



**dnp denmark a/s**

Skruegangen 2  
2690 Karlslunde  
CVR No. 12759444

**Annual report 01.04.2023 -  
31.03.2024**

The Annual General Meeting adopted the annual  
report on 19.08.2024

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**Keisuke Yamada**  
Chairman of the General Meeting

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# Entity details

## Entity

dnp denmark a/s  
Skruegangen 2  
2690 Karlslunde

Business Registration No.: 12759444  
Registered office: Greve  
Financial year: 01.04.2023 - 31.03.2024  
Phone number: +45 46165100

## Board of Directors

Osamu Nakamura, chairman  
Malene Sølvsten Millard  
Hidehiko Imaizumi  
Tomohiro Seyama  
Niels Hermansen  
Kim Bent Olsen  
Keisuke Yamada

## Executive Board

Hidehiko Imaizumi

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of dnp denmark a/s for the financial year 01.04.2023 - 31.03.2024.

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 Entity's financial position at 31.03.2024 and of the results of its operations and cash flows for the financial year 01.04.2023 - 31.03.2024.

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.

Karlslunde, 19.08.2024

## Executive Board

**Hidehiko Imaizumi**

## Board of Directors

**Osamu Nakamura**  
chairman

**Malene Sølvsten Millard**

**Hidehiko Imaizumi**

**Tomohiro Seyama**

**Niels Hermansen**

**Kim Bent Olsen**

**Keisuke Yamada**

# Independent auditor's report

## To the shareholder of dnp denmark a/s

### Opinion

We have audited the financial statements of dnp denmark a/s for the financial year 01.04.2023 - 31.03.2024, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. 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 Entity's financial position at 31.03.2024 and of the results of its operations and cash flows for the financial year 01.04.2023 - 31.03.2024 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 financial statements" section of this auditor's report. We are independent of the Entity 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 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 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 financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary**

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and

regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 19.08.2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Henrik Wolff Mikkelsen**

State Authorised Public Accountant  
Identification No (MNE) mne33747

**Frederik Juhl Hestbæk**

State Authorised Public Accountant  
Identification No (MNE) mne47807

# Management commentary

## Financial highlights

	2023/24	2022/23	2021/22	2020/21	2019/20
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Gross profit/loss	6,403	13,419	25,183	5,859	19,468
Operating profit/loss	(39,751)	(42,896)	(20,083)	(21,597)	(17,907)
Net financials	1,915	(885)	(89)	(1,585)	(708)
Profit/loss for the year	(37,836)	(45,221)	(20,887)	(25,057)	(19,215)
Total assets	139,331	164,063	195,357	227,701	288,554
Investments in property, plant and equipment	1,303	18,647	7,170	1,263	2,123
Equity	83,818	121,654	166,925	187,821	212,838
<b>Ratios</b>					
Return on equity (%)	(36.83)	(31.34)	(11.78)	(12.51)	(8.63)
Equity ratio (%)	60.16	74.15	85.45	82.49	73.76

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

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Total assets



### Primary activities

The Company's primary activities consist of production and sale of optical screens and functional film for EV battery (Battery Pouch), Digital signage solutions, marketing and sale of components for the solar cell industry and other market segments. More than 85% of the Company's sales are exported.

### Development in activities and finances

#### Performance for the year

Gross profit for the year amounts to DKK 6.4 million compared to DKK 13.4 million last year. Loss from ordinary activities after tax amounts to DKK 37.8 million compared to DKK 45.2 million last year.

The revenue realised is higher than the last year, but lower than expected. The increase in revenue is the Battery Pouch, and the other business were all slightly declined. Starting the Battery Pouch business was a positive factor, but the EV market is slowing down at this moment. Therefore, our BP sales was much lower than expected. Other than that, Screen business is a declining market item, so it was expected to decrease, but the weak performance in Digital signage was unexpected negative factor.

Earnings are still in deficit, but better than the last year. We started to sell Battery Pouch and also made some number of large and small cost savings. These are the main reasons why we started to improve the earnings.

#### New products

During the year, dnp denmark continue to improve and upgrade the Visiosign Cloud platform including new features. We also tested some different model for new Battery Pouch customers.

#### Investments

The Company invested in tangible assets during the financial year. Investments in property, plant, and equipment mainly due to a new business segment.

#### Capital resources

dnp denmark as is well-consolidated. The equity ratio is 60% (2022/23: 74%), corresponding to equity at 31.03.2024 of DKK 83,818 million (2022/23: DKK 121,654 million). At year-end, the Company's financial resources amount to DKK 7,144 million (2022/23: DKK 51,057 million), consisting solely of cash.

#### Particular risk

The Battery Pouch business is often affected by the EV market and various environmental measures in EU. The Digital signage market is growing but also getting more competitive. Therefore, we need to keep investing in of the technological development. Solar film business is also affected by the tariff tax and subsidy in each country.

#### Currency risks

The Company is exposed to currency risks in respect of current operations. The Company invoices in EUR, JPY and USD, whereas parts of its purchases are invoiced in JPY and USD. Depending on Management's expectations for the movements in foreign exchange rates, forward exchange contracts are concluded to hedge expected net income/expenses.

#### Credit risks

The Company is not exposed to any significant risks relating to one single customer or partner, as the Company has credit insured its receivables considerably.

### **Profit/loss for the year in relation to expected developments**

Earning is significantly lower than expected due to the unexpected market situation, such as more competition in the Digital signage market, and temporary slow down of EV market.

### **Uncertainty relating to recognition and measurement**

The annual report does not include material assumptions or uncertainties other than the industry usual.

### **Outlook**

The outlook for the coming year includes some positive expectations, and naturally it will improve both the sales and profit. Result for the year 2024/2025 is expected in the range of a loss of 20 - 30 million DKK.

### **Screen business**

We decided to close down this business segment within a certain term, and we have already agreed on the last time orders from all the major customers. This will bring us steady delivery throughout the new fiscal year.

### **Battery Pouch**

The EV market is expected to be a little slow moving the coming year, but we will expand our product model, eliminate another supplier, and start adding new customers. This will increase our production and sales even in the difficult market situation.

### **Digital signage**

The retention rate of the subscription sales has improved the last fiscal year. We expect this positive trend will continue, and we can also start adding new customers refocusing on the industries we are successful.

### **Environmental performance**

The Company's production conditions are environmentally approved. This approval sets limits for the impact on the external environment, and the observance of the approval helps to ensure that production takes place without significant pollution on the surroundings. In 2023/24, the Company complied with the terms of the environmental approval.

### **Research and development activities**

In the financial year, expenses incurred for development activities in connection with the improvement of the Visiosign Cloud with new features.

### **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.

# Income statement for 2023/24

	Notes	2023/24 DKK	2022/23 DKK
<b>Gross profit/loss</b>		<b>6,402,684</b>	<b>13,418,687</b>
Distribution costs		(18,726,864)	(17,426,893)
Administrative expenses		(27,426,638)	(38,887,804)
<b>Operating profit/loss</b>		<b>(39,750,818)</b>	<b>(42,896,010)</b>
Income from investments in group enterprises		0	(261,234)
Other financial income	3	2,047,158	484,374
Other financial expenses	4	(132,321)	(1,369,177)
<b>Profit/loss before tax</b>		<b>(37,835,981)</b>	<b>(44,042,047)</b>
Tax on profit/loss for the year	5	0	(1,178,472)
<b>Profit/loss for the year</b>	6	<b>(37,835,981)</b>	<b>(45,220,519)</b>

# Balance sheet at 31.03.2024

## Assets

	Notes	2023/24 DKK	2022/23 DKK
Completed development projects	8	2,255,626	3,143,136
Acquired rights		1,076,933	1,933,871
<b>Intangible assets</b>	7	<b>3,332,559</b>	<b>5,077,007</b>
Land and buildings		29,991,240	31,261,901
Plant and machinery		7,170,622	7,582,299
Other fixtures and fittings, tools and equipment		1,685,740	2,137,216
<b>Property, plant and equipment</b>	9	<b>38,847,602</b>	<b>40,981,416</b>
Investments in group enterprises		0	0
<b>Financial assets</b>	10	<b>0</b>	<b>0</b>
<b>Fixed assets</b>		<b>42,180,161</b>	<b>46,058,423</b>
Raw materials and consumables		49,015,359	33,179,153
Work in progress		461,683	647,733
Manufactured goods and goods for resale		21,429,577	18,826,343
<b>Inventories</b>		<b>70,906,619</b>	<b>52,653,229</b>
Trade receivables		15,511,148	9,231,680
Receivables from group enterprises		582,795	419,706
Other receivables		1,432,874	2,629,534
Tax receivable		198,677	198,677
Prepayments	11	1,374,814	1,815,329
<b>Receivables</b>		<b>19,100,308</b>	<b>14,294,926</b>
<b>Cash</b>		<b>7,144,373</b>	<b>51,056,673</b>
<b>Current assets</b>		<b>97,151,300</b>	<b>118,004,828</b>
<b>Assets</b>		<b>139,331,461</b>	<b>164,063,251</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023/24</b> <b>DKK</b>	<b>2022/23</b> <b>DKK</b>
Contributed capital	12	135,000,000	135,000,000
Reserve for development expenditure		1,759,388	2,451,646
Retained earnings		(52,941,323)	(15,797,600)
<b>Equity</b>		<b>83,818,065</b>	<b>121,654,046</b>
Other provisions	13	357,324	498,540
<b>Provisions</b>		<b>357,324</b>	<b>498,540</b>
Prepayments received from customers		753,315	1,269,297
Trade payables		2,814,563	3,572,306
Payables to group enterprises		43,872,747	28,668,852
Other payables	14	3,200,120	3,824,237
Deferred income	15	4,515,327	4,575,973
<b>Current liabilities other than provisions</b>		<b>55,156,072</b>	<b>41,910,665</b>
<b>Liabilities other than provisions</b>		<b>55,156,072</b>	<b>41,910,665</b>
<b>Equity and liabilities</b>		<b>139,331,461</b>	<b>164,063,251</b>
Staff costs	1		
Amortisation, depreciation and impairment losses	2		
Unrecognised rental and lease commitments	17		
Related parties with controlling interest	18		
Non-arm's length related party transactions	19		
Group relations	20		

# Statement of changes in equity for 2023/24

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	135,000,000	2,451,646	(15,797,600)	121,654,046
Transfer to reserves	0	(692,258)	692,258	0
Profit/loss for the year	0	0	(37,835,981)	(37,835,981)
<b>Equity end of year</b>	<b>135,000,000</b>	<b>1,759,388</b>	<b>(52,941,323)</b>	<b>83,818,065</b>

# Cash flow statement for 2023/24

	Notes	2023/24 DKK	2022/23 DKK
Operating profit/loss		(39,750,818)	(42,896,010)
Amortisation, depreciation and impairment losses		5,257,700	14,632,377
Other provisions		65,720	9,914
Working capital changes	16	(10,020,302)	(6,480,947)
<b>Cash flow from ordinary operating activities</b>		<b>(44,447,700)</b>	<b>(34,734,666)</b>
Financial income received		2,047,158	485,631
Financial expenses paid		(132,320)	(1,318,048)
Taxes refunded/(paid)		0	(797,149)
<b>Cash flows from operating activities</b>		<b>(42,532,862)</b>	<b>(36,364,232)</b>
Acquisition etc of intangible assets		(76,495)	(1,973,973)
Acquisition etc of property, plant and equipment		(1,302,943)	(18,646,731)
Sale of property, plant and equipment		0	614,910
<b>Cash flows from investing activities</b>		<b>(1,379,438)</b>	<b>(20,005,794)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(43,912,300)</b>	<b>(56,370,026)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(43,912,300)</b>	<b>(56,370,026)</b>
Cash and cash equivalents beginning of year		51,056,673	107,426,699
<b>Cash and cash equivalents end of year</b>		<b>7,144,373</b>	<b>51,056,673</b>
Cash and cash equivalents at year-end are composed of:			
Cash		7,144,373	51,056,673
<b>Cash and cash equivalents end of year</b>		<b>7,144,373</b>	<b>51,056,673</b>

# Notes

## 1 Staff costs

	<b>2023/24</b>	<b>2022/23</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	43,432,975	34,032,925
Pension costs	3,827,571	2,849,415
Other social security costs	823,911	771,368
Other staff costs	3,286,599	2,407,465
	<b>51,371,056</b>	<b>40,061,173</b>
Average number of full-time employees	78	66

## 2 Depreciation, amortisation and impairment losses

	<b>2023/24</b>	<b>2022/23</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	1,820,943	1,648,059
Impairment losses on intangible assets	0	10,200,000
Depreciation of property, plant and equipment	3,436,757	2,784,317
	<b>5,257,700</b>	<b>14,632,376</b>

## 3 Other financial income

	<b>2023/24</b>	<b>2022/23</b>
	<b>DKK</b>	<b>DKK</b>
Exchange rate adjustments	1,439,653	0
Other financial income	607,505	484,374
	<b>2,047,158</b>	<b>484,374</b>

## 4 Other financial expenses

	<b>2023/24</b>	<b>2022/23</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	75,182	465,026
Exchange rate adjustments	0	689,428
Other financial expenses	57,139	214,723
	<b>132,321</b>	<b>1,369,177</b>

## 5 Tax on profit/loss for the year

	<b>2023/24</b>	<b>2022/23</b>
	<b>DKK</b>	<b>DKK</b>
Adjustment concerning previous years	0	1,178,472
	<b>0</b>	<b>1,178,472</b>



## 6 Proposed distribution of profit and loss

	2023/24 DKK	2022/23 DKK
Retained earnings	(37,835,981)	(45,220,519)
	<b>(37,835,981)</b>	<b>(45,220,519)</b>

## 7 Intangible assets

	Completed development projects DKK	Acquired rights DKK
Cost beginning of year	9,171,966	13,796,549
Additions	0	76,495
<b>Cost end of year</b>	<b>9,171,966</b>	<b>13,873,044</b>
Amortisation and impairment losses beginning of year	(6,028,830)	(11,862,678)
Amortisation for the year	(887,510)	(933,433)
<b>Amortisation and impairment losses end of year</b>	<b>(6,916,340)</b>	<b>(12,796,111)</b>
<b>Carrying amount end of year</b>	<b>2,255,626</b>	<b>1,076,933</b>

## 8 Development projects

Development projects comprise development of software and IT solutions.

## 9 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	97,238,947	47,676,953	10,903,359
Additions	313,107	559,808	430,028
<b>Cost end of year</b>	<b>97,552,054</b>	<b>48,236,761</b>	<b>11,333,387</b>
Depreciation and impairment losses beginning of year	(65,977,046)	(40,094,654)	(8,766,143)
Depreciation for the year	(1,583,768)	(971,485)	(881,504)
<b>Depreciation and impairment losses end of year</b>	<b>(67,560,814)</b>	<b>(41,066,139)</b>	<b>(9,647,647)</b>
<b>Carrying amount end of year</b>	<b>29,991,240</b>	<b>7,170,622</b>	<b>1,685,740</b>

## 10 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	612,913
Addition through business combinations etc	100,000
Disposals on divestments etc	(712,913)
<b>Cost end of year</b>	<b>0</b>
Impairment losses beginning of year	(612,913)
Disposals on divestments etc	612,913
<b>Impairment losses end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>

Investments in group enterprises relates the subsidiary Visio Sign AB that during the financial year has been terminated. Additions through business combinations etc. comprise a group contribution to Visio Sign AB prior to termination of the company.

## 11 Prepayments

Prepayments consist of prepaid expenses regarding 2024/25

## 12 Share capital

	Number	Par value DKK	Nominal value DKK
Ordinary Shares	135,000	1000	135,000,000
	<b>135,000</b>		<b>135,000,000</b>

## 13 Other provisions

Waranty provision comprise provision for warranties.

## 14 Other payables

	2023/24 DKK	2022/23 DKK
Wages and salaries, personal income taxes, social security costs, etc payable	(14,509)	6,856
Holiday pay obligation	1,820,960	1,823,144
Other costs payable	1,393,669	1,994,237
	<b>3,200,120</b>	<b>3,824,237</b>

## 15 Deferred income

Deferred income comprise deferred hosting income from annual contracts for 2024/25.

**16 Changes in working capital**

	<b>2023/24</b>	<b>2022/23</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in inventories	(18,253,389)	(25,944,596)
Increase/decrease in receivables	(4,839,472)	6,140,634
Increase/decrease in trade payables etc	13,072,559	13,323,015
	<b>(10,020,302)</b>	<b>(6,480,947)</b>

**17 Unrecognised rental and lease commitments**

	<b>2023/24</b>	<b>2022/23</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	166,250	277,083

**18 Related parties with controlling interest**

Dai Nippon Printing Co. Ltd., Tokyo owns all shares in the Entity, thus exercising control.

**19 Non-arm's length related party transactions**

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

**20 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Dai Nippon Printing Co. Ltd., Tokyo, Japan

# 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 financial statements are consistent with those applied last year.

The presentation of the comparative figures for the cash flow statement has been adjusted slightly. These adjustments have not impacted either the gross profit, result, balance, or equity.

## 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.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

### 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.

### Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes normal write-down of inventories.

**Distribution costs**

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

**Administrative expenses**

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

**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 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.

**Balance sheet****Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **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.

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:

	<b>Useful life</b>
Buildings	10-50 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years

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 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. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

### **Inventories**

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### **Receivables**

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

### **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.

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the

balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

#### **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.

#### **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.

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

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