# *Flextrack ApS*

Høgevej 19, DK-6705 Esbjerg Ø

## Annual Report for 2021

CVR No. 19 67 05 46

The Annual Report was presented and adopted at the Annual General Meeting of the company on 20/6 2022

Morten Berntsen
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 Financial Statements of Flextrack 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.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Esbjerg Ø, 20 June 2022

**Executive Board**

Espen Ranvik
CEO

**Board of Directors**

| | |
|---|---|
| Morten Berntsen<br>Chairman | Espen Ranvik |

# Independent Auditor's report

To the shareholder of Flextrack 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 Flextrack 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 Financial 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.

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.

# Independent Auditor's report

**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.

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.

Esbjerg, 20 June 2022

**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

Jannick Kjersgaard
State Authorised Public Accountant
mne29440

pwc

# Company information

| | |
|---|---|
| **The Company** | Flextrack ApS<br><br>Høgevej 19<br>DK-6705 Esbjerg Ø<br><br>CVR No: 19 67 05 46<br>Financial period: 1 January - 31 December<br>Incorporated: 1 November 1996<br>Municipality of reg. office: Esbjerg |
| **Board of Directors** | Morten Berntsen, Chairman<br>Espen Ranvik |
| **Executive board** | Espen Ranvik |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Esbjerg Brygge 28, 2.<br>6700 Esbjerg |

# Management's review

**Key activities**

The company's purpose is development, production, sales, etc. of electronics and related business.

**Development in the year**

The income statement of the Company for 2021 shows a profit of DKK 4,787, and at 31 December 2021 the balance sheet of the Company shows positive equity of DKK 8,519,876.

Management considers the financial results for 2021 less satisfactory.

**Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Income statement 1 January - 31 December

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | DKK | DKK |
| **Gross profit** | 1 | **9,376,824** | **5,996,062** |
| Staff expenses | 2 | -9,138,397 | -9,104,515 |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | | -480,137 | -515,300 |
| **Profit/loss before financial income and expenses** | | **-241,710** | **-3,623,753** |
| Financial income | | 31,543 | 29,011 |
| Financial expenses | | -53,214 | -89,688 |
| **Profit/loss before tax** | | **-263,381** | **-3,684,430** |
| Tax on profit/loss for the year | 3 | 268,168 | 938,714 |
| **Net profit/loss for the year** | | **4,787** | **-2,745,716** |

## Distribution of profit

| | 2021 | 2020 |
|---|---|---|
| | DKK | DKK |
| **Proposed distribution of profit** | | |
| Retained earnings | 4,787 | -2,745,716 |
| | **4,787** | **-2,745,716** |

# Balance sheet 31 December

## Assets

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | DKK | DKK |
| Completed development projects | | 47,639 | 62,751 |
| Acquired patents | | 710,933 | 1,036,848 |
| Development projects in progress | | 6,166,817 | 2,931,910 |
| **Intangible assets** | 4 | **6,925,389** | **4,031,509** |
| Plant and machinery | | 0 | 0 |
| Other fixtures and fittings, tools and equipment | | 127,944 | 152,203 |
| Leasehold improvements | | 116,146 | 140,115 |
| **Property, plant and equipment** | 5 | **244,090** | **292,318** |
| Deposits | 6 | 205,610 | 470,062 |
| **Fixed asset investments** | | **205,610** | **470,062** |
| **Fixed assets** | | **7,375,089** | **4,793,889** |
| Raw materials and consumables | | 5,240,625 | 6,504,300 |
| Finished goods and goods for resale | | 1,503,958 | 1,506,114 |
| **Inventories** | | **6,744,583** | **8,010,414** |
| Trade receivables | | 1,911,254 | 1,828,494 |
| Receivables from group enterprises | | 732,627 | 1,893,549 |
| Other receivables | | 662,075 | 882,805 |
| Deferred tax asset | 7 | 0 | 495,600 |
| Corporation tax | | 1,298,371 | 0 |
| Corporation tax receivable from group enterprises | | 122,497 | 287,614 |
| Prepayments | | 258,801 | 350,489 |
| **Receivables** | | **4,985,625** | **5,738,551** |
| **Current assets** | | **11,730,208** | **13,748,965** |
| **Assets** | | **19,105,297** | **18,542,854** |

# Balance sheet 31 December

## Liabilities and equity

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | DKK | DKK |
| Share capital | | 572,000 | 572,000 |
| Reserve for development costs | | 4,847,276 | 2,335,836 |
| Retained earnings | | 3,100,600 | 5,607,253 |
| **Equity** | | **8,519,876** | **8,515,089** |
| | | | |
| Provision for deferred tax | 7 | 540,100 | 0 |
| Other provisions | 8 | 0 | 532,500 |
| **Provisions** | | **540,100** | **532,500** |
| | | | |
| Other payables | | 658,226 | 1,070,065 |
| **Long-term debt** | 9 | **658,226** | **1,070,065** |
| | | | |
| Trade payables | | 1,809,743 | 1,596,141 |
| Payables to group enterprises | | 5,620,789 | 3,244,510 |
| Other payables | 9 | 876,616 | 2,746,461 |
| Deferred income | | 1,079,947 | 838,088 |
| **Short-term debt** | | **9,387,095** | **8,425,200** |
| | | | |
| **Debt** | | **10,045,321** | **9,495,265** |
| | | | |
| **Liabilities and equity** | | **19,105,297** | **18,542,854** |

| | |
|---|---|
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# Statement of changes in equity

| | Share capital | Reserve for development costs | Retained earnings | Total |
|---|---|---|---|---|
| | DKK | DKK | DKK | DKK |
| Equity at 1 January | 572,000 | 2,335,836 | 5,607,253 | 8,515,089 |
| Development costs for the year | 0 | 2,511,440 | -2,511,440 | 0 |
| Net profit/loss for the year | 0 | 0 | 4,787 | 4,787 |
| **Equity at 31 December** | **572,000** | **4,847,276** | **3,100,600** | **8,519,876** |

# Notes to the Financial Statements

| | 2021 | 2020 |
|---|---|---|
| | DKK | DKK |
| **1. Special items** | | |
| Other operating income consists of government grants related to COVID-19 and is included in gross profit | 0 | 569,023 |
| Extraordinary one-time costs regarding a settlement with a customer included in gross profit | 0 | -3,546,450 |
| | **0** | **-2,977,427** |

| | 2021 | 2020 |
|---|---|---|
| | DKK | DKK |
| **2. Staff Expenses** | | |
| Wages and salaries | 7,593,057 | 7,645,553 |
| Pensions | 949,509 | 856,772 |
| Other social security expenses | 276,019 | 214,872 |
| Other staff expenses | 319,812 | 387,318 |
| | **9,138,397** | **9,104,515** |
| **Average number of employees** | **23** | **22** |

| | 2021 | 2020 |
|---|---|---|
| | DKK | DKK |
| **3. Income tax expense** | | |
| Current tax for the year | -1,303,868 | -287,614 |
| Deferred tax for the year | 1,035,700 | -651,100 |
| | **-268,168** | **-938,714** |

# Notes to the Financial Statements

## 4. Intangible fixed assets

| | Completed development projects | Acquired patents | Development projects in progress |
|---|---|---|---|
| | DKK | DKK | DKK |
| Cost at 1 January | 75,545 | 1,810,872 | 2,931,910 |
| Additions for the year | 0 | 30,000 | 3,234,907 |
| Cost at 31 December | 75,545 | 1,840,872 | 6,166,817 |
| Impairment losses and amortisation at 1 January | 12,794 | 774,024 | 0 |
| Amortisation for the year | 15,112 | 355,915 | 0 |
| Impairment losses and amortisation at 31 December | 27,906 | 1,129,939 | 0 |
| **Carrying amount at 31 December** | **47,639** | **710,933** | **6,166,817** |
| Amortised over | 5 years | 5 years | 0 years |

Flextrack Aps has in cooperation with a client concluded on a corporate approach to implement an end-to-end solution on temperature monitoring control and tracking on specific refrigerators and cooling boxes. Based on this cooperation Flextrack ApS continues to develop a new product for this use and wishes to let the client purchase the product as part of their future product line.

Furthermore Flextrack ApS is developing Lommy Fleet v2, Dragonfly 4G and Lommy Pro 4G.

## Notes to the Financial Statements

### 5. Property, plant and equipment

| | Plant and machinery | Other fixtures and fittings, tools and equipment | Leasehold improvements |
|---|---|---|---|
| | DKK | DKK | DKK |
| Cost at 1 January | 51,090 | 2,153,273 | 153,595 |
| Additions for the year | 0 | 73,393 | 7,489 |
| Disposals for the year | 0 | -1,667,200 | 0 |
| Cost at 31 December | 51,090 | 559,466 | 161,084 |
| | | | |
| Impairment losses and depreciation at 1 January | 51,090 | 2,001,070 | 13,480 |
| Depreciation for the year | 0 | 97,652 | 31,458 |
| Reversal of impairment and depreciation of sold assets | 0 | -1,667,200 | 0 |
| Impairment losses and depreciation at 31 December | 51,090 | 431,522 | 44,938 |
| | | | |
| **Carrying amount at 31 December** | **0** | **127,944** | **116,146** |
| | | | |
| Amortised over | 5 years | 3-5 years | 5 years |

### 6. Other fixed asset investments

| | Deposits |
|---|---|
| | DKK |
| Cost at 1 January | 470,062 |
| Disposals for the year | -264,452 |
| Cost at 31 December | 205,610 |
| | |
| **Carrying amount at 31 December** | **205,610** |

Consists of deposits relating to leases.

## 7. Provision for deferred tax

| | 2021 | 2020 |
|---|---|---|
| | DKK | DKK |
| Intangible assets | 1,337,794 | 649,884 |
| Property, plant and equipment | -39,501 | -46,453 |
| Tax loss carry-forward | -758,193 | -1,099,055 |
| Transferred to deferred tax assets | 0 | 495,624 |
| | **540,100** | **0** |

Deferred tax has been provided at 22% corresponding to the current tax rate.

**Deferred tax asset**

| | 2021 | 2020 |
|---|---|---|
| Calculated tax assets | 0 | 495,624 |
| **Carrying amount** | **0** | **495,600** |

## 8. Other provisions

| | 2021 | 2020 |
|---|---|---|
| | DKK | DKK |
| Other provisions | 0 | 532,500 |
| | **0** | **532,500** |

Other provisions consist of claims regarding repairs of hardware units sold in 2017 and 2018. The repairs were completed in 2021 as expected.

## 9. 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 | 2020 |
|---|---|---|
| | DKK | DKK |
| **Other payables** | | |
| After 5 years | 0 | 0 |
| Between 1 and 5 years | 658,226 | 1,070,065 |
| Long-term part | 658,226 | 1,070,065 |
| Within 1 year | 0 | 0 |
| Other short-term payables | 876,616 | 2,746,461 |
| | **1,534,842** | **3,816,526** |

## 10. Contingent assets, liabilities and other financial obligations

| | 2021 | 2020 |
|---|---|---|
| | DKK | DKK |
| **Rental and lease obligations** | | |
| Lease obligations under operating leases. Total future lease payments: | | |
| Within 1 year | 0 | 110,000 |
| Between 1 and 5 years | 55,000 | 55,000 |
| | **55,000** | **165,000** |
| Rental obligations, term of notice is 6-66 (2020) / 6-78 (2019) months | 4,616,000 | 5,073,000 |

**Other contingent liabilities**

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 0. 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.

On July 6, 2020, the company participated in a demerger. As a result, the company is jointly and severally liable for debts that were added to GSGroup DK ApS at this time, however, maximized by the added or remaining net value in each company at this time.

# Notes to the Financial Statements

## 11. Related parties and disclosure of consolidated financial statements

**Consolidated Financial Statements**

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

| Name | Place of registered office |
|---|---|
| GSGroup AS | Norway |

The group report of GSGroup AS can be obtained at the following address:

Nordre Kullerød 5B, 3241 Sandefjord

# Notes to the Financial Statements

## 12. Accounting policies

The Annual Report of Flextrack ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

**Merged and demerged**

For demerger of the company's subscription activities the book value method is used. The book value method is a variant of the aggregation method, where the accounting effect of the transaction is at of time of the decision. According to this method, the comparative figures do not change.

**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, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

**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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes to the Financial Statements

## Income statement

**Net sales**

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

**Expenses for raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

**Other external expenses**

Other external expenses comprise indirect production costs and expenses for premises, sales and as well as office expenses, etc.

**Gross profit**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale, other operating income, expenses for raw materials and consumables and other external expenses.

**Staff expenses**

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

**Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

**Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment and compensation from government compensation schemes in relation to COVID-19.

**Government grants**

Government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income, or in the balance sheet if the purpose of the grant is investment in an asset.

**Financial income and expenses**

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

# Notes to the Financial Statements

**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 GSGroup DK ApS and GSGroup Danmark A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance sheet

**Intangible fixed assets**

*Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

*Other intangible fixed assets*

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

**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.

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:

| | |
|---|---|
| Plant and machinery | 5 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 5 years |

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

**Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment and investments 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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

**Other fixed asset investments**

Other fixed asset investments consist of deposits.

**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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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.

**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.

**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.

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.

**Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.