

ProInvent A/S
Teknologiudvikling
Lyngsoe Allé 3
2970 Hoersholm
Business Registration No
14248994

Annual report 01.10.2018
- 30.09.2019

The Annual General Meeting adopted the annual report on 27.02.2020

Name

Name: Svend Bang Christiansen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018/19	13
Balance sheet at 30.09.2019	14
Statement of changes in equity for 2018/19	16
Notes	17
Accounting policies	20

Entity details

Entity

ProInvent A/S Teknologiuudvikling
Lyngsoe Allé 3
2970 Hoersholm

Central Business Registration No (CVR): 14248994
Registered in: Hoersholm
Financial year: 01.10.2018 - 30.09.2019

Phone: +454576001
Fax: +454576002
E-mail: Mail@proinvent.dk

Board of Directors

Svend Bang Christiansen, chairman of the board
Leif Dalum
Peter Rico Ahlberg
Per Hessen-Schmidt
Michal Adam Graczykowski
Rasmus Trampedach Mortensen, staff-elected representative

Executive Board

Leif Dalum, CEO

Auditors

Deloitte State-authorized public accountants
Weidekampsgade 6
Postbox 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ProInvent A/S Teknologiuudvikling for the financial year 01.10.2018 - 30.09.2019.

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 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019.

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.

Hoersholm, 27.02.2020

Executive Board

Leif Dalum
CEO

Board of Directors

Svend Bang Christiansen
chairman of the board

Leif Dalum

Peter Rico Ahlberg

Per Hessen-Schmidt

Michał Adam Graczykowski

Rasmus Trampedach
Mortensen
staff-elected representative

Independent auditor's report

To the shareholders of ProInvent A/S Teknologiuudvikling

Opinion

We have audited the financial statements of ProInvent A/S Teknologiuudvikling for the financial year 01.10.2018 - 30.09.2019, which comprise the income statement, balance sheet, statement of changes in equity 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 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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:

Independent auditor's report

- 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 under the Danish Financial Statements Act.

Independent auditor's report

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 27.02.2020

Deloitte

State-authorized public accountants

Central Business Registration No (CVR) 33963556

Keld Juel Danielsen

State Authorised Public Accountant

Identification No (MNE) mne26741

Management commentary

Primary activities

ProInvent A/S is an integrated product development and manufacturing technology equipment partner, specialized in supporting innovation in some of the world's leading companies, from ideation to development of manufacturing technology.

ProInvent is a progressive innovation partner from the very beginning of product development projects, and till handling over the newly developed production equipment and the new production starts and ramps up.

ProInvent is a One Stop Shop, delivering Integrated Development, i.e. integrated development of products, production machines, inspection machines, vision systems and industrial automation.

With great enthusiasm and a desire to contribute to Denmark's prosperity through higher productivity and a healthier working environment in the Danish Production Companies, ProInvent was founded in 1994 by Leif Dalum. In the beginning of 2019 ProInvent celebrated its 25th anniversary. Customers, collaborators and business partners showed up to hear a variety of lectures concerning ProInvent's newly developed technologies and extensive experience.

ProInvent's core competencies

ProInvent specializes in Integrated Development, meaning development of customers' new products and design, delivery of high-performance production equipment, special designed machines, pilot equipment for tests, industrial automation and control systems, robot-based turn-key projects, vision guidance and robots, inspection/sorting/packaging lines, machine series, CE marking, documentation, validation and after sales services. ProInvent's competencies also include technical problem solving and analyses which forms the basis for our customers' technology plans.

ProInvent is a specialist in issues concerning automation of "particularly complicated automation processes".

The completed projects have resulted in launching innovative products faster to market, great efficiency gains for ProInvent's customers and increased their competitiveness. Cooperation with ProInvent creates competitive advantages that are difficult to match.

Learn more about ProInvent at: www.ProInvent.dk

Management commentary

Our global market

ProInvent's business is based on identifying, organizing and completing projects for pharmaceutical, medical and other industrial companies. ProInvent's customers are all leading companies in their business field and benefit from highly automated production systems. Most customers have intensive research, development and market activities which have made them internationally leading companies, many with global production.

ProInvent's premises are strategically well-chosen in the northern Zealand, close to many of our customers' development centres, and close to the Technical University of Denmark, DTU.

Innovation, development and design is made in Denmark, but equipment is often installed on a site abroad, thus ProInvent has a large export share.

Additional business area in Product Development

In its 26-year lifetime, ProInvent has built up extensive experience in Integrated Product Development. Customers with a need to develop new products have in ProInvent a competent partner who takes total responsibility for the entire Integrated Development project. ProInvent has established its own Product Development group, starting with 10 Mechanical Engineers, planning to ramp-up to 15 world class engineers within the next 8 months. Heading the Product Development group is René Ferm Nyberg, former Director at Coloplast and Natus Group.

ProInvent is now a preferred partner in innovative product development, and we will develop and deliver the next generation of innovative products to market. Together, we will build up product and production knowledge to increase synergy and value creation for a long-term partnership.

Board of Directors

Svend Bang Christiansen, chairman of the board for years, is an external member and due to his extensive experience as CEO in the food and financial business, he is the professional chairman of many companies.

Per Hessen-Schmidt, external member for years, is daily Head of Organizational Development at Novozymes A/S. From March 2020 Per will head up a position at Novo Nordisk as P&O Director in DFP. Per was formerly employed at Novo Nordisk and Implement Consulting Group.

Hashim Malik, staff-elected representative from December 2019

Peter Rico Ahlberg, Senior Partner

Michal Graczykowski, Partner

Leif Dalum, Main Owner

Management commentary

Executive Board and Management Team

CEO, Chief Executive Officer, M.Sc. and founder Leif Dalum

CPO, Chief Project Officer and Senior Partner, Peter Rico Ahlberg

CTO, Chief Technical Officer and Partner, M.Sc., Michal Graczykowski

CFO, Chief Financial Officer, HD-R, Erik Refslund

Sales- and Project Manager and expert in Validation, B.Sc., Hashim Dad Malik

Sales- and Project Manager, M.Sc. Sebastian Borker Hoffensetz.

Sales- and Project Manager, M.Sc. Peter T. Schiøler

Sales- and Project Manager, M.Sc. Anders B. Rasmussen

Sales- and Project Manager, B.Sc., Frederik Nygaard

Head of Product Development Function, M.Sc., René Ferm Nyberg

Head of Control Systems and Robotics, Henrik Søndergaard

Head of Vision Technology, Ph.D., Rasmus Ahrenkiel Lyngby

Head of Assembly and running in, Lasse Jensen

Head of Machine Design, Rasmus Mortensen

Team, education and know-how

ProInvent's employees are highly educated specialists, most of them with engineering background. In the financial year ProInvent has in average had 30 employees, which is a growth of 25% in comparison to last year and at the moment counts 55 employees. Planned growth next year is 15%, ending up on a total of 60 employees.

The employees hold Masters of Science in Mechanical or Electrical Engineering, Ph.D. in

Vision Technology, M.Sc., B.Sc., Machine Engineers, Machine Designers, Control Engineers and Machine Fitting Specialists.

Updated knowledge

During the year ProInvent's employees have updated their knowledge, participating in external courses as well as internal education in the following fields; Strategy methods, Quality Management, Plan Based Project Management, Morphological Methods, development mythology, GMP, GAMP 5, pFMECA-analyses, Validation, PLC-Programming, Vision Technology, Smart Camera Technology, Deep Learning methods, Programming of PC-based Control, Robot Programming, Fieldbus, HMI, OEE-Measurement, Servo System programming, Office, Creo Parametric, INVENTOR, Vault, Risk Analyses, CE Marking, Interpersonal Development and Sales Excellence.

Cooperation with Technical University of Denmark (DTU)

ProInvent cooperates with DTU, Department of Mechanics, Energy and Construction concerning Integrated Product development, Design for Manufacturing and Construction, DTU Electro concerning control systems and robot technology, and DTU Compute concerning Vision Technology and Machine learning.

Management commentary

Collaboration in the business line

ProInvent currently hires a varying number of freelance experts, in order to help out execute the increasing orders, and enabling us to perform the large scaled projects. ProInvent collaborates with other companies, such as suppliers of control systems, vision systems, electricity- and mechanical assembly, conveyor systems and subsystems or more standardized machines for production.

ProInvent aims at a balance between large scale, medium, and small projects which makes the coordination of resources easier.

Quality Assurance

ProInvent's documented quality assurance system complies with customers' needs. The project model described in GAMP 5 is an integrated part of ProInvent's everyday life, and we have extended the system with an internal learning program in GMP and validation.

Development in activities

ProInvent has had a busy 2018/19 performing 58 customer projects, and completed 823 projects in total, since the beginning of 1994 and until September 30th 2019. This corresponds to an average of approx. 31 customer projects annually. It is a mix of large-scale epoch-making projects, medium scale projects and minor projects. As many times before, leading production companies have chosen ProInvent to be their technological cooperation partner, and we know that our long-time customer relationships must be seen in the light of the fact that we year after year add good benefits to our customers, and we always deliver at competitive prices.

Important projects with the purpose of increasing productivity are currently being implemented for

Leo Pharma, Novo Nordisk, Bavarian Nordic, Ferring Pharmaceuticals, Radiometer, Medical, Widex, Chr. Hansen, University of Copenhagen, Novozymes, Coloplast Humlebæk, Coloplast Tatabánya, Natus, GN Resound, Copenhagen Fur, Pressalit, Umicore Frederikssund Umicore Tianjin and Haldor Topsøe Houston).

ProInvent is geared to handle projects in the GMP- and GAMP environment, and this has resulted in an expansive project portfolio from the pharmaceutical and medical technology industries. This means that we continually make ourselves acquainted with each single customer's QMS structure and perform the necessary documentation, which provides the basis for easy-going performance of qualification and validation.

Management commentary

Development in finances and comparative figures

ProInvent's activity level has grown nearly 50% in 2018/19

See all comparative figures below for current year, two years back and budget estimates.

	Budget estimate 2019/20	Current 2018/19	Last year 2017/18	Past 2016/17
Financial highlights				
Revenue	65.500	43.735	29.872	24.873
Growth ratio, revenue	50%	47%	20%	10%
Executed projects	75	58	37	33
Gross profit	38.000	18.867	14.818	13.565
Profit before growth costs	Growth	1.539	1.667	578
Operating profit	Growth	160	167	578
Net financials	100	45	4.262	651
Profit for the year	2.800	139	4.381	1.095
Total assets	18.000	20.064	10.233	11.961
Equity	6.100	4.452	4.313	4.832
Ratios				
Equity ratio *	34%	22%	42%	40%
Current ratio *	136%	94%	117%	71%
Growth ratio, employees*	50%	34%	16%	5%
Employees				
Start	40	28	21	21
Average	50	30	24	21
End	60	40	28	21

*

Equity ratio = Equity/Total assets)/100.

Current ratio = Short assets/short liabilities)/100.

Growth ratio, employees = employee number current year/employee number year before.

Management commentary

Assessment of the results

Management considers the revenue, the growth in activity, the current ratio and the equity highly satisfactory.

Profit before growth costs is 1.539 DKK, and as internal calculations show growth cost at 1.400 DKK current year profit is 139 DKK. In the wake of a high growth in 2018/19 the Management considers the earning satisfactory.

Total assets have almost doubled compared to the previous year due to prepayments from costumers. This gives an equity ratio of 22%. On this basis, Management considers that the equity ratio is satisfactory.

View of financial position and result

It is the management's opinion that the financial statement gives a true and fair view of ProInvent's financial position on September 30th 2019 and of the results of ProInvent's operations during the financial year October 1st 2018 – September 30th 2019.

Controlling business risk

The majority of our customers are large, reputable companies considered to have good payment skills and creditworthiness. For minor customers we have ongoing credit evaluations which minimizes the credit risk.

The expected development in activities and earnings

Through many years ProInvent has worked targeted to streamline its project implementation which has created a huge competitive advantage for the company and continuously leads to new exiting projects. Therefore, order intake is satisfactory.

Management expects that in the new financial year we will achieve a high activity level too resulting in a higher earnings level than the year before, see budget estimate column above.

Bank Connection

ProInvent's bank connection is Danske Andelskassers Bank A/S (DAB). As in previous years DAB has been a good partner concerning financing of ProInvent's operations. DAB has contributed bank guarantees to some of our major projects.

Ownership

ProInvent was founded in 1994 by M.Sc. Leif Dalum, who is the owner of ProInvent Group Holding A/S.

ProInvent Group Holding A/S owns 1160 shares (96 %) of ProInvent.

Head of Project Management, Peter Rico Ahlberg owns currently 32 shares (2,7%) of ProInvent, and Technical Manager Michal Graczykowski currently owns 16 shares (1,3%) of ProInvent.

Management commentary

Events after the balance sheet date

As expected, the first 4 months of the new financial year went very well with increased growth and income. In addition, the order books are historically good.

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

Income statement for 2018/19

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK'000</u>
Revenue		43.734.691	29.872
Cost of sales		(20.140.471)	(12.089)
Other external expenses		<u>(4.726.772)</u>	<u>(2.965)</u>
Gross profit/loss		18.867.448	14.818
Staff costs	1	(18.344.836)	(14.422)
Depreciation, amortisation and impairment losses	2	<u>(362.975)</u>	<u>(229)</u>
Operating profit/loss		159.637	167
Income from investments in group enterprises		0	4.262
Other financial income		195.907	136
Other financial expenses		<u>(150.845)</u>	<u>(136)</u>
Profit/loss before tax		204.699	4.429
Tax on profit/loss for the year	3	<u>(65.443)</u>	<u>(48)</u>
Profit/loss for the year		139.256	4.381
Proposed distribution of profit/loss			
Extraordinary dividend distributed in the financial year		0	4.400
Retained earnings		<u>139.256</u>	<u>(19)</u>
		139.256	4.381

Balance sheet at 30.09.2019

	Notes	2018/19 DKK	2017/18 DKK'000
Completed development projects		0	0
Development projects in progress		769.135	0
Intangible assets	4	769.135	0
Other fixtures and fittings, tools and equipment		2.098.924	455
Leasehold improvements		125.686	136
Property, plant and equipment	5	2.224.610	591
Receivables from group enterprises		3.949.904	3.918
Other receivables		345.333	213
Fixed asset investments	6	4.295.237	4.131
Fixed assets		7.288.982	4.722
Manufactured goods and goods for resale		191.770	0
Inventories		191.770	0
Trade receivables		9.010.389	4.577
Contract work in progress	7	2.165.232	89
Other receivables		657.119	3
Prepayments		749.223	479
Receivables		12.581.963	5.148
Cash		1.508	363
Current assets		12.775.241	5.511
Assets		20.064.223	10.233

Balance sheet at 30.09.2019

	<u>Notes</u>	<u>2018/19 DKK</u>	<u>2017/18 DKK'000</u>
Contributed capital		845.600	846
Reserve for development expenditure		599.925	0
Retained earnings		<u>3.006.619</u>	<u>3.467</u>
Equity		<u>4.452.144</u>	<u>4.313</u>
Deferred tax		<u>1.085.136</u>	<u>1.020</u>
Provisions		<u>1.085.136</u>	<u>1.020</u>
Bank loans		867.981	0
Income tax payable		<u>0</u>	<u>187</u>
Non-current liabilities other than provisions		<u>867.981</u>	<u>187</u>
Current portion of long-term liabilities other than provisions		252.000	0
Bank loans		844.745	4
Contract work in progress	7	6.930.045	0
Trade payables		3.788.970	2.333
Other payables		<u>1.843.202</u>	<u>2.376</u>
Current liabilities other than provisions		<u>13.658.962</u>	<u>4.713</u>
Liabilities other than provisions		<u>14.526.943</u>	<u>4.900</u>
Equity and liabilities		<u>20.064.223</u>	<u>10.233</u>
Contingent liabilities	8		
Assets charged and collateral	9		
Related parties with controlling interest	10		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	845.600	0	3.467.288	4.312.888
Profit/loss for the year	0	599.925	(460.669)	139.256
Equity end of year	845.600	599.925	3.006.619	4.452.144

Notes

	2018/19	2017/18
	DKK	DKK'000
1. Staff costs		
Wages and salaries	17.795.637	13.429
Pension costs	1.194.164	900
Other social security costs	124.170	93
Other staff costs	(769.135)	0
	18.344.836	14.422
 Average number of employees	 30	 24
	2018/19	2017/18
	DKK	DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	362.975	229
	362.975	229
	2018/19	2017/18
	DKK	DKK'000
3. Tax on profit/loss for the year		
Current tax	0	187
Change in deferred tax	65.443	(139)
	65.443	48
	Completed	Develop-
	develop-	ment
	ment	projects in
	projects	progress
	DKK	DKK
4. Intangible assets		
Cost beginning of year	76.400	0
Additions	0	769.135
Cost end of year	76.400	769.135
Amortisation and impairment losses beginning of year	(76.400)	0
Amortisation and impairment losses end of year	(76.400)	0
Carrying amount end of year	0	769.135

Notes

Development projects

This year's activation of engineering hours is attributed to the development of ProInvent's own vision software, including Deeplearning algorithms and Cognex camera technology. The developed vision technology, which was first shown at the Herning Fair, has freed ProInvent from the procurement of third-party programs and services from external companies, and is a strong competitive parameter in ProInvent's One-stop shopping strategy. The first vision projects are already up and running on the developed technology, both as independent vision projects and as an integral part of large complex projects at our core customers.

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
5. Property, plant and equipment		
Cost beginning of year	3.006.021	150.782
Additions	1.974.776	22.376
Cost end of year	4.980.797	173.158
Depreciation and impairment losses beginning of year	(2.551.292)	(15.078)
Depreciation for the year	(330.581)	(32.394)
Depreciation and impairment losses end of year	(2.881.873)	(47.472)
Carrying amount end of year	2.098.924	125.686
	Receivables from group enterprises DKK	Other receivables DKK
6. Fixed asset investments		
Cost beginning of year	3.918.147	213.480
Additions	218.895	131.853
Disposals	(187.138)	0
Cost end of year	3.949.904	345.333
Carrying amount end of year	3.949.904	345.333

Receivables from group enterprises include receivables from the parent company. Repayment including repayment rate of the receivable depends on the dividends paid to the parent company.

Notes

7. Contract work in progress

The sales value of contract work in progress totals of 37.478 t. DKK. Simultaneously with 42.033 t. DKK invoiced on account, leaving the net value of contract work in progress to (4.555) t. DKK

8. Contingent liabilities

The Entity is liable of six months' rent to its landlord of approximately 518 t. DKK.

The Entity participates in a Danish joint taxation arrangement in which ProInvent Group Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2013 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

9. Assets charged and collateral

The Entity has given company pledge to Danske Andelskassers Bank of 8.000 t. DKK.

Bank guaranties

The contract work in progress is secured by Bank Guaranties of 3.844 t. DKK.

10. Related parties with controlling interest

Related parties with controlling interest on ProInvent A/S Teknologiuudvikling:

ProInvent Group Holding A/S, Hoersholm

Leif Dalum, CEO

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

Recognition and measurement

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

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

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

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

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

Income statement

Revenue

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Accounting policies

Staff costs

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

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as 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, payables and transactions in foreign currencies as well as 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 is taken to equity under 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.

Accounting policies

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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:

Other fixtures and fittings, tools and equipment	5-10 years
IT	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

Receivables

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

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 and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as 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.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Accounting policies

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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

Income tax receivable or payable

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