

BSH Hvidevarer A/S

Telegrafvej 4
2750 Ballerup
CVR No. 20173173

Annual report 2023

Approved at the Company's annual general meeting on 10.06.2024

Peter Bastar

Chairman of the General Meeting

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Entity details

Entity

BSH Hvidevarer A/S

Telegrafvej 4

2750 Ballerup

Business Registration No.: 20173173

Registered office: Ballerup

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Morten Liengard

Peter Bastar

Sarah Gilliam Fagerberg

Executive Board

Morten Liengard

Auditors

EY Godkendt Revisionspartnerselskab

Nørre Havnegade 43

6400 Sønderborg

CVR No.: 30700228

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of BSH Hvidevarer 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 financial position of the Company at 31.12.2023 and of the results of the Company's operations for the financial year 01.01.2023 - 31.12.2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Ballerup, 10.06.2024

Executive Board

Morten Liengaard

Board of Directors

Morten Liengaard

Peter Bastar

Sarah Gilliam Fagerberg

Independent auditor's report

To the shareholders of BSH Hvidevarer A/S

Opinion

We have audited the financial statements of BSH Hvidevarer 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 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 financial position of the Company 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 note 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.

Statement on the management commentary

Management is responsible for the management 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Sønderborg, 10.06.2024

EY Godkendt Revisionspartnerselskab

CVR No. 30700228

Karen Jørgensen

State Authorized Public Accountant

Identification No (MNE) mne40029

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	872,700	915,103	1,152,635	1,166,743	1,101,058
Gross profit/loss	107,763	121,944	133,092	125,697	110,439
Operating profit/loss, excl. other operating income/expense	20,031	34,983	41,204	39,616	24,419
Operating profit/loss	22,918	36,235	41,204	39,616	24,419
Net financials	3,327	729	168	86	155
Profit/loss for the year	20,414	28,688	32,177	30,924	19,097
Total assets	225,730	280,455	292,792	293,208	238,337
Investments in property, plant and equipment	888	1,044	276	223	59
Equity	66,281	86,367	90,179	104,002	73,078
Average number of employees	132	140	143	140	138
Ratios					
Gross margin (%)	12.35	13.33	11.55	10.77	10.03
Net margin (%)	2.34	3.13	2.79	2.65	1.73
Return on equity (%)	26.75	32.50	33.14	34.93	24.95
Equity ratio (%)	29.36	30.80	30.80	35.47	30.66

The financial ratios stated under "Financial highlights" have been calculated as follows:

Gross margin (%):

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

Net margin (%):

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

Return on equity (%):

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

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company's main activities are sales, servicing and marketing of household appliances branded Bosch, Siemens, NEFF and Gaggenau in Denmark.

Development in activities and finances

2023 was a difficult year. Although inflation decreased somewhat the market for Home appliances decreased significantly. BSH did not manage to maintain the very high market share, but kept the position as market leader in Denmark. The market remained competitive.

Development realised in 2023 compared to expectations of revenue and profit set in the annual report of 2022 were met.

Profit/loss for the year in relation to expected developments

The profit for 2023 amounted to DKK 20,4 million after tax compared to a budgeted profit of DKK 28,7 million.

Outlook

The Expectation is that the market of domestic appliances will be flat or slightly increase (best case) in the Danish market in 2024 compared to 2023. Depending on the macro economic effects of high inflation and interest rates, it is very difficult to predict the full year. Presumably, the price level will not change considerably compared to last year. Energy saving products will be in focus as well as products that can be connected to other devices and steered remotely. Within BSH these products will include "Home Connect".

The Company expects to be able to defend its position as a progressive supplier with focus on innovative products.

Revenue is expected to be in a range of DKK 880 - 910 million and profit are expected to be in the range of DKK 18-22 million.

Use of financial instruments

Business risks

Competition is still increasing within our industry, which leads to a constant pressure on our margins, but the overarching business risk for 2024 is the uncertainty regarding demand. The insecurity in the population regarding financial stability (inflation and interest rates) combined with the general geopolitical instability in the world will also in 2024 be deciding factors in the willingness and ability to purchase the products produced in our industry.

Financial risks and currency

As procurement is made in DKK and we have no material interest-bearing liabilities.

Knowledge resources

As a company engaging primarily in sales, service and marketing, we permanently focus on human resources, which is also reflected in our employment and training policy.

Our ambition is to be the most attractive workplace in the market, and so far, we have not had any problems attracting and retaining the right employees.

Environmental performance

The Company's products are increasingly produced as AAA products with the least possible impact on the environment.

Waste disposal of domestic appliances is conducted by the consumers via local waste disposal systems. Based on legislation in this field, as of 1 April 2006 the Company has been participating in the collection of fees to finance collection and disposal of life-expired products.

Statutory report on corporate social responsibility

Being a subsidiary of an international company, we do not have an independent CSR policy in Denmark cf. §99a of the Danish Financial Statements Act.

The Company is subject to and observe the guidelines of the BSH Group.

BSH Hvidevarer A/S has not prepared a report on its own. BSH Hvidevarer A/S uses the global reporting applying to the Robert Bosch Group, which constitutes our statutory reporting cf. §99a.

The Company has policies prescribing respect of human rights and reduction of climate impact. Disclosure has been made on the Group's website from which the report can be downloaded.
<https://www.bosch.com/sustainability/>

Statutory report on the underrepresented gender

2023

Supreme management body

Total number of members	3
Underrepresented gender (%)	33.00

Statutory reporting cf. §99b. Currently and at least once a year in connection with the Annual General Meeting, the Board of Directors of BSH Hvidevarer A/S discusses the composition of Company Management, including management structure, required qualifications of the individual management levels as well as diversity in management types/profiles.

When determining the required management profile, the Board of Directors acknowledges the advantages of broadly composed management in relation to gender, experience, cultural background and international experience. The Board of Directors has not determined any target figure for 2023 in respect of the underrepresented gender among those charged with governance.

No target has been determined either for the underrepresented gender on the Board of Directors of BSH Hvidevarer A/S. The present Board of Directors is composed by two men and one woman elected by the Annual General Meeting and, consequently, women are underrepresented thus, we have achieved an equal gender distribution in the Board of Directors.

No target figure has moreover been determined in respect of the underrepresented gender in the Executive Board of BSH Hvidevarer A/S as the Executive Board consists of one person. In accordance with the Company's policy the management level just below the Executive Board must reflect the gender representation among the Company's employees in such a way, however, that the representation of the underrepresented gender does not fall below 1/3. Normal round off rules are applied when calculating the gender representation.

2023

Other management levels

Total number of members	12
Underrepresented gender (%)	17.00
Target figures (%)	25.00
Year of expected achievement of target figures	2027

The first level of management include members of the Executives Board and the second level includes persons with managerial responsibility, who refer directly to the first level of management, e.g. Sales managers, Fields service managers, Contact center managers, Repair and installation managers.

We are committed to fostering an inclusive workplace culture that ensures equal opportunities for both genders. We strive to achieve gender balance across all levels of management, with a goal to increase the representation of the underrepresented gender. We believes that diversity among the management, including gender distribution, contributes positively to the working environment and strengthens the company performance and competitiveness.

BSH Hvidevarer A/S' other levels of management consist of 12 members, whereas the underrepresented gender constitutes 17%. The company has set up a target that the underrepresented gender should constitute 25% in 2027.

Due to this, Management has decided that the following aspects must be introduced or clarified during the recruitment process:

- All executive positions are to be posted internally and/or advertised externally.
- Both genders must be represented as far as possible among the candidates invited for job interviews in connection with recruitment of executives.
- The basis of completed recruitment processes must be reported to and analysed by the HR function.
- The Company's objective is to retain existing female executives and to identify and support potential female executive candidates so that also in future there are both female and male executive candidates in the organisation.

The above actions have been implemented in 2023, but due to recruitment freeze we have not been able to meet the target.

Statutory report on data ethics policy

BSH Hvidevarer A/S observes the corporate policies that apply within the Bosch Group. These policies include data ethics, data protection and information security . The Bosch Group company values require us to act prudently and responsibly for the benefit of society and to respect and observe the law in all our business transactions . Consequently, the protection of privacy throughout the course of processing personal data as well as the security of all business data are important concerns to Bosch . The Bosch Code of Business Conduct requires us to ensure that privacy is safeguarded, personal data is protected, and all business information is kept secure. Technically and organizationally, and especially with regard to protection against unauthorized access and loss, we apply an appropriate standard that reflects the state of the art and takes

account of the associated risks. When developing Bosch products and new business models, we ensure that the legal requirements governing data protection and information security are taken into account at an early stage. The primary contact for questions regarding how to handle data properly is the data security officer.

The Bosch IoT (Internet of Things) Principles enshrine our commitment to high ethical standards where our customers' data is concerned. Data sovereignty is a key tool for fulfilling this obligation while offering cutting-edge, data-driven solutions that are competitive in a connected world.

The internal directives of the Bosch Group align us closely with the principles of the ISO/IEC 27001 international standard regarding Information Security Management Systems. Our work with information security and privacy is deeply rooted throughout all organizational levels of the Bosch Group, from the central group DPO (Data Protection Officer - C/ISP) function, to the regional Data Protection and Information Security Officers and local Data Protection & Information Security Partners. Finally, our adherence to a Plan-Do-Check-Act cycle ensures continuous focus on and improvement of information security as well as regular, internal audits of business units.

Events after the balance sheet date

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

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK '000
Revenue	2	872,700	915,103
Other operating income		2,887	1,252
Cost of sales		(671,189)	(715,545)
Other external expenses	3	(96,635)	(78,866)
Gross profit/loss		107,763	121,944
Staff costs	4	(84,130)	(85,245)
Depreciation, amortisation and impairment losses	5	(715)	(464)
Operating profit/loss		22,918	36,235
Other financial income	6	3,360	784
Other financial expenses	7	(33)	(55)
Profit/loss before tax		26,245	36,964
Tax on profit/loss for the year	8	(5,831)	(8,276)
Profit/loss for the year	9	20,414	28,688

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Other fixtures and fittings, tools and equipment		1,383	1,248
Leasehold improvements		0	0
Property, plant and equipment	10	1,383	1,248
Fixed assets		1,383	1,248
Manufactured goods and goods for resale		4,216	3,126
Inventories		4,216	3,126
Trade receivables		209,600	139,260
Receivables from group enterprises		1,770	129,009
Deferred tax	11	522	521
Other receivables		4,417	730
Tax receivable		376	2,706
Prepayments	12	3,440	3,853
Receivables		220,125	276,079
Cash		6	2
Current assets		224,347	279,207
Assets		225,730	280,455

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	13	20,000	20,000
Retained earnings		23,681	25,867
Proposed dividend		22,600	40,500
Equity		66,281	86,367
Other provisions	14	23,116	30,449
Provisions		23,116	30,449
Trade payables		5,557	8,159
Payables to group enterprises		70,276	89,957
Other payables	15	57,773	63,482
Deferred income	16	2,727	2,041
Current liabilities other than provisions		136,333	163,639
Liabilities other than provisions		136,333	163,639
Equity and liabilities		225,730	280,455
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Transactions with related parties	20		
Group relations	21		

Statement of changes in equity for 2023

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	20,000	25,867	40,500	86,367
Ordinary dividend paid	0	0	(40,500)	(40,500)
Profit/loss for the year	0	(2,186)	22,600	20,414
Equity end of year	20,000	23,681	22,600	66,281

Notes

1 Events after the balance sheet date

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

2 Revenue

	2023 DKK'000	2022 DKK'000
Revenue, Denmark	872,700	915,103
Total revenue by geographical market	872,700	915,103
Service	51,070	51,144
Goods	821,630	863,959
Total revenue by activity	872,700	915,103

3 Fees to the auditor appointed by the Annual General Meeting

	2023 DKK'000	2022 DKK'000
Statutory audit services	218,720	201,585
	218,720	201,585

4 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	75,655	76,871
Pension costs	7,123	6,719
Other social security costs	1,352	1,638
Other staff costs	0	17
	84,130	85,245

Average number of full-time employees	132	140
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Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

5 Depreciation, amortisation and impairment losses

	2023 DKK'000	2022 DKK'000
Depreciation of property, plant and equipment	715	464
	715	464

6 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	3,169	554
Other interest income	191	230
	3,360	784

7 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	12	0
Other interest expenses	21	55
	33	55

8 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	5,831	6,975
Change in deferred tax	0	1,301
	5,831	8,276

9 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Ordinary dividend for the financial year	22,600	40,500
Retained earnings	(2,186)	(11,812)
	20,414	28,688

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK'000	DKK'000
Cost beginning of year	5,940	5,940
Additions	888	0
Disposals	(125)	0
Cost end of year	6,703	5,940
Depreciation and impairment losses beginning of year	(4,692)	(5,940)
Depreciation for the year	(715)	0
Reversal regarding disposals	87	0
Depreciation and impairment losses end of year	(5,320)	(5,940)
Carrying amount end of year	1,383	0

11 Deferred tax

	2023	2022
	DKK'000	DKK'000
Property, plant and equipment	135	116
Inventories	387	269
Provisions	0	136
Deferred tax	522	521

	2023	2022
	DKK'000	DKK'000
Changes during the year		
Beginning of year	521	1,822
Recognised in the income statement	1	(1,301)
End of year	522	521

Deferred tax assets

As of December 31, 2023, the Company has recognized deferred tax assets totaling 522 t.kr. Deferred tax asset relates to temporary differences in fixed assets, inventories and other provisions. Management deems it likely that future taxable profit will be available in which unused tax credits can be utilized.

12 Prepayments

Prepayments consist of prepaid expenses, insurance, lease rent etc. concerning subsequent fiscal year.

13 Share capital

The Company's share capital has remained DKK 20,000 thousand in the past years.

There is only one class of 200,000 shares of 100 DKK each.

14 Other provisions

Other provisions comprise of provision for warranty costs in the warranty period and provisions for claims from customers.

The provisions expected to be paid out with-in 12 months is 15,768 t.DKK

15 Other payables

	2023	2022
	DKK'000	DKK'000
VAT and duties	3,129	4,113
Wages and salaries, personal income taxes, social security costs, etc payable	6,360	5,049
Holiday pay obligation	3,819	4,062
Other costs payable	44,465	50,258
	57,773	63,482

16 Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

17 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Liabilities under rental or lease agreements until maturity in total	18,766	16,228

Rent and lease liabilities include a rent obligation totalling DKK 5,517 thousand in interminable rent agreements with remaining contract terms of 6-24 months. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 13,248 thousand, with remaining contract terms of 2-46 months.

18 Contingent liabilities

The Company is jointly taxed with the other Danish group entities. As a group entity, the Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the joint taxation group. The Entity participates in a Danish joint taxation arrangement where Robert Bosch A/S serves as the administration company.

Otherwise, the Company has not other contingent liabilities.

19 Assets charged and collateral

The Company has established a performance guarantee towards the Danish Safety Technology Authority amounting to DKK 30 thousand.

Apart from the above, the Company has not provided any security or other collateral in assets at 31 December 2023.

20 Transactions with related parties

	DKK'000
Revenue from sale of goods and services	3,107
Purchase of goods and services	(676,337)
Interest income	3,169
Receivables	2
Liabilities other than provisions	(70,276)

In addition to Management remuneration and dividend.

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Robert Bosch GmbH, Postfach 10 60 50, 70049 Stuttgart, Germany. www.bosch.com.

Name and registered office of the Parent that exercise control and are preparing consolidated financial statements for the smallest group:

Parent company BSH Home Appliances AB, Sweden. Participating interest

The Group's consolidated financial statements can be requisited at the website:
www.bosch.com

Accounting policies

Reporting class

The annual report of BSH Hvidevarer A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Changes in accounting policies

There have been made reclassifications between cost of sales and other external cost in prior year figures with a amount of DKK 46 million. The reclassification have no effect on gross profit, profit for the year or equity

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

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

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year.

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

Other operating income

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

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 the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation, amortisation and impairment losses

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life.

Other financial income

Financial income are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Other financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

The carrying amount of property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

The carrying amount of property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is

recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cashpool is classified under intercompany receivables or payables.

Deferred tax

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Tax payable or receivable

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Other provisions

Provisions comprise anticipated expenses relating to warranty commitments etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Other financial liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Robert Bosch GmbH.