BEIERHOLM
VI SKABER BALANCE

Fibo Intercon A/S

Herningvej 4, 6920 Videbæk
CVR no. 35 84 15 71

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 08.05.25

Henrik Brounbjerg Jeppesen
Dirigent

This document contains a Danish version as well as an English version. In the event of any disputes or misunderstandings regarding the interpretation of this document, the Danish version of the document shall prevail.

Table of contents

Company information etc.

The company

Fibo Intercon A/S
Herningvej 4
6920 Videbæk
E-mail: hbp@fibointercon.com
Registered office: Videbæk
CVR no.: 35 84 15 71
Financial year: 01.01 - 31.12

Executive Board

Henrik Brounbjerg Jeppesen

Board of Directors

Carsten Bøgh Jakobsen
Henrik Brounbjerg Jeppesen
Peter Katholm
Anders Uhre
Kjeld Uhre

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Bank

Vestjysk Bank A/S

Parent company

Fibo Intercon Holding ApS, Videbæk

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Fibo Intercon A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.24 and of the results of the company's activities for the financial year 01.01.24 - 31.12.24.

The annual report is submitted for adoption by the general meeting.

Videbæk, May 8, 2025

Executive Board

Henrik Brounbjerg Jeppesen

Board of Directors

Carsten Bøgh Jakobsen Chairman	Henrik Brounbjerg Jeppesen	Peter Katholm
Anders Uhre	Kjeld Uhre	

To the Shareholders of Fibo Intercon A/S

Opinion

We have audited the financial statements of Fibo Intercon A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at 31.12.24 and of the results of the company's operations for the financial year 01.01.24 - 31.12.24 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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

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

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for expressing an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Hobro, May 8, 2025

Beierholm
Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Pia Axelsen
State Authorised Public Accountant
MNE-no. mne34347

Income statement

Note		2024 DKK	2023 DKK
	Gross profit	**26,414,381**	**21,751,147**
2	Staff costs	-18,163,282	-14,205,510
	Profit before depreciation, amortisation, write-downs and impairment losses	**8,251,099**	**7,545,637**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-1,828,105	-1,748,021
	Operating profit	**6,422,994**	**5,797,616**
3	Income from equity investments in group enterprises	-33,242	52,103
4	Financial income	128,313	51
5	Financial expenses	-140,612	-263,074
	Profit before tax	**6,377,453**	**5,586,696**
	Tax on profit for the year	-1,414,778	-1,222,465
	Profit for the year	**4,962,675**	**4,364,231**

Proposed appropriation account

Reserve for net revaluation according to the equity method	-33,242	52,103
Extraordinary dividend for the financial year	4,500,000	2,000,000
Retained earnings	495,917	2,312,128
Total	**4,962,675**	**4,364,231**

Balance sheet

ASSETS

Note		31.12.24 DKK	31.12.23 DKK
	Completed development projects	1,473,009	1,836,293
6	**Total intangible assets**	**1,473,009**	**1,836,293**
	Leasehold improvements	1,999,205	2,439,840
	Plant and machinery	2,337,993	2,807,849
	Other fixtures and fittings, tools and equipment	710,191	529,297
7	**Total property, plant and equipment**	**5,047,389**	**5,776,986**
8	Equity investments in group enterprises	20,722	53,964
9	Deposits	350,891	348,292
	Total investments	**371,613**	**402,256**
	Total non-current assets	**6,892,011**	**8,015,535**
	Raw materials and consumables	8,719,380	8,194,837
	Work in progress	2,961,192	2,814,738
	Manufactured goods and goods for resale	541,173	750,878
	Total inventories	**12,221,745**	**11,760,453**
	Trade receivables	12,936,018	3,352,549
	Receivables from group enterprises	537,962	686,972
	Other receivables	971,136	606,369
	Prepayments	79,600	152,704
	Total receivables	**14,524,716**	**4,798,594**
	Cash	**1,929,247**	**2,947,421**
	Total current assets	**28,675,708**	**19,506,468**
	Total assets	**35,567,719**	**27,522,003**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.24 DKK	31.12.23 DKK
	Share capital	500,000	500,000
	Reserve for net revaluation according to the equity method	18,861	52,103
	Reserve for development costs	1,097,131	1,355,178
	Retained earnings	14,990,090	14,236,126
	Total equity	**16,606,082**	**16,143,407**
	Provisions for deferred tax	550,932	489,586
10	Other provisions	0	383,391
	Total provisions	**550,932**	**872,977**
11	Lease commitments	1,319,620	1,591,562
11	Deferred income	515,359	396,715
	Total long-term payables	**1,834,979**	**1,988,277**
11	Short-term part of long-term payables	558,498	342,706
	Payables to other credit institutions	152,743	144,499
	Prepayments received from customers	5,864,536	3,230,593
	Trade payables	6,063,028	2,823,231
	Payables to group enterprises	670,592	468,867
	Income taxes	353,432	182,337
	Other payables	2,912,897	1,325,109
	Total short-term payables	**16,575,726**	**8,517,342**
	Total payables	**18,410,705**	**10,505,619**
	Total equity and liabilities	**35,567,719**	**27,522,003**

12 Contingent liabilities
13 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Reserve for develop-ment costs	Retained earnings
Statement of changes in equity for 01.01.24 - 31.12.24				
Balance as at 01.01.24	500,000	52,103	1,355,178	14,236,126
Extraordinary dividend paid	0	0	0	-4,500,000
Transfers to/from other reserves	0	0	-258,047	258,047
Net profit/loss for the year	0	-33,242	0	4,995,917
Balance as at 31.12.24	500,000	18,861	1,097,131	14,990,090

1. Primary activities

The primary activity of the company is development, production and sale of mobile batching plants. In addition, the company processes large metal components up to 12 tonnes which are intended for servicing and maintaining wind turbines.

	2024 DKK	2023 DKK

2. Staff costs

Wages and salaries	15,748,363	12,239,656
Pensions	1,347,238	1,037,527
Other social security costs	69,528	57,955
Other staff costs	998,153	870,372
Total	18,163,282	14,205,510
Average number of employees during the year	29	26

3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	-33,242	52,103
Total	-33,242	52,103

4. Financial income

Interest, group enterprises	33,327	0
Other financial income	94,986	51
Total	128,313	51

	2024 DKK	2023 DKK

5. Financial expenses

	2024 DKK	2023 DKK
Interest, group enterprises	3,681	91,334
Other interest expenses	104,236	108,608
Foreign currency translation adjustments	0	46,113
Other financial expenses	32,695	17,019
Total	140,612	263,074

6. Intangible assets

Figures in DKK	Completed development projects	Development projects in progress
Cost as at 01.01.24	3,393,471	0
Additions during the year	0	239,403
Transfers during the year to/from other items	239,403	-239,403
Cost as at 31.12.24	3,632,874	0
Amortisation and impairment losses as at 01.01.24	-1,557,178	0
Amortisation during the year	-602,687	0
Amortisation and impairment losses as at 31.12.24	-2,159,865	0
Carrying amount as at 31.12.24	1,473,009	0

The development project primarily includes the development of a new software concept and payment solutions for bathing plants. The softeware concept and payment solutions has been taken into use. It is still expected that the investment will increase earnings in the future,

7. Property, plant and equipment

Figures in DKK	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost as at 01.01.24	3,024,654	5,853,598	1,627,113
Additions during the year	0	243,922	513,332
Disposals during the year	0	-237,469	-169,443
Cost as at 31.12.24	3,024,654	5,860,051	1,971,002
Depreciation and impairment losses as at 01.01.24	-584,814	-3,045,750	-1,097,816
Depreciation during the year	-440,635	-515,886	-268,897
Reversal of depreciation of and impairment losses on disposed assets	0	39,578	105,902
Depreciation and impairment losses as at 31.12.24	-1,025,449	-3,522,058	-1,260,811
Carrying amount as at 31.12.24	1,999,205	2,337,993	710,191
Carrying amount of assets held under finance leases as at 31.12.24	0	1,619,583	0

8. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Cost as at 01.01.24	1,861
Cost as at 31.12.24	1,861
Revaluations as at 01.01.24	52,103
Impairment losses during the year	-33,242
Revaluations as at 31.12.24	18,861
Carrying amount as at 31.12.24	20,722

Name and registered office:	Ownership interest
Subsidiaries:	
Fibo Intercon B.V., Amsterdam	100%

9. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.24	348,292
Additions during the year	2,599
Cost as at 31.12.24	350,891
Carrying amount as at 31.12.24	350,891

	31.12.24 DKK	31.12.23 DKK

10. Other provisions

Other provisions are expected to be distributed as follows:

Current liabilities	0	383,391
Total	0	383,391

11. Long-term payables

Figures in DKK	Repayment first year	Total payables at 31.12.24	Total payables at 31.12.23
Lease commitments	271,942	1,591,562	1,847,712
Deferred income	286,556	801,915	483,271
Total	558,498	2,393,477	2,330,983

12. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 7-74 months and total lease payments of DKK 7,031k. This includes lease agreements concluded with group enterprises , but the agreements are also specified separately below.

The company has concluded lease agreements with group enterprises regarding rent of property with terms to maturity of 72 months and total lease payments of DKK 6.743k.

Guarantee commitments

The company has provided a 12 month guarantee.

The company has not provided work-, payment- and advance guarantees as of 31.12.24.

Other contingent liabilities

The company is taxed jointly with the other companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

13. Charges and security

As security for debt to credit institutions of DKK 153k, a company charge has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 30.057k.

14. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

14. Accounting policies - continued -

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

14. Accounting policies - continued -

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, work performed for own account and capitalised, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise’s activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

14. Accounting policies - continued -

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	5-10	0
Leasehold improvements	5-10	0
Plant and machinery	3-10	0
Other plant, fixtures and fittings, tools and equipment	2-3	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Income from equity investments in group entreprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

14. Accounting policies - continued -

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

14. Accounting policies - continued -

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

14. Accounting policies - continued -

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

14. Accounting policies - continued -

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

14. Accounting policies - continued -

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Provisions

Other provisions comprise expected expenses incidental to restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

14. Accounting policies - continued -

Payables

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.