
Amphenol Cabelcon ApS

Industriparken 10, DK-4760 Vordingborg

Annual Report for 1 January - 31 December 2021

CVR No 17 37 66 32

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/6 2022

Richard Adam Norwitt
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Amphenol Cabelcon ApS for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vordingborg, 24 June 2022

Executive Board

Peter Spangaard Rasmussen
CEO

Board of Directors

Richard Adam Norwitt
Chairman

Craig Anthony Lampo

Peter Spangaard Rasmussen

Independent Auditor's Report

To the Shareholder of Amphenol Cabelcon ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Amphenol Cabelcon ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 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 under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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.

Independent Auditor's Report

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 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 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.

Independent Auditor's Report

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.

Hellerup, 24 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Kaare von Cappeln
State Authorised Public Accountant
mne11629

Thomas Lauritsen
State Authorised Public Accountant
mne34342

Company Information

The Company

Amphenol Cabelcon ApS
Industriparken 10
DK-4760 Vordingborg

CVR No: 17 37 66 32
Financial period: 1 January - 31 December
Incorporated: 1 November 1993
Financial year: 28th financial year
Municipality of reg. office: Vordingborg

Board of Directors

Richard Adam Norwitt, Chairman
Craig Anthony Lampo
Peter Spangaard Rasmussen

Executive Board

Peter Spangaard Rasmussen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Kromann Reumert

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Gross profit/loss	26.254	29.339	35.602	44.977	40.803
Profit/loss before financial income and expenses	10.458	8.630	3.834	10.814	7.611
Net financials	-155	-900	475	-619	-411
Net profit/loss for the year	8.053	6.020	3.349	7.787	5.823
Balance sheet					
Balance sheet total	111.139	128.775	124.481	136.377	136.573
Equity	72.370	64.317	58.297	54.948	47.161
Investment in property, plant and equipment	5.513	1.438	2.287	4.560	4.311
Number of employees	68	76	89	87	86
Ratios					
Return on assets	9,4 %	6,7 %	3,1 %	7,9 %	5,6 %
Solvency ratio	65,1 %	49,9 %	46,8 %	40,3 %	34,5 %
Return on equity	11,8 %	9,8 %	5,9 %	15,3 %	9,4 %

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Market overview

The Company is engaged in the development, manufacturing, and sale of connectors for the cable television and telecommunications industries. The Company's products are primarily sold within the European market.

Earnings for the year

The income statement of the Company for 2021 shows a profit of TDKK 8,053, and at 31 December 2021 the balance sheet of the Company shows equity of TDKK 72,370.

The operating result is exceeding expectations for 2021 which at the beginning of the year was at a level of +/- 10% compared to 2020. The actual + 40% improvement is mainly due to organizational changes following the change of ownership.

In line with 2020 the year started well off with good Q1 revenue and increasing demand for Q2. For second half of 2021 the Company has been negatively impacted by the global economic situation following the continued Covid-19 crisis, increased pricing for and scarcity of metals and other materials and not least the disruption and increased cost of transportation.

The Company was acquired by Amphenol Inc as of April 1 st , 2021. A 6 months' transition agreement between Corning and Amphenol was put in place to allow for new IT platform to be built. Furthermore, the transaction has meant changes to the organizational structure causing a few restructure initiatives.

The organizational changes have reduced overhead costs for manufacturing, distribution, and sales, thus contributing positively to an improvement of net profit for the year.

2021 Cash flow was negative, mainly due to increasing inventory levels caused by declining demand and need to secure raw materials to be able to keep up supply, thus avoiding delays and other disruptions of the supply chain.

In the light of the various challenges management considers the Company's result as satisfactory.

Management's Review

Expectations for the coming year

The Company was from beginning of year expecting growth in 2022 with revenue exceeding 2021 with 10%-15%. Expectations were based on price increases, returning to more normal level of demand after Covid-19 and revenue from new product implementations. However, the uncertainties of global economy indicate that 2022 will end up at a lower level with increase of between 5%-10%.

Forecasting continues to be difficult and predictability challenging due to the continuously increasing pricing for raw materials, utilities, other materials and cost of transportation.

Cost optimizations and complexity reduction will be necessary priorities to remediate the expected continued higher costs.

Operating profit expected to be in the range of + 25%-50% compared to 2021 based on a slimmer organizational structure.

Research and development

The Company has maintained its level of development in order to penetrate new markets, partly as current product customization, which is normal for the industry, partly through the optimization of products, both in terms of technology and complexity.

Environment, Health and Safety

Since 2002, the Company has been certified according to the ISO 14001 standard. In addition, the Company complies with standards that in many areas are beyond standards of local legislation. The Company is dedicated to improving the health and safety standards within the Company, and the outstanding level of excellence was maintained again during 2021.

Knowledge resources

The strong segment position of the Company is a result of the total knowledge resources in the organization. It is a Management objective that knowledge about products, manufacturing and market conditions are shared across the organization. An additional Management objective is to continuously ensure a high degree of quality awareness in all processes.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Gross profit/loss		26.254	29.339
Distribution expenses	1	-4.413	-8.631
Administrative expenses	1	<u>-11.383</u>	<u>-12.078</u>
Operating profit/loss		10.458	8.630
Financial income	2	178	175
Financial expenses	3	<u>-333</u>	<u>-1.075</u>
Profit/loss before tax		10.303	7.730
Tax on profit/loss for the year	4	<u>-2.250</u>	<u>-1.710</u>
Net profit/loss for the year		<u>8.053</u>	<u>6.020</u>

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Software		343	59
Intangible assets	5	343	59
Land and buildings		9.494	7.430
Plant and machinery		4.459	7.503
Other fixtures and fittings, tools and equipment		3.233	1.740
Property, plant and equipment in progress		562	1.432
Property, plant and equipment	6	17.748	18.105
Fixed assets		18.091	18.164
Inventories	7	50.492	30.256
Trade receivables		27.432	30.726
Receivables from group enterprises		9	43.286
Other receivables		333	553
Deferred tax asset	10	313	0
Prepayments	8	518	451
Receivables		28.605	75.016
Cash at bank and in hand		13.951	5.339
Currents assets		93.048	110.611
Assets		111.139	128.775

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		500	500
Retained earnings		71.870	63.817
Equity		72.370	64.317
Provision for deferred tax	10	0	217
Other provisions	11	227	227
Provisions		227	444
Other payables		2.192	2.192
Long-term debt	12	2.192	2.192
Trade payables		13.931	13.559
Payables to group enterprises		13.000	37.310
Corporation tax		1.924	849
Other payables	12	7.495	10.104
Short-term debt		36.350	61.822
Debt		38.542	64.014
Liabilities and equity		111.139	128.775
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Transactions with related parties			
Subsequent events	16		
Accounting Policies	17		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	63.817	64.317
Net profit/loss for the year	0	8.053	8.053
Equity at 31 December	500	71.870	72.370

Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
1 Staff		
Wages and Salaries	36.582	36.895
Pensions	2.911	2.894
Other social security expenses	2.095	2.173
	<u>41.588</u>	<u>41.962</u>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	33.309	32.971
Distribution expenses	2.793	5.781
Administrative expenses	5.486	3.210
	<u>41.588</u>	<u>41.962</u>
Average number of employees	<u>68</u>	<u>76</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
2 Financial income		
Interest received from group enterprises	12	44
Exchange gains	166	131
	<u>178</u>	<u>175</u>

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
3 Financial expenses		
Interest paid to group enterprises	133	169
Other financial expenses	0	35
Exchange adjustments, expenses	200	871
	<u>333</u>	<u>1.075</u>
4 Tax on profit/loss for the year		
Current tax for the year	2.780	2.009
Deferred tax for the year	-530	-299
	<u>2.250</u>	<u>1.710</u>
5 Intangible assets		<u>Software</u> TDKK
Cost at 1 January		3.323
Additions for the year		341
Disposals for the year		-1.185
Cost at 31 December		<u>2.479</u>
Impairment losses and amortisation at 1 January		3.264
Amortisation for the year		57
Reversal of amortisation of disposals for the year		-1.185
Impairment losses and amortisation at 31 December		<u>2.136</u>
Carrying amount at 31 December		<u>343</u>
Amortised over		<u>5 years</u>

Notes to the Financial Statements

6 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	34.870	64.719	12.343	1.432	113.364
Additions for the year	0	0	0	5.513	5.513
Disposals for the year	-505	-3.021	-1.645	0	-5.171
Transfers for the year	3.333	441	2.267	-6.383	-342
Cost at 31 December	<u>37.698</u>	<u>62.139</u>	<u>12.965</u>	<u>562</u>	<u>113.364</u>
Impairment losses and depreciation at 1 January	27.440	57.216	10.603	0	95.259
Depreciation for the year	1.201	1.168	710	0	3.079
Reversal of impairment and depreciation of sold assets	-437	-704	-1.581	0	-2.722
Impairment losses and depreciation at 31 December	<u>28.204</u>	<u>57.680</u>	<u>9.732</u>	<u>0</u>	<u>95.616</u>
Carrying amount at 31 December	<u>9.494</u>	<u>4.459</u>	<u>3.233</u>	<u>562</u>	<u>17.748</u>
Depreciated over	<u>10-25 years</u>	<u>3-12 years</u>	<u>3-8 years</u>		

7 Inventories

	2021 TDKK	2020 TDKK
Raw materials and consumables	11.744	3.287
Work in progress	10.960	11.034
Finished goods and goods for resale	27.788	15.935
	<u>50.492</u>	<u>30.256</u>

8 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, edb service and exhibitions etc.

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
9 Distribution of profit		
Retained earnings	8.053	6.020
	<u>8.053</u>	<u>6.020</u>

10 Deferred tax asset

Deferred tax asset at 1 January	-217	-516
Amounts recognised in the income statement for the year	<u>530</u>	<u>299</u>
Deferred tax asset at 31 December	<u>313</u>	<u>-217</u>

11 Other provisions

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims.

Warrant claims	<u>227</u>	<u>227</u>
	<u>227</u>	<u>227</u>

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
Other payables		
Between 1 and 5 years	<u>2.192</u>	<u>2.192</u>
Long-term part	2.192	2.192
Other short-term payables	<u>7.495</u>	<u>10.104</u>
	<u>9.687</u>	<u>12.296</u>

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
13 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	236	365
Between 1 and 5 years	80	485
After 5 years	0	0
	316	850

Other contingent liabilities

As of 1 April 2021 the Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group, with Mocorp Holding A/S as the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

14 Related parties

Consolidated Financial Statements

The Company is a wholly owned subsidiary of Amphenol Technologies Holding GmbH, Germany.

The Company and the parent company are part of the consolidated accounts of the ultimate parent company Amphenol Inc. The consolidated accounts for this company can be obtained by written application to Amphenol Inc., Wallingford, Amphenol, Connecticut 06492, USA or www.amphenol.com

Name	Place of registered office
Amphenol Inc	Wallingford, Connecticut 06492, USA

Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
15 Transactions with related parties		
Purchase of services from parent	588	2.454
Sale of services to parent	206	740
Interest received from parent	12	45
Interest paid to parent	0	1
Purchase of goods from other related parties	1.376	8.457
Sale of goods to other related parties	1.848	3.046
Cost of management fee to other related parties	1.716	6.868
Salaries and remuneration to other related parties	150	1.192

16 Subsequent events

No circumstances have occurred after the balance sheet date that have a significant influence on the assessment of the annual report.

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of Amphenol Cabelcon ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2021 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Amphenol Inc, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

17 Accounting Policies (continued)

Income Statement

Revenue

Revenue from sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Cost of sales also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and cost of sales.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and subsidiaries of Amphenol Inc. The tax effect

Notes to the Financial Statements

17 Accounting Policies (continued)

of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Intangible assets is measured at cost less accumulated amortisation. Intangible assets is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	10-25 years
Other fixtures and fittings, tools and equipment	3-8 years
Plant and machinery	3-12 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Notes to the Financial Statements

17 Accounting Policies (continued)

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

17 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$