



## **DISA Industries A/S**

Højager 8  
2630 Taastrup  
CVR No. 18802996

## **Annual report 2023**

The Annual General Meeting adopted the annual report on 16.04.2024

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**Dagmar Munkgård Møller**  
Chairman of the General Meeting

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# Entity details

## Entity

DISA Industries A/S

Højager 8

2630 Taastrup

Business Registration No.: 18802996

Registered office: Høje-taastrup

Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Anders Wilhjelm, chairman

Ulla Hartvig Plathe Tønnesen

Ansgar Georg Wassmann, elected by employees

Cherie Greek Hylleborg, elected by employees

Dagmar Munkgård Møller

## Executive Board

Ulla Hartvig Plathe Tønnesen

## 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 DISA Industries A/S for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Taastrup, 16.04.2024

## Executive Board

**Ulla Hartvig Plathe Tønnesen**

## Board of Directors

**Anders Wilhjelm**  
chairman

**Ulla Hartvig Plathe Tønnesen**

**Ansgar Georg Wassmann**  
elected by employees

**Cherie Greek Hylleborg**  
elected by employees

**Dagmar Munkgård Møller**

# Independent auditor's report

## To the shareholders of DISA Industries A/S

### Opinion

We have audited the financial statements of DISA Industries A/S for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 under the Danish Financial Statements Act.

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.

Taastrup, 16.04.2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Eskild Nørregaard Jakobsen**

State Authorised Public Accountant  
Identification No (MNE) mne11681

**Kasper Ørtoft**

State Authorised Public Accountant  
Identification No (MNE) mne49073

# Management commentary

## Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	758,281	734,611	601,254	464,314	617,483
Gross profit/loss	322,714	323,766	260,881	197,205	260,752
Operating profit/loss	153,970	166,865	117,560	52,439	87,182
Net financials	70,978	6,550	6,088	1,297	8,200
Profit/loss for the year	175,585	136,973	96,807	42,554	74,209
Total assets	1,402,997	1,215,383	1,061,662	858,874	784,797
Investments in property, plant and equipment	6,481	402	0	3,734	0
Equity	1,002,116	825,473	688,500	592,330	549,139
<b>Ratios</b>					
Gross margin (%)	42.56	44.07	43.39	42.47	42.23
Net margin (%)	23.16	18.65	16.10	9.16	12.02
Equity ratio (%)	71.43	67.92	64.85	68.97	69.97

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

### Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

### Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

### Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets



**Primary activities**

DISA Industries A/S manufactures and sells equipment to iron and metal foundries casting in sand.

**Development in activities and finances**

The revenue in 2023 758,3 m.DKK was higher than expected and also higher than the revenue in 2022, 734,6 mdkk

The profit for the year after tax was 175,6 m.DKK compared to a profit of 137,0 m.DKK in 2022.

The revenue and profit was higher than expected mainly due more after market sales.

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

The revenue in 2023 of 758 m.DKK was higher than expected.

**Outlook**

The revenue for 2024 is expected to be 5-8 % higher than 2023 due to expected more sales of our machines and digital products. Thus profitability is expected to be at the same level as 2023.

**Knowledge resources**

The Company wishes to continue its efforts to strengthen its staff of highly competent employees.

**Environmental performance**

The ISO 9001 and ISO 14001 certificates including our Energy Management System were renewed in 2023.

**Statutory report on corporate social responsibility**

For disclosure of the corporate social responsibility, please refer to the Annual Report 2023 for the Norican Global A/S which prepares consolidated financial statements for the largest and smallest group tha DISA Industries A/S is included in.

### Statutory report on the underrepresented gender

**2023**

#### Supreme management body

Total number of members	3
Underrepresented gender (%)	67.00
Target figures (%)	33.00
Year of expected achievement of target figures	2023

Currently, the DISA Board of Directors consists of one male and two female members equivalent to an equal gender distribution.

**2023**

#### Other management levels

Total number of members	20
Underrepresented gender (%)	25.00
Target figures (%)	25.00
Year of expected achievement of target figures	2023

The first level management of the company consist of six male and three female members and represents the Managing Director, Vice Presidents for Sales, R&D, Engineering, Supply Chain, Project execution, Aftermarket, Sales administration and Finance.

### Statutory report on data ethics policy

For disclosure of privacy, data ethics and personal data policy, please refer to the Annual Report 2022 for Noircan Global A/S, which prepares consolidated financial statements for the largest and smallest group that DISA Industries A/S is included in.

### Events after the balance sheet date

No events have occurred after the end of the financial year of material importance for the Company's financial position.

# Income statement for 2023

	Notes	2023 DKK'000	2022 DKK '000
Revenue	2	758,281	734,611
Other operating income		3,326	3,455
Cost of sales		(331,106)	(326,151)
Other external expenses		(107,787)	(88,149)
<b>Gross profit/loss</b>		<b>322,714</b>	<b>323,766</b>
Staff costs	3	(159,051)	(145,999)
Depreciation, amortisation and impairment losses		(9,693)	(10,902)
<b>Operating profit/loss</b>		<b>153,970</b>	<b>166,865</b>
Other financial income	4	77,004	8,383
Other financial expenses	5	(6,026)	(1,833)
<b>Profit/loss before tax</b>		<b>224,948</b>	<b>173,415</b>
Tax on profit/loss for the year	6	(49,363)	(36,442)
<b>Profit/loss for the year</b>	7	<b>175,585</b>	<b>136,973</b>

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	9	8,728	2,147
Acquired intangible assets		150	183
Development projects in progress	9	3,029	15,200
<b>Intangible assets</b>	8	<b>11,907</b>	<b>17,530</b>
Plant and machinery		4,636	2,501
Other fixtures and fittings, tools and equipment		262	330
Leasehold improvements		1,707	2,872
Property, plant and equipment in progress		3,174	34
<b>Property, plant and equipment</b>	10	<b>9,779</b>	<b>5,737</b>
Receivables from group enterprises		0	148,730
Other investments		5,880	5,880
Deposits		5,289	5,100
<b>Financial assets</b>	11	<b>11,169</b>	<b>159,710</b>
<b>Fixed assets</b>		<b>32,855</b>	<b>182,977</b>
Raw materials and consumables		9,109	14,112
Work in progress		46,961	55,702
Manufactured goods and goods for resale		87,392	82,594
<b>Inventories</b>		<b>143,462</b>	<b>152,408</b>
Trade receivables		54,676	63,123
Receivables from group enterprises	12	1,163,466	812,678
Other receivables		4,894	4,020
Prepayments	13	3,357	104
<b>Receivables</b>		<b>1,226,393</b>	<b>879,925</b>
<b>Cash</b>		<b>287</b>	<b>73</b>
<b>Current assets</b>		<b>1,370,142</b>	<b>1,032,406</b>
<b>Assets</b>		<b>1,402,997</b>	<b>1,215,383</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023</b> <b>DKK'000</b>	<b>2022</b> <b>DKK'000</b>
Contributed capital	14	30,000	30,000
Reserve for development expenditure		9,289	17,587
Other reserves		1,058	0
Retained earnings		211,769	777,886
Proposed dividend		750,000	0
<b>Equity</b>		<b>1,002,116</b>	<b>825,473</b>
Deferred tax	15	1,376	2,748
Other provisions	16	8,085	8,739
<b>Provisions</b>		<b>9,461</b>	<b>11,487</b>
Prepayments received from customers		68,579	114,870
Trade payables		40,666	41,198
Payables to group enterprises		67,697	55,673
Tax payable		117,083	66,513
Other payables		97,395	100,169
<b>Current liabilities other than provisions</b>		<b>391,420</b>	<b>378,423</b>
<b>Liabilities other than provisions</b>		<b>391,420</b>	<b>378,423</b>
<b>Equity and liabilities</b>		<b>1,402,997</b>	<b>1,215,383</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Transactions with related parties	21		
Group relations	22		

# Statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Other reserves DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	30,000	17,587	0	777,886	0
Exchange rate adjustments	0	0	1,058	0	0
Transfer to reserves	0	(8,298)	0	8,298	0
Profit/loss for the year	0	0	0	(574,415)	750,000
<b>Equity end of year</b>	<b>30,000</b>	<b>9,289</b>	<b>1,058</b>	<b>211,769</b>	<b>750,000</b>
					<b>Total DKK'000</b>
Equity beginning of year					825,473
Exchange rate adjustments					1,058
Transfer to reserves					0
Profit/loss for the year					175,585
<b>Equity end of year</b>					<b>1,002,116</b>

# Notes

## 1 Events after the balance sheet date

No events have occurred after the end of the financial year of material importance for the Company's financial position.

## 2 Revenue

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Revenue, Denmark	6,305	4,079
Revenue, other countries	751,976	730,532
<b>Total revenue by geographical market</b>	<b>758,281</b>	<b>734,611</b>

With reference to Section 96 of the Danish Financial Statements Act, we do not provide information on the analysis of revenue by business area as this information may cause substantial damage to the Company.

## 3 Staff costs

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	145,915	134,931
Pension costs	11,326	9,237
Other social security costs	1,810	1,831
	<b>159,051</b>	<b>145,999</b>

Average number of full-time employees	<b>226</b>	<b>214</b>
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Pursuant to § 98b section 3 (2) of the Danish Financial Statements Act, no information regarding remuneration of management is disclosed in the financial statements.

## 4 Other financial income

	<b>2023</b>	<b>2022</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial income from group enterprises	77,004	7,005
Other interest income	0	1,378
	<b>77,004</b>	<b>8,383</b>

## 5 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	1,245	0
Other interest expenses	481	454
Other financial expenses	4,300	1,379
	<b>6,026</b>	<b>1,833</b>

## 6 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	50,734	39,282
Change in deferred tax	(1,371)	(2,840)
	<b>49,363</b>	<b>36,442</b>

## 7 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Ordinary dividend for the financial year	750,000	0
Retained earnings	(574,415)	136,973
	<b>175,585</b>	<b>136,973</b>

## 8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Development projects in progress DKK'000
Cost beginning of year	79,954	18,222	23,511
Transfers	16,171	0	(16,171)
Additions	0	0	1,630
<b>Cost end of year</b>	<b>96,125</b>	<b>18,222</b>	<b>8,970</b>
Amortisation and impairment losses beginning of year	(77,807)	(18,039)	(8,311)
Transfers	(4,206)	0	4,206
Impairment losses for the year	0	0	(1,836)
Amortisation for the year	(5,384)	(33)	0
<b>Amortisation and impairment losses end of year</b>	<b>(87,397)</b>	<b>(18,072)</b>	<b>(5,941)</b>
<b>Carrying amount end of year</b>	<b>8,728</b>	<b>150</b>	<b>3,029</b>

## 9 Development projects

The Company's development projects relate to the development of new types of machinery for iron and metal foundries with a special focus on using the latest technology, including significant automation of the machines. The projects are proceeding according to the plan and are expected to be completed within 1-6 years, and there is an expected market for the projects.



## 10 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	59,248	18,160	14,482	34
Additions	3,341	0	0	3,140
Disposals	(4,776)	0	0	0
<b>Cost end of year</b>	<b>57,813</b>	<b>18,160</b>	<b>14,482</b>	<b>3,174</b>
Depreciation and impairment losses beginning of year	(56,747)	(17,830)	(11,610)	0
Depreciation for the year	(1,206)	(68)	(1,165)	0
Reversal regarding disposals	4,776	0	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(53,177)</b>	<b>(17,898)</b>	<b>(12,775)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>4,636</b>	<b>262</b>	<b>1,707</b>	<b>3,174</b>

## 11 Financial assets

	Receivables from group enterprises DKK'000	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	(328)	5,880	5,100
Exchange rate adjustments	328	0	0
Additions	0	0	189
<b>Cost end of year</b>	<b>0</b>	<b>5,880</b>	<b>5,289</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>5,880</b>	<b>5,289</b>

## 12 Receivables from group enterprises

Receivables from group enterprises comprise cash and bank overdrafts of DKK 235,567 thousand (2022: DKK 757,877 thousand) held under the cash pool arrangement with the Norican Group and receivables from group enterprises on DKK 33,552 thousand (2022: DKK 54,800 thousand).

## 13 Prepayments

Prepayments relate to prepaid borrowing costs and insurances.

## 14 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	30,000	1,000	30,000
	<b>30,000</b>		<b>30,000</b>

## 15 Deferred tax

	2023	2022
	DKK'000	DKK'000
Intangible assets	1,679	2,683
Property, plant and equipment	173	219
Liabilities other than provisions	(476)	(154)
<b>Deferred tax</b>	<b>1,376</b>	<b>2,748</b>

	2023	2022
	DKK'000	DKK'000
<b>Changes during the year</b>		
Beginning of year	2,748	5,587
Recognised in the income statement	(1,372)	(2,839)
<b>End of year</b>	<b>1,376</b>	<b>2,748</b>

## 16 Other provisions

Other provision are related to guarantee commitments on delivered machines, DKK 8,084 thousand (DKK 8,739 thousand in 2022).

## 17 Unrecognised rental and lease commitments

	2023	2022
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	<b>71,377</b>	<b>30,745</b>

## 18 Contingent liabilities

The entity participates in a Danish joint taxation arrangement in which Nortre Administration ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the joint taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

The company participates in cash pool arrangement with Norican Group and have together with other participating entities provided guarantee of payment for the Groups financing facility which amounts 447 mdkk (60 meur)

## 19 Assets charged and collateral

The company has performance and payments bonds of DKK 18,811 (2022: DKK 19,560 thousand) and contractual liabilities of DKK 11,198 (2022: DKK 16,242 thousand)

## 20 Related parties with controlling interest

The company is owned by DISA Holding A/S, Taastrup, Denmark (55%) and DISA Industrie AG, CH-8048 Zürich, Switzerland (45%). The ultimate owner of the Company is Altor Fund IV Holding AB. Other related parties comprise the Company's Executive Board and Board of Directors, and companies in which of principal shareholder exercises control, and their subsidiaries.

## **21 Transactions with related parties**

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

## **22 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Norican Global A/S, Højager 8, 2630 Taastrup, Danmark, CVR no. 36 45 87 55

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Norican Global A/S, Højager 8, 2630 Taastrup, Danmark, CVR no. 36 45 87 55

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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 product sales is generally recognized at a point in time, which is typically upon delivery of the products, provided there are no significant uncertainties regarding customer acceptance, persuasive evidence of an arrangement exists, the sales price is fixed and determinable, and it is probable that the sale is collectible. For arrangements that include multiple performance obligations, the Company allocates revenue to each performance obligation based on estimates of the price that would be charged to the customer for each promised product or service if it were sold on a standalone basis.

Service revenues are recognized in the period in which the services are performed.

Allowances for returns, discounts and uncollectible accounts are recorded when circumstances indicate there is a risk an account is uncollectible. Amounts billed to customers for shipping and handling are included in net sales and are recorded upon delivery of goods to customers. Costs of providing these services are included in cost of sales. Capital equipment sales generally require the customer to make advance cash payments as work progresses. Revenue associated with advance payments is generally recognised when the significant risk and rewards of ownership have passed to the customer, typically at delivery.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary

activities.

**Cost of sales**

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

**Other external expenses**

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

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement during the continuance of the contract. The Company's total liability concerning operating and other lease agreements are stated under Contingent liabilities.

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff. Repayments from public authorities are deducted from staff costs.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Other financial income**

Other financial income comprises dividends etc received on other investments, 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****Intangible fixed assets**

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable

amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Intangible assets rights etc. comprise development projects completed and in progress with related intangible assets rights, acquired intangible 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.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. For development projects protected by intangible assets rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation period is normally 8-20 years.

Intangible assets 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 over the term of the agreement.

Intangible fixed assets are generally written down to the lower of recoverable value 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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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>
Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	4-8 years
Leasehold improvements	13 years

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation

and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

### **Receivables**

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

### **Other investments**

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

### **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.

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### **Deferred tax**

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

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.

**Tax receivable or payable**

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Cash flow statement**

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Norican Global A/S, Business Reg. No. 36458755.