sustainability and CSR are further integrated into the Port's business with the UN's 17 SDGs as a strategic framework.

In 2022, the Port of Grenaa redesigned grenaahavn.dk and anholthavn.dk to the effect that today the websites have a modern and up-to-date look.

3. Technology

The Port of Grenaa continuously considers the latest trends in digitalisation and technology. In recent years, in particular, the implementation of new digital solutions at the Port such as administrative robots and new digital communication and collaboration platforms have contributed to streamlining our work processes.

New digital technologies offer many benefits, but place great demands on IT security, data management and the protection of personal data. Therefore, the Port of Grenaa has prepared instructions on the use of IT and mobile devices and how we handle the General Data Protection Regulation to ensure we observe the current rules on protection of personal data. Our instructions describe how we handle and use data. The instructions also contain a number of concrete actions as to how we implement the policy at the Port of Grenaa. We prioritise that employees are well-informed about data ethics, data security and responsible handling of personal data, among other things through continuous training and supplementary training of employees.

The websites greenaahavn.dk and anholthavn.dk have been redesigned in 2022. Not only have we achieved a modern appearance and up-to-date online universe, but we have also chosen an open source platform to protect our online presence in the best way possible against breakdown and hacking. The platform on which the websites are built fully lives up to the newest technology and is among one of the most used Content Management Systems.

Corporate governance

The Board of Directors as well as the Executive Board regularly consider their own management roles and practice. This is done on the basis of the values of the Port of Grenaa:

- We solve tasks professionally - by having ambitious quality standards in all stages and functions.
- We offer diverse competencies - by retaining and developing qualified employees with professional diversity.
- We collaborate on the green solutions of the future - by sharing experience, networks and facilities.
- We invest in sustainable transition – by using 10% of the Port's profit on sustainable measures within our strategic focus areas.
- We act proactively - by daring to take new paths.
- We work flexibly - by going to great lengths to support our customers' business and ideas.
- We lift the local community - by supporting and developing local initiatives that promote the good life.
- We are an inclusive employer – by offering different kinds of employment based on the individual employee's needs.

Risk management and internal control in financial reporting

Risk management and internal controls have been planned so as to present financial statements that are consistent with the accounting provisions of the Danish Financial Statements Act governing reporting class D enterprises and applicable Danish accounting standards.

Financial reporting and control systems have been developed with a view to effectively managing the risk of material misstatement. However, there is no absolute guarantee that errors or irregularities in the financial reporting process will be detected and corrected.

Control environment

The Board of Directors is responsible for the overall supervision of financial reporting and monitors the effectiveness of the internal control and risk management systems. The Board of Directors is in regular dialogue with the Executive Board on monitoring key risks and mitigating them through the control activities agreed. The Board of Directors discharges its duties using an annual plan which lays down deadlines for following up on financial reporting, strategic sanity checks, benchmarks and forecasts etc.

Control activities

The Port of Grenaa has set up control activities designed to prevent, detect and correct any errors or irregularities. The size of the organisation is such that Management's overall controls constitute a significant element of the control activities.

Information and communication

Information and reporting systems are in place to ensure that financial statements give a true and fair view. These systems also serve as a basis for forecasting procedures, interim financial reporting, capital expenditure, credit facilities, etc.

Continuous reporting to the Board of Directors and the Executive Board comprises:

- Comparison of forecasted results, prior year results and realised results;
- Forecasting, cost management and regular follow-up on capital expenditure;

- Review of insurance, funding and IT policies;
- Review of the Board of Directors' rules of procedure;
- Review of financial liabilities and cash resources;
- Follow-up on and strategic sanity check of strategic plan;
- Duty to check information registered on the Company's beneficial owners, cf. Section 58a(4) of the Danish Companies Act.

Monitoring

Reporting to the Board of Directors and the Executive Board is reviewed on a quarterly basis, and additional analyses and control activities are performed as part of the presentation of interim and annual financial statements to ensure that they are presented in accordance with the accounting provisions.

Risk assessment

The key financial reporting risk identified is the valuation of areas, buildings, basins, waterways, piers, quays and roads etc.

The accounting estimates of assets' useful lives are reviewed on a regular basis, and any indications of impairment are reviewed based on expected activities and earnings.

The Port of Grenaa is governed by the International Ship and Port Facility Security Code. This means that the port is divided into different zones and that most of it is secured by way of fences and gate barriers.

Due to the risk of cybercrime, the Group has chosen to move the physical servers to our IT provider and to implement two-factor authentication.

The duties and responsibilities of the Board of Directors

The board members of the Port of Grenaa do not perform any functions apart from being members of the Board of Directors, with the exception of Lene Skovsgaard Sørensen, who performs industry-related consultancy work for the Port of Grenaa.

The table below shows the board members' other directorships:

Fulde navn	Bestyrelsesposter pr. 21-02-2023
Bent Hansen (formand)	Centaflow A/S Fuglsø Koncerter A/S DUOS Gruppen A/S HOTEL FUGLSØCENTRET A/S
Laura Hay Ugglå (næstformand)	JACOBSEN PLUS A/S Formand Ejendomsfonden - Maltfabrikken LØVBJERG INVEST ApS LØVBJERG EJENDOMME A/S LØVBJERG EJENDOMSINVEST A/S
Anette Ruby Liebe	
Anne Bjerrekær	Sydhavnen A/S
Benny Viggo Hammer	DjursSam ApS Næstformand AQUADJURS A/S Formand Fonden Bønnerup Fiskeri- og Lystbådehavn DE DANSKE SKOVDYRKERFORENINGER F.M.B.A. SKOVDYRKERFORENINGEN NORD-ØSTJYLLAND A.M.B.A. Næstformand SKOVPLANTESKOLEN HOLMEGAARD A/S
Jens Meinke Meilvang	Liberal Alliance Landsorganisation
Jess Abildskou	DI OY EJENDOM NORD ApS ANN BIRGITTE OG NIELS ØRSKOV CHRISTENSENS FAMILIEFOND City Sightseeing Aarhus ApS PAR 4 ApS DOK 5 A/S A/S Ø C S VI ORSKOV YARD A/S ABILDSKOU A/S
Lars Jørgensen Møller	
Lene Skovsgaard Sørensen	MiMa Invest A/S Formand CNC ONSITE A/S RASMUS JAKOBSEN A/S Sydhavnen A/S Michael & Hussnedkeren A/S Formand FONDEN NR. VOSBORG Fonden Newco Scenen Formand Slagteriet S/I Næstformand

The table below shows the Executive Board members' other directorships:

Fulde navn	Bestyrelsesposter pr. 21-02-2023
CEO Henrik Skade Carstensen	Sydhavnen A/S, Næstformand ANHOLT HAVN A/S, Formand Driftsselskabet Grenaa Havn A/S, Formand
CFO Kirsten Hvid Schmidt	Driftsselskabet Grenaa Havn A/S ANHOLT HAVN A/S

Environmental performance

The Port of Grenaa's facilities and business are run in accordance with its mission and hence on an economically, environmentally and socially sustainable basis.

The Port of Grenaa's CSR policy sets the direction for the Port's socially responsible initiatives and attitudes, which are also reflected in the Port's subsidiaries Sydhavnen A/S, Anholt Havn A/S and Driftsselskabet Grenaa Havn A/S. As part of the CSR policy, the Port of Grenaa has chosen to focus on nine of the UN's Sustainable Development Goals, as defined by the UN Global Compact. The CSR policy forms the basis for the annual CSR report, which is presented together with the annual report of the Port of Grenaa Group at the annual general meeting.

Please refer to the CSR report for 2022 in accordance with Sections 99a, 99b, 99d and 107d of the Danish Financial Statements Act for the Group's reporting on the following areas:

- Human rights, anti-corruption and bribery
- Freedom of expression and privacy
- Human resources
- Diversity in the Board of Directors, Executive Board and organisation
- Environment and climate
- Data ethics
- Local community

The CSR report 2022 for the Grenaa Havn A/S Group can be downloaded using the following link on the Port of Grenaa's website www.grenaahavn.dk/kontakt/publikationer

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2022

	Notes	2022 DKK	2021 DKK
Revenue	2	72,279,042	68,218,587
Other operating income	3	1,268,988	0
Other external expenses	4	(30,774,635)	(27,554,654)
Gross profit/loss		42,773,395	40,663,933
Staff costs	5	(18,518,691)	(16,156,259)
Depreciation, amortisation and impairment losses	6	(13,389,813)	(12,790,074)
Operating profit/loss		10,864,891	11,717,600
Other financial income	7	2,248,713	9,994
Other financial expenses	8	(1,418,934)	(1,716,254)
Profit/loss before tax		11,694,670	10,011,340
Tax on profit/loss for the year	9	(1,138,404)	(115,899)
Profit/loss for the year	10	10,556,266	9,895,441

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Land and buildings		141,122,955	129,161,189
Plant and machinery		45,236,716	49,091,281
Other fixtures and fittings, tools and equipment		193,679,573	188,605,220
Property, plant and equipment in progress		0	1,125,383
Property, plant and equipment	11	380,039,244	367,983,073
Other investments		58,520	47,630
Financial assets	12	58,520	47,630
Fixed assets		380,097,764	368,030,703
Trade receivables		9,549,950	6,619,012
Other receivables	13	3,688,084	16,722,893
Prepayments	14	670,564	2,456,589
Receivables		13,908,598	25,798,494
Cash		4,417,937	7,945,012
Current assets		18,326,535	33,743,506
Assets		398,424,299	401,774,209

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital	15	20,000,000	20,000,000
Retained earnings		212,950,208	202,393,942
Equity		232,950,208	222,393,942
Deferred tax	16	336,867	100,200
Provisions		336,867	100,200
Mortgage debt		65,545,230	69,369,769
Lease liabilities		20,790,600	24,278,016
Debt to other credit institutions		18,750,000	18,750,000
Prepayments received from customers		29,286,731	31,350,000
Non-current liabilities other than provisions	17	134,372,561	143,747,785
Current portion of non-current liabilities other than provisions	17	13,919,822	13,865,853
Bank loans		8,123,293	2,081,548
Deposits		948,917	1,468,850
Prepayments received from customers		127,059	0
Trade payables		4,987,689	13,097,925
Tax payable		826,283	0
Other payables	18	1,830,050	1,912,038
Deferred income	19	1,550	3,106,068
Current liabilities other than provisions		30,764,663	35,532,282
Liabilities other than provisions		165,137,224	179,280,067
Equity and liabilities		398,424,299	401,774,209
Uncertainty relating to recognition and measurement	1		
Fair value information	21		
Unrecognised rental and lease commitments	22		
Assets charged and collateral	23		
Subsidiaries	24		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	20,000,000	202,393,942	222,393,942
Profit/loss for the year	0	10,556,266	10,556,266
Equity end of year	20,000,000	212,950,208	232,950,208

Consolidated cash flow statement for 2022

	Notes	2022 DKK	2021 DKK
Operating profit/loss		10,864,891	11,717,600
Amortisation, depreciation and impairment losses		13,389,813	12,800,283
Working capital changes	20	(121,870)	(9,347,564)
Other adjustments		0	(2,850,000)
Cash flow from ordinary operating activities		24,132,834	12,320,319
Financial income received		19,510	111,269
Financial expenses paid		(1,418,944)	(1,817,529)
Other cash flows from operating activities		(82,000)	0
Cash flows from operating activities		22,651,400	10,614,059
Acquisition etc. of property, plant and equipment		(27,619,498)	(35,905,400)
Sale of property, plant and equipment		2,657,264	454,790
Cash flows from investing activities		(24,962,234)	(35,450,610)
Free cash flows generated from operations and investments before financing		(2,310,834)	(24,836,551)
Loans raised		6,041,745	46,703,258
Repayments of loans etc.		(7,257,986)	(15,279,687)
Cash flows from financing activities		(1,216,241)	31,423,571
Increase/decrease in cash and cash equivalents		(3,527,075)	6,587,020
Cash and cash equivalents beginning of year		7,945,012	1,357,992
Cash and cash equivalents end of year		4,417,937	7,945,012
Cash and cash equivalents at year-end are composed of:			
Cash		4,417,937	7,945,012
Cash and cash equivalents end of year		4,417,937	7,945,012

Notes to consolidated financial statements

1 Uncertainty relating to recognition and measurement

The Company's financial contracts are measured at fair value. The fair value of the individual forward contract is calculated on the basis of a number of assumptions, including estimated consumption of kWh, the market spot price of kWh and the fixed price per kWh, cf. the description in accounting policies and note 13 to the financial statements. The determination of the future spot price per kWh as well as future estimated consumption of kWh is subject to uncertainty.

2 Revenue

	2022 DKK	2021 DKK
Denmark	72,279,042	68,218,587
Total revenue by geographical market	72,279,042	68,218,587
Shipping and quay fees	27,720,176	28,626,760
Rental of areas and buildings	23,956,396	19,695,023
Other activities	17,856,295	17,055,767
Fees for yachts	2,746,175	2,841,037
Total revenue by activity	72,279,042	68,218,587

3 Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities relates to sale of properties.

4 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK	2021 DKK
Statutory audit services	203,750	230,000
Other assurance engagements	0	27,000
Other services	26,250	59,024
	230,000	316,024

5 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	15,248,324	13,366,078
Pension costs	1,982,018	1,810,713
Other social security costs	178,302	161,563
Other staff costs	1,110,047	817,905
	18,518,691	16,156,259

Average number of full-time employees	22	21
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	Remuneration of manage- ment 2022 DKK	Remuneration of manage- ment 2021 DKK
Executive Board	3,910,819	3,648,481
Board of Directors	600,074	500,527
	4,510,893	4,149,008

6 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Depreciation on property, plant and equipment	13,389,813	12,800,283
Profit/loss from sale of intangible assets and property, plant and equipment	0	(10,209)
	13,389,813	12,790,074

7 Other financial income

	2022	2021
	DKK	DKK
Other interest income	1,987	9,994
Exchange rate adjustments	15	0
Fair value adjustments	2,229,203	0
Other financial income	17,508	0
	2,248,713	9,994

8 Other financial expenses

	2022	2021
	DKK	DKK
Other interest expenses	1,289,554	1,716,254
Exchange rate adjustments	5,673	0
Other financial expenses	123,707	0
	1,418,934	1,716,254

9 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	908,283	0
Change in deferred tax	236,667	87,700
Adjustment concerning previous years	(6,546)	28,199
	1,138,404	115,899

10 Proposed distribution of profit/loss

	2022 DKK	2021 DKK
Retained earnings	10,556,266	9,895,441
	10,556,266	9,895,441

11 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	155,765,384	116,533,057	249,939,864	1,125,383
Transfers	0	777,031	0	(777,031)
Additions	16,064,162	2,029,966	9,525,370	0
Disposals	(1,825,162)	(129,500)	(354,250)	(348,352)
Cost end of year	170,004,384	119,210,554	259,110,984	0
Depreciation and impairment losses beginning of year	(26,604,195)	(67,441,776)	(61,334,644)	0
Depreciation for the year	(2,277,234)	(6,661,562)	(4,451,017)	0
Reversal regarding disposals	0	129,500	354,250	0
Depreciation and impairment losses end of year	(28,881,429)	(73,973,838)	(65,431,411)	0
Carrying amount end of year	141,122,955	45,236,716	193,679,573	0
Recognised assets not owned by Entity	0	27,445,560	0	0

12 Financial assets

	Other investments DKK
Cost beginning of year	23,600
Cost end of year	23,600
Revaluations beginning of year	24,030
Revaluations for the year	10,890
Revaluations end of year	34,920
Carrying amount end of year	58,520

13 Other receivables

	2022 DKK	2021 DKK
Interest receivable	0	1,872,510
Derivative financial instruments	2,218,313	0
Other receivables	1,469,771	14,850,383
	3,688,084	16,722,893

Other receivables include the positive fair value of financial futures contracts of DKK 2,218k. The Company has signed a financial baseload power purchasing agreement in the financial year 2022 with a term of 10 years.

Fair value of the forward contracts is calculated at the present value of the expected payments upon settlement of the instruments based on relevant observable forward spot prices of electricity. The determination of fair value does not include correction for the company's or the counterparty's credit risk as the effect thereof is considered immaterial. Fair value is calculated based on the market price of futures contracts on electricity for the next three years, whereas the remaining years of the contract term, equal to the terminal period, have been determined at a difference in value of DKK 0 as the expected future spot price after three years equals the agreed fixed price.

The forward contracts are settled on a monthly basis, meaning that the fair value at 31.12.2022 consists of 36 future settlements.

The forward contracts are specified as follows at 31.12.2022:

- 12 forward contracts with an estimated consumption of 880,045 kWh at an average spot price of DKK 1.45 per kWh, which is settled in the period from 01.01.2023 - 31.12.2023.
- 12 forward contracts with an estimated consumption of 880,045 kWh at an average spot price of DKK 1.17 per kWh, which is settled in the period from 01.01.2024 - 31.12.2024.
- 12 forward contracts with an estimated consumption of 880,045 kWh at an average spot price of DKK 0.88 per kWh, which is settled in the period from 01.01.2025 - 31.12.2025.

14 Prepayments

Prepayments include costs paid in 2022 relating to 2023.

15 Contributed capital

	Number	Par value DKK	Nominal value DKK
A-shares	5	1,000,000.00	5,000,000
B-shares	100	1,000.00	100,000
B-shares	9	100,000.00	900,000
B-shares	14	1,000,000.00	14,000,000
	128		20,000,000

16 Deferred tax

	2022 DKK	2021 DKK
Fixed asset investments	336,867	481,000
Liabilities other than provisions	0	(380,800)
Deferred tax	336,867	100,200

	2022 DKK	2021 DKK
Changes during the year		
Beginning of year	100,200	12,500
Recognised in the income statement	236,667	87,700
End of year	336,867	100,200

17 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK	Outstanding after 5 years 2022 DKK
Mortgage debt	3,824,540	3,799,250	65,545,230	49,990,762
Lease liabilities	3,495,282	3,466,603	20,790,600	6,823,629
Debt to other credit institutions	3,750,000	3,750,000	18,750,000	3,750,000
Prepayments received from customers	2,850,000	2,850,000	29,286,731	17,100,000
	13,919,822	13,865,853	134,372,561	77,664,391

18 Other payables

	2022 DKK	2021 DKK
VAT and duties	604,083	632,642
Wages and salaries, personal income taxes, social security costs, etc. payable	998,887	1,050,383
Accrued interest	0	132,033
Other costs payable	227,080	96,980
	1,830,050	1,912,038

19 Deferred income

Accruals include costs paid in 2023 relating to 2022.

20 Changes in working capital

	2022 DKK	2021 DKK
Increase/decrease in receivables	14,108,220	-17,468,649
Increase/decrease in trade payables etc.	(14,230,090)	8,121,085
	(121,870)	(9,347,564)

21 Fair value information

	Shares DKK	Financial instruments DKK
Fair value end of year	58,520	2,218,313
Unrealised fair value adjustments recognised in the income statement	10,890	2,218,313

22 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Total liabilities under rental or lease agreements until maturity	915,631	450,101

23 Assets charged and collateral

Mortgage debt is secured by way of a deposited mortgage deed registered to the mortgage on land and buildings of a total of DKK 116,620k whose carrying amount at 31.12.2022 is DKK 141,123k.

24 Subsidiaries

	Registered in	Corporate form	Ownership %
Anholt Havn A/S	Norddjurs	A/S	100.00
Driftselskabet Grenaa Havn A/S	Norddjurs	A/S	100.00
Sydhavnen A/S	Norddjurs	A/S	100.00

Parent income statement for 2022

	Notes	2022 DKK	2021 DKK
Revenue	2	63,146,299	58,799,214
Other operating income	3	17,000	10,209
Other external expenses		(34,522,598)	(27,585,068)
Gross profit/loss		28,640,701	31,224,355
Staff costs	4	(11,210,742)	(9,492,904)
Depreciation, amortisation and impairment losses	5	(11,799,596)	(10,866,988)
Operating profit/loss		5,630,363	10,864,463
Income from investments in group enterprises		4,883,653	627,714
Other financial income	6	1,397,404	24,595
Other financial expenses	7	(1,355,154)	(1,621,331)
Profit/loss for the year	8	10,556,266	9,895,441

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Land and buildings		115,214,458	92,028,712
Plant and machinery		44,656,756	48,590,004
Other fixtures and fittings, tools and equipment		188,431,217	184,299,213
Property, plant and equipment in progress		0	1,125,383
Property, plant and equipment	9	348,302,431	326,043,312
Investments in group enterprises		48,716,207	43,832,554
Other investments		58,520	47,630
Financial assets	10	48,774,727	43,880,184
Fixed assets		397,077,158	369,923,496
Trade receivables		8,836,710	5,745,252
Receivables from group enterprises		15,930	5,304
Other receivables	11	2,370,754	16,001,323
Prepayments	12	572,846	1,726,202
Receivables		11,796,240	23,478,081
Cash		1,435	33,055
Current assets		11,797,675	23,511,136
Assets		408,874,833	393,434,632

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		20,000,000	20,000,000
Retained earnings		212,950,210	202,393,944
Equity		232,950,210	222,393,944
Mortgage debt		65,545,230	69,369,770
Lease liabilities		20,790,600	24,278,016
Debt to other credit institutions		18,750,000	18,750,000
Prepayments received from customers		29,286,731	31,997,998
Non-current liabilities other than provisions	13	134,372,561	144,395,784
Current portion of non-current liabilities other than provisions	13	13,919,822	13,865,853
Bank loans		7,645,288	1,555,199
Deposits		563,493	761,143
Trade payables		3,923,600	8,520,110
Payables to group enterprises		14,935,817	1,360,650
Other payables	14	564,042	581,949
Current liabilities other than provisions		41,552,062	26,644,904
Liabilities other than provisions		175,924,623	171,040,688
Equity and liabilities		408,874,833	393,434,632
Unusual circumstances	1		
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	20,000,000	202,393,944	222,393,944
Profit/loss for the year	0	10,556,266	10,556,266
Equity end of year	20,000,000	212,950,210	232,950,210

Notes to parent financial statements

1 Unusual circumstances

The Company's financial contracts are measured at fair value. The fair value of the individual forward contract is calculated on the basis of a number of assumptions, including estimated consumption of kWh, the market spot price of kWh and the fixed price per kWh, cf. the description in accounting policies and note 10 to the financial statements. The determination of the future spot price per kWh as well as future estimated consumption of kWh is subject to uncertainty.

2 Revenue

	2022 DKK	2021 DKK
Denmark	63,146,299	58,799,214
Total revenue by geographical market	63,146,299	58,799,214
Shipping and quay fees	26,667,664	28,103,256
Rental of areas and buildings	19,097,617	14,785,320
Other activities	17,381,018	15,910,638
Total revenue by activity	63,146,299	58,799,214

3 Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities relates to sale of properties.

4 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	8,658,143	7,346,977
Pension costs	1,536,573	1,405,647
Other social security costs	66,126	41,927
Other staff costs	949,900	698,353
	11,210,742	9,492,904

Average number of full-time employees	10	10
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	Remuneration of Manage- ment 2022 DKK	Remuneration of Manage- ment 2021 DKK
Executive Board	3,910,819	3,648,481
Board of Directors	525,644	500,527
	4,436,463	4,149,008

5 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Depreciation on property, plant and equipment	11,799,596	10,866,988
	11,799,596	10,866,988

6 Other financial income

	2022	2021
	DKK	DKK
Fair value adjustments	1,380,897	14,795
Other financial income	16,507	9,800
	1,397,404	24,595

7 Other financial expenses

	2022	2021
	DKK	DKK
Financial expenses from group enterprises	35,921	0
Other interest expenses	1,257,163	1,187,815
Exchange rate adjustments	5,673	15,394
Other financial expenses	56,397	418,122
	1,355,154	1,621,331

8 Proposed distribution of profit and loss

	2022	2021
	DKK	DKK
Retained earnings	10,556,266	9,895,441
	10,556,266	9,895,441

9 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	106,947,077	115,287,008	240,597,233	1,125,383
Transfers	0	777,031	0	(777,031)
Additions	24,393,379	1,880,146	8,133,542	0
Disposals	0	0	0	(348,352)
Cost end of year	131,340,456	117,944,185	248,730,775	0
Depreciation and impairment losses beginning of year	(14,918,365)	(66,697,004)	(56,298,020)	0
Depreciation for the year	(1,207,633)	(6,590,425)	(4,001,538)	0
Depreciation and impairment losses end of year	(16,125,998)	(73,287,429)	(60,299,558)	0
Carrying amount end of year	115,214,458	44,656,756	188,431,217	0
Recognised assets not owned by entity	0	27,445,560	0	0

10 Financial assets

	Investments in group enterprises DKK	Other investments DKK
Cost beginning of year	59,871,557	23,600
Cost end of year	59,871,557	23,600
Revaluations beginning of year	(16,039,003)	24,030
Share of profit/loss for the year	4,883,653	0
Revaluations for the year	0	10,890
Revaluations end of year	(11,155,350)	34,920
Carrying amount end of year	48,716,207	58,520

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

11 Other receivables

	2022 DKK	2021 DKK
Derivative financial instruments	1,370,007	0
Other receivables	1,000,747	16,001,323
	2,370,754	16,001,323

Other receivables include the positive fair value of financial futures contracts of DKK 1,370k. The Company has signed a financial baseload power purchasing agreement in the financial year 2022 with a term of 10 years.

Fair value of the forward contracts is calculated at the present value of the expected payments upon settlement of the instruments based on relevant observable forward spot prices of electricity. The determination of fair value does not include correction for the company's or the counterparty's credit risk as the effect thereof is considered immaterial. Fair value is calculated based on the market price of futures contracts on electricity for the next three years, whereas the remaining years of the contract term, equal to the terminal period, have been determined at a difference in value of DKK 0 as the expected future spot price after three years equals the agreed fixed price.

The forward contracts are settled on a monthly basis, meaning that the fair value at 31.12.2022 consists of 36 future settlements. The forward contracts are specified as follows at 31.12.2022:

- 12 forward contracts with an estimated consumption of 543,505 kWh at an average spot price of DKK 1.45 per kWh, which is settled in the period from 01.01.2023 - 31.12.2023.
- 12 forward contracts with an estimated consumption of 543,505 kWh at an average spot price of DKK 1.17 per kWh, which is settled in the period from 01.01.2024 - 31.12.2024.
- 12 forward contracts with an estimated consumption of 543,505 kWh at an average spot price of DKK 0.88 per kWh, which is settled in the period from 01.01.2025 - 31.12.2025.

12 Prepayments

Prepayments include costs paid in 2022 relating to 2023.

13 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK	Outstanding after 5 years 2022 DKK
Mortgage debt	3,824,540	3,799,250	65,545,230	49,990,762
Lease liabilities	3,495,282	3,466,603	20,790,600	6,823,629
Debt to other credit institutions	3,750,000	3,750,000	18,750,000	3,750,000
Prepayments received from customers	2,850,000	2,850,000	29,286,731	17,100,000
	13,919,822	13,865,853	134,372,561	77,664,391

14 Other payables

	2022 DKK	2021 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	550,406	572,575
Other costs payable	13,636	9,374
	564,042	581,949

15 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Total liabilities under rental or lease agreements until maturity	12,194,095	1,437,162
Of this, liabilities under rental or lease agreements with group enterprises	11,278,464	987,060

16 Assets charged and collateral

Mortgage debt is secured by way of a deposited mortgage deed registered to the mortgage on land and buildings of a total of DKK 116,620k whose carrying amount at 31.12.2022 is DKK 141,123k.

17 Related parties with controlling interest

Norrdjurs Kommune owns all shares in the Entity, thus exercising control.

18 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the

rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	10-26år
Plant and machinery	3-15år
Other fixtures and fittings, tools and equipment	27.75år

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance lease.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, conclusion of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.