BEIERHOLM
VI SKABER BALANCE

AB INVENTECH A/S

E Christensens Vej 76, 7430 Ikast
CVR no. 26 98 88 02

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 10.06.25

Knud Andersen
Dirigent

GODKENDT
REVISIONSPARTNERSELSKAB

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Aarhus
Tangen 9
8200 Aarhus N

Tel. 87 32 57 00
www.beierholm.dk
CVR-nr. 32 89 54 68

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Company information etc.

The company

AB INVENTECH A/S
E Christensens Vej 76
7430 Ikast
Registered office: DK
CVR no.: 26 98 88 02
Financial year: 01.01 - 31.12

Executive Board

Jacob Peder Jensen
Emil Wolff
Niels Kirkegaard

Board of Directors

Knud Andersen, chairman
Søren Brouer
Øjvind Hulgaard
Mads Kirkegaard
Henrik Sven Ragnar Flygar
Kent Keiward Pham

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Bank

Jyske Bank

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 AB INVENTECH 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.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

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

Ikast, June 10, 2025

Executive Board

Jacob Peder Jensen	Emil Wolff	Niels Kirkegaard

Board of Directors

Knud Andersen Chairman	Søren Brouer	Øjvind Hulgaard
Mads Kirkegaard	Henrik Sven Ragnar Flygar	Kent Keiward Pham

Independent auditor's report

To the shareholders of AB INVENTECH A/S

Opinion

We have audited the financial statements of AB INVENTECH 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.

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's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required by law and regulations.

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

Aarhus, June 10, 2025

Beierholm
Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Jesper Resdal Thomsen
State Authorised Public Accountant
MNE-no. mne34536

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2024	2023	2022	2021	2020
Profit/loss					
Gross profit	76,964	51,134	34,173	68,927	79,342
Index	97	64	43	87	100
Operating profit/loss	2,694	-9,482	-15,695	14,977	29,368
Total net financials	-2,169	-1,521	-608	-363	-787
Profit/loss for the year	471	-8,515	-12,666	11,521	22,351
Balance					
Total assets	87,557	80,807	59,368	81,416	80,737
Investments in property, plant and equipment	360	423	941	588	1,534
Equity	2,687	2,216	29,066	41,733	30,212

Ratios

	2024	2023	2022	2021	2020
Profitability					
Return on equity	19%	-54%	-36%	32%	86%
Equity ratio					
Solvency ratio	3%	3%	44%	48%	35%
Liquidity and financing					
Liquidity ratio	108%	110%	198%	235%	198%

Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$
Solvency ratio:	$\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$
Liquidity ratio:	$\frac{\text{Current assets x 100}}{\text{Short-term payables}}$

Primary activities

The company's activities comprise develop, design, manufacture, install and service special machines and industrial automation systems that optimize customers production processes.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit/loss of DKK 471,213 against DKK -8,515,440 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 2,687,071.

The annual result has improved from -8.5 million DKK in 2023 to +0.5 million DKK in 2024. Expectations for the year were 3-5 million DKK before tax, meaning the actual result is below the expected targets. This deviation is primarily due to delays in delivery times on several significant projects. Management finds the annual result unsatisfactory, despite the positive development compared to 2023.

Outlook

At the beginning of 2025, there is a good backlog of orders and high activity in inquiries and offers, which gives management reason for optimism regarding improved operations in the fiscal year 2025. Management expects an EBITDA in the range of 2-4 million DKK and a profit before tax in the range of 1-2 million DKK.

Research and development activities

The company continuously conducts development activities to maintain its leading technologic and market position, especially in special applications in the wind turbine industry. Significant development activities are also expected to be carried out in the coming fiscal year.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2024 DKK	2023 DKK
	Gross profit	**76,963,763**	**51,133,725**
2	Staff costs	-72,269,601	-58,954,440
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**4,694,162**	**-7,820,715**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-2,000,349	-1,425,936
	Other operating expenses	0	-235,195
	Operating profit/loss	**2,693,813**	**-9,481,846**
3	Financial income	570,947	204,336
4	Financial expenses	-2,739,772	-1,725,452
	Profit/loss before tax	**524,988**	**-11,002,962**
	Tax on profit or loss for the year	-53,775	2,487,522
	Profit/loss for the year	**471,213**	**-8,515,440**

5 Proposed appropriation account

Balance sheet

ASSETS

Note		31.12.24 DKK	31.12.23 DKK
	Completed development projects	7,030,436	0
	Acquired rights	1,462,835	889,095
	Development projects in progress	3,188,630	7,431,768
6	**Total intangible assets**	**11,681,901**	**8,320,863**
	Leasehold improvements	250,167	151,702
	Plant and machinery	364,180	937,863
	Other fixtures and fittings, tools and equipment	818,827	881,729
7	**Total property, plant and equipment**	**1,433,174**	**1,971,294**
8	Deposits	536,164	413,426
	Total investments	**536,164**	**413,426**
	Total non-current assets	**13,651,239**	**10,705,583**
	Raw materials and consumables	5,947,967	7,585,340
	Prepayments for goods	366,932	0
	Total inventories	**6,314,899**	**7,585,340**
9	Work in progress for third parties	25,908,147	24,264,377
	Trade receivables	27,760,567	32,888,057
	Receivables from group enterprises	288,750	1,326,696
12	Deferred tax asset	969,947	1,023,722
	Other receivables	1,328,286	1,565,690
10	Prepayments	1,749,500	1,214,331
	Total receivables	**58,005,197**	**62,282,873**
	Cash	**9,585,497**	**233,244**
	Total current assets	**73,905,593**	**70,101,457**
	Total assets	**87,556,832**	**80,807,040**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.24 DKK	31.12.23 DKK
11	Share capital	1,000,000	1,000,000
	Reserve for development costs	7,970,871	5,796,779
	Retained earnings	-6,283,800	-4,580,921
	Total equity	**2,687,071**	**2,215,858**
13	Other provisions	998,974	2,581,669
	Total provisions	**998,974**	**2,581,669**
14	Payables to other credit institutions	8,000,000	8,000,000
14	Other payables	4,275,177	4,072,979
14	Deferred income	3,052,369	0
	Total long-term payables	**15,327,546**	**12,072,979**
14	Short-term part of long-term payables	871,848	0
	Payables to other credit institutions	29,934,324	26,823,760
	Lease commitments	0	221,970
9	Prepayments received from work in progress for third parties	13,345,734	16,033,372
	Trade payables	10,824,123	10,637,906
	Payables to group enterprises	4,622,176	257,043
	Other payables	8,945,036	6,552,312
	Deferred income	0	3,410,171
	Total short-term payables	**68,543,241**	**63,936,534**
	Total payables	**83,870,787**	**76,009,513**
	Total equity and liabilities	**87,556,832**	**80,807,040**

15 Contingent liabilities
16 Charges and security
17 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Reserve for development costs	Retained earnings	Total equity
Statement of changes in equity for 01.01.24 - 31.12.24				
Balance as at 01.01.24	1,000,000	5,796,779	-4,580,921	2,215,858
Transfers to/from other reserves	0	2,174,092	-2,174,092	0
Net profit/loss for the year	0	0	471,213	471,213
Balance as at 31.12.24	1,000,000	7,970,871	-6,283,800	2,687,071

1. Information as regards going concern

The company's ultimate owner has provided a guarantee to the company's financial institution. Based on management's expectations and the available budgets, this guarantee is assessed to support credit facilities exceeding the company's expected liquidity needs.

On this basis, management considers the company's financing to be sufficient to cover activities in the coming financial year.

2. Staff costs

Wages and salaries	65,322,604	53,174,365
Pensions	5,997,676	4,808,148
Other social security costs	949,321	971,927
Total	72,269,601	58,954,440
Average number of employees during the year	103	88

Remuneration for the management:

Salaries for the Executive Board	3,659,372	2,856,048
Pension for the Executive Board	280,620	264,000
Total remuneration for the Executive Board	3,939,992	3,120,048
Remuneration for the Board of Directors	781,637	684,334
Remuneration for the Executive Board and Board of Directors	4,721,629	3,804,382

	2024 DKK	2023 DKK

3. Financial income

Interest, group enterprises	0	204,336
Other interest income	537,145	0
Foreign currency translation adjustments	33,802	0
Other financial income	570,947	0
Total	570,947	204,336

4. Financial expenses

Interest, group enterprises	44,279	0
Other interest expenses	2,153,141	1,293,374
Foreign currency translation adjustments	0	5,755
Other financial expenses	542,352	426,323
Other financial expenses	2,695,493	1,725,452
Total	2,739,772	1,725,452

5. Proposed appropriation account

Extraordinary dividend for the financial year	0	18,500,000
Retained earnings	471,213	-27,015,440
Total	471,213	-8,515,440

6. Intangible assets

Figures in DKK	Completed developmen t projects	Acquired rights	Developmen t projects in progress	Total
Cost as at 01.01.24	0	3,236,070	7,431,768	10,667,838
Additions during the year	0	894,773	3,568,458	4,463,231
Transfers during the year to/from other items	7,811,596	0	-7,811,596	0
Cost as at 31.12.24	7,811,596	4,130,843	3,188,630	15,131,069
Amortisation and impairment losses as at 01.01.24	0	-2,346,975	0	-2,346,975
Amortisation during the year	-781,160	-321,033	0	-1,102,193
Amortisation and impairment losses as at 31.12.24	-781,160	-2,668,008	0	-3,449,168
Carrying amount as at 31.12.24	7,030,436	1,462,835	3,188,630	11,681,901

Development projects in progress include the development and testing of equipment to streamline production in the wind turbine industry. The costs mainly consist of internal expenses such as direct wages in 2024.
The new equipment is expected to provide significant competitive advantages and increase the company's activity level.

Furthermore a development project has been conducted to improve the drawing material which will improve the efficiency for the company going forward.

The implementation of a new ERP system includes external costs for consultancy fees.
The projects are expected to improve the company's efficiency.

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	164,001	4,607,621	5,080,732
Additions during the year	148,603	143,790	67,645
Disposals during the year	0	0	-56,050
Cost as at 31.12.24	312,604	4,751,411	5,092,327
Depreciation and impairment losses as at 01.01.24	-12,300	-3,669,758	-4,199,003
Depreciation during the year	-50,137	-378,533	-469,487
Reversal of depreciation of and impairment losses on disposed assets	0	0	56,050
Transfers during the year to/from other items	0	-338,940	338,940
Depreciation and impairment losses as at 31.12.24	-62,437	-4,387,231	-4,273,500
Carrying amount as at 31.12.24	250,167	364,180	818,827
Carrying amount of assets held under finance leases as at 31.12.24	0	0	0

8. Non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.24	413,426
Additions during the year	122,738
Cost as at 31.12.24	536,164
Carrying amount as at 31.12.24	536,164

	31.12.24 DKK	31.12.23 DKK

9. Work in progress for third parties

Work in progress for third parties	136,941,332	141,114,913
On-account invoicing	-124,378,919	-132,883,908
Total work in progress for third parties	12,562,413	8,231,005
Work in progress for third parties	25,908,147	24,264,377
Prepayments received from work in progress for third parties, short-term payables	-13,345,734	-16,033,372
Total	12,562,413	8,231,005

10. Prepayments

Prepaid insurance premiums	324,674	415,204
Prepaid membership fees and subscriptions	1,295,282	799,127
Prepaid lease payments	112,100	0
Other prepayments	17,444	0
Total	1,749,500	1,214,331

11. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	1,000,000	1,000,000
Total		1,000,000

	31.12.24 DKK	31.12.23 DKK

12. Deferred tax

Provisions for deferred tax as at 01.01.24	1,023,722	-1,463,800
Deferred tax recognised in the income statement	-53,775	2,487,522
Provisions for deferred tax as at 31.12.24	969,947	1,023,722

As at 31.12.24, the company has recognised a deferred tax asset of DKK 970k, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

13. Other provisions

Figures in DKK	Warranty commitments	Other provisions
Provisions as at 01.01.24	1,265,669	1,316,000
Provisions during the year	-414,695	-1,168,000
Provisions as at 31.12.24	850,974	148,000

	31.12.24 DKK	31.12.23 DKK

Other provisions are expected to be distributed as follows:

Non-current liabilities	607,000	870,389
Current liabilities	391,974	1,711,280
Total	998,974	2,581,669

14. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Payables to credit institutions	0	0	8,000,000	8,000,000
Other payables	0	4,275,177	4,275,177	4,072,979
Deferred income	871,848	0	3,924,217	0
Total	871,848	4,275,177	16,199,394	12,072,979

Deferred income consists of a public subsidy received for a development project.

15. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 36-102 months and total lease payments of DKK 17,597k.

Guarantee commitments

The company has provided a guarantee of DKK 16,796k via credit institutions.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and 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.

16. Charges and security

The company has provided a company charge of DKK 35,000k as security for debt to credit institutions. As at 31.12.24, the company charge comprises goodwill, intellectual property rights, motor cehicles, other plant, fixtures and fittings, inventories as well as trade receivables. The total carrying amount of the covered assets amount to DKK 47,729k.

17. Related parties

Controlling influence	Basis of influence
AB Inventech Group ApS	Parent company
ABI Industriudvikling ApS	Parent company
ABI Invest Industriudvikling ApS	Parent company
Alder II AB, Sverige	Ultimate parent company

Transactions	Relation	2024 DKK

Remuneration for the management is specified in note 2. Staff costs.

Balances	31.12.24 DKK
Receivables from group enterprises	288,750
Payables to group enterprises	4,622,176

Receivables from group companies recognised under current assets and short-term payables to group enterprises consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment. No write-downs have been made on the receivables.

The company is included in the consolidated financial statements of the parents AB Inventech Group ApS and ABI Invest Industriudvikling ApS, as well in Alder AB.

18. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C 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.

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.

18. Accounting policies - continued -

GRANTS

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

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

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 the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

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.

18. Accounting policies - continued -

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.

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 DKK
Completed development projects	5	
Acquired rights	5	0
Leasehold improvements	5	0
Plant and machinery	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

18. Accounting policies - continued -

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.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments 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.

18. Accounting policies - continued -

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.

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.

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

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

Gains or losses on the disposal of intangible assets

Gains or 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.

18. Accounting policies - continued -

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.

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.

18. 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 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.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

18. Accounting policies - continued -

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

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

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.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

Provisions

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, 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.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

18. Accounting policies - continued -

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.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

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.

Deferred income

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

18. Accounting policies - continued -

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.