Green Instruments A/S

Erhvervsparken 29, 9700 Brønderslev

Company reg. no. 21 45 94 37

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 28 March 2024.

Christian Andre Ness
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Green Instruments A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Brønderslev, 28 March 2024

Managing Director

Christian Andre Ness

Board of directors

Martin Roland Linder	Freddie Hoff Holstad	Christian Andre Ness

Independent auditor's report

To the Shareholders of Green Instruments A/S

Opinion

We have audited the financial statements of Green Instruments A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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.

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 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

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.

Independent auditor's report

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, we conclude that 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 Management's Review.

Aalborg, 28 March 2024

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Marian Fruergaard State Authorised Public Accountant mne24699	Jesper Havgaard Kongsted State Authorised Public Accountant mne34468

Company information

The company	Green Instruments A/S Erhvervsparken 29 9700 Brønderslev	
	Phone	96454500
	Fax	96454501
	Company reg. no.	21 45 94 37
	Established:	1 February 1999
	Domicile:	Brønderslev
	Financial year:	1 January - 31 December
Board of directors	Martin Roland Linder Freddie Hoff Holstad Christian Andre Ness	
Managing Director	Christian Andre Ness	
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Parent company	Sorb Industri AB C/O Lifco AB Risbergsgatan 67 SE-931 36 Skellefteå Sverige	
Subsidiaries	Green Instruments USA Inc., Fort Lauderdale Green Instruments (S) Pte. Ltd., Singapore	

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Gross profit	68.245	65.311	52.222	91.277	215.790
Profit from operating activities	18.264	24.088	-7.874	35.048	158.979
Net financials	-326	567	-952	-956	-1.066
Net profit or loss for the year	13.260	19.552	-6.906	26.364	123.185
Statement of financial position:					
Balance sheet total	110.678	136.097	134.445	175.198	198.615
Investments in property, plant and equipment	872	170	-1.115	-9.432	-14.501
Equity	62.048	83.788	91.094	98.000	91.636
Cash flows:					
Operating activities	18.486	41.960	8.615	8.489	92.406
Investing activities	-11.853	1.235	-7.025	-13.845	-14.501
Financing activities	-32.272	-21.505	-260	295	-70.498
Total cash flows	-25.638	21.691	1.330	-5.061	7.407
Employees:					
Average number of full-time employees	65	62	72	88	59
Key figures in %:					
Acid test ratio	281,0	378,0	531,3	273,5	187,7
Solvency ratio	56,1	61,6	67,8	55,9	46,1

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The financial highligths for 2021, 2020 and 2019 have not been corrected for the changed accounting policies. For further decription of chaged accounting policiies, please refer to the description under the section regarding "Accounting policies".

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio

$$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Management´s review

About Green Instruments

Green Instruments develops and manufactures measurement and analysis technologies for marine and land-based industries, specializing in emission control, water and gas analysis, hazard detection, and machinery protection. With headquarters in Denmark and offices in the US and Singapore, we're a leading supplier of marine equipment, including inert gas oxygen analyzers, smoke density monitors, oil mist detectors, and boiler protection systems. Our expertise in exhaust gas monitoring and analysis spans over a decade, and we're pioneers in monitoring wash water after exhaust gas cleaning systems.

Development in activities and financial matters

In 2023 we experienced a growth in gross profit increasing to DKK 68,2 million compared to DKK 65,3 million the previous year. Income from ordinary activities after tax totalled DKK 13,3 million, a reduction compared to 19,6 million the previous year. The decrease in ordinary income is mainly derived from a change in accounting policies for capitalization. Management considers the net profit for the year satisfactory.

In November 2023 the company was acquired by Sorb Industri AB in Sweden, a subsidiary of LIFCO AB.

As a result of the change in ownership of the company, changes have been made to the accounting policies used in the financial year. The development costs have been expensed, as development costs are not capitalized at group level, which is why a change in practice has been made.

The company's costs for development projects will be registered as expenses in profit and loss statements of the financial year in which the cost has incurred. The company's development projects were previously recognized in the balance sheet, and depreciated over the period of expected financial benefit.

The above change has resulted in a deterioration of the year's result after tax by DKK 1.235.996 (2022 DKK -1.106.922). The balance sheet is reduced by DKK 9.244.195 (2022: DKK -10.828.805), while the equity is reduced by DKK 6.728.540 (2022: DKK -7.964.676).

Financial risks

Like many companies around the world, Green Instruments is at all times exposed to supply chain risks arising from geopolitical conflicts, where the cost of goods may increase due to the rising cost of transport. We mitigate these risks by always staying on top of our customers and own demands.

Environmental issues

Green Instruments is focused on the environment, employees and the local community. Our policy within the group is always to comply with local environmental laws and guidelines where we have a presence or has employees performing services around the world.

Management´s review

Research and development activities

In 2023, we placed a strong emphasis on research and development activities to ensure that our customers continue to receive the most innovative and competitive products and solutions. Our focus on staying ahead of the curve in terms of product development and service delivery was achieved through strategic investments in the latest technologies and innovations. This ensures that we can continue to lead the way in our industry and maintain our reputation for delivering top-quality solutions to our customers.

Expected developments

In the second half of 2023 we experienced a slowdown in the scrubber market, but this has already taken a turn for the better in 2024 so we are optimistic about the market opportunities that lie ahead. We will also be working the development of next gen versions of our current product line up, which we are excited to offer our customers in the nearby future. Furthermore, we will be strengthening our global presence by working as one business unit across the entirety of the Green Instruments group.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**68.245.088**	**65.311.129**
1	Staff costs	-38.193.410	-33.110.570
	Depreciation, amortisation, and impairment	-1.879.617	-2.307.267
	Other operating expenses	-9.907.851	-5.805.165
	Operating profit	**18.264.210**	**24.088.127**
	Income from investments in group enterprises	0	1.480.071
	Other financial income from group enterprises	7.986	7.812
	Other financial income	908.593	546.299
	Other financial expenses	-1.243.076	-1.467.631
	Pre-tax net profit or loss	**17.937.713**	**24.654.678**
	Tax on net profit or loss for the year	-4.677.734	-5.102.264
2	**Net profit or loss for the year**	**13.259.979**	**19.552.414**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
3	Acquired concessions, patents, licenses, trademarks, and similar rights	123.634	372.712
	Total intangible assets	123.634	372.712
4	Land and buildings	27.842.235	28.392.310
5	Other fixtures, fittings, tools and equipment	377.381	586.217
	Total property, plant, and equipment	28.219.616	28.978.527
6	Investment in group enterprise	11.855.837	874.957
	Total investments	11.855.837	874.957
	Total non-current assets	**40.199.087**	**30.226.196**
	Current assets		
	Raw materials and consumables	24.762.425	25.132.496
	Work in progress	5.845.041	4.828.643
	Manufactured goods and goods for resale	15.914.266	15.803.517
	Total inventories	46.521.732	45.764.656
	Trade receivables	16.902.842	26.415.379
	Receivables from group enterprises	1.183.077	2.544.266
	Income tax receivables	2.960.686	2.521.330
	Other receivables	1.618.814	1.870.929
7	Prepayments	824.623	648.860
	Total receivables	23.490.042	34.000.764
	Cash and cash equivalents	467.085	26.105.199
	Total current assets	**70.478.859**	**105.870.619**
	Total assets	**110.677.946**	**136.096.815**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	1.015.000	1.015.000
	Share premium	210.000	210.000
	Retained earnings	60.823.387	47.563.408
	Proposed dividend for the financial year	0	35.000.000
	Total equity	**62.048.387**	**83.788.408**
	Provisions		
8	Provisions for deferred tax	354.992	457.572
9	Other provisions	2.727.552	1.656.000
	Total provisions	**3.082.544**	**2.113.572**
	Liabilities other than provisions		
10	Mortgage debt	11.842.609	12.562.490
11	Bank loans	5.052.000	5.968.000
12	Other payables	3.566.789	3.655.441
	Total long term liabilities other than provisions	20.461.398	22.185.931
	Current portion of long term liabilities	2.092.083	2.085.931
	Bank loans	4.573.266	126.643
	Prepayments received from customers	3.023.022	2.140.308
	Trade payables	6.197.417	15.364.084
	Income tax payable	737.000	0
	Other payables	8.462.829	8.291.938
	Total short term liabilities other than provisions	25.085.617	28.008.904
	Total liabilities other than provisions	**45.547.015**	**50.194.835**
	Total equity and liabilities	**110.677.946**	**136.096.815**

13 Charges and security

14 Contingencies

15 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Proposed dividend for the financial year
Equity 1 January 2023	1.015.000	210.000	47.563.408	35.000.000
Distributed dividend	0	0	0	-35.000.000
Retained earnings for the year	0	0	13.259.979	0
	1.015.000	**210.000**	**60.823.387**	**0**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Net profit or loss for the year	13.259.979	19.552.414
16	Adjustments	7.955.400	6.494.980
17	Change in working capital	2.079.939	17.412.145
	Cash flows from operating activities before net financials	23.295.318	43.459.539
	Interest received, etc.	856.442	554.106
	Interest paid, etc.	-1.232.894	-1.467.630
	Cash flows from ordinary activities	22.918.866	42.546.015
	Income tax paid	-4.432.715	-586.000
	Cash flows from operating activities	**18.486.151**	**41.960.015**
	Purchase of intangible assets	0	-74.650
	Purchase of property, plant, and equipment	-871.628	-170.067
	Acquisition of enterprise	-10.980.880	0
	Dividends received	0	1.480.071
	Cash flows from investment activities	**-11.852.508**	**1.235.354**
	Repayments of long-term payables	-1.718.380	-1.583.904
	Dividend paid	-35.000.000	-20.000.000
	Changes in short-term bank loans	4.446.623	79.169
	Cash flows from financing activities	**-32.271.757**	**-21.504.735**
	Change in cash and cash equivalents	**-25.638.114**	**21.690.634**
	Cash and cash equivalents at opening balance	26.105.199	4.414.565
	Cash and cash equivalents at end of period	**467.085**	**26.105.199**

	Cash and cash equivalents		
	Cash and cash equivalents	467.085	26.105.199
	Cash and cash equivalents at end of period	**467.085**	**26.105.199**

Notes

All amounts in DKK.

		2023	2022
1.	**Staff costs**		
	Salaries and wages	32.534.173	30.046.393
	Pension costs	4.959.651	2.442.709
	Other costs for social security	699.586	621.468
		38.193.410	**33.110.570**
	Executive board and board of directors	2.564.350	1.548.363
	Average number of employees	65	62
2.	**Proposed distribution of net profit**		
	Dividend for the financial year	0	35.000.000
	Transferred to retained earnings	13.259.979	0
	Allocated from retained earnings	0	-15.447.586
	Total allocations and transfers	**13.259.979**	**19.552.414**

		31/12 2023	31/12 2022
3.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost opening balance	825.438	750.788
	Additions during the year	0	74.650
	Cost end of period	**825.438**	**825.438**
	Amortisation and write-down opening balance	-452.726	-197.393
	Amortisation and depreciation for the year	-249.078	-255.333
	Amortisation and write-down end of period	**-701.804**	**-452.726**
	Carrying amount, end of period	**123.634**	**372.712**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
4.	**Land and buildings**		
	Cost opening balance	34.784.765	34.614.698
	Additions during the year	871.628	170.067
	Cost end of period	**35.656.393**	**34.784.765**
	Depreciation and write-down opening balance	-6.392.455	-5.033.938
	Amortisation and depreciation for the year	-1.421.703	-1.358.517
	Depreciation and write-down end of period	**-7.814.158**	**-6.392.455**
	Carrying amount, end of period	**27.842.235**	**28.392.310**

		31/12 2023	31/12 2022
5.	**Other fixtures, fittings, tools and equipment**		
	Cost opening balance	3.281.318	3.281.318
	Cost end of period	**3.281.318**	**3.281.318**
	Depreciation and write-down opening balance	-2.695.101	-2.001.684
	Amortisation and depreciation for the year	-208.836	-693.417
	Depreciation and write-down end of period	**-2.903.937**	**-2.695.101**
	Carrying amount, end of period	**377.381**	**586.217**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
6.	**Investment in group enterprise**		
	Cost opening balance	874.957	874.957
	Additions during the year	10.980.880	0
	Cost end of period	**11.855.837**	**874.957**
	Carrying amount, end of period	**11.855.837**	**874.957**

Financial highlights for the enterprise according to the latest approved annual report

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, Green Instruments A/S DKK
Green Instruments USA Inc., Fort Lauderdale	100 %	18.265.248	4.699.646	11.185.780
Green Instruments (S) Pte. Ltd., Singapore	88 %	2.783.360	2.314.722	670.057
		21.048.608	**7.014.368**	**11.855.837**

7. Prepayments

Prepayments consist of prepaid expenses for licenses, insurance etc.

		31/12 2023	31/12 2022
8.	**Provisions for deferred tax**		
	Provisions for deferred tax opening balance	457.572	-3.127.002
	Deferred tax relating to the net profit or loss for the year	-102.580	3.584.574
		354.992	**457.572**

9. Other provisions

Other provisions include warrenty provisions from ordinary operations.

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
10.	**Mortgage debt**		
	Total mortgage debt	12.574.692	13.288.421
	Share of amount due within 1 year	-732.083	-725.931
		11.842.609	**12.562.490**
	Share of liabilities due after 5 years	9.052.031	9.809.247
11.	**Bank loans**		
	Total bank loans	6.412.000	7.328.000
	Share of amount due within 1 year	-1.360.000	-1.360.000
		5.052.000	**5.968.000**
	Share of liabilities due after 5 years	0	0
12.	**Other payables**		
	Total other payables	**3.566.789**	**3.655.441**
	Share of liabilities due after 5 years	0	0

13. Charges and security

As collateral for mortgage loans, t.DKK 12.575, security has been granted on land and buildings representing a carrying amount of t.DKK 27.842 at 31 December 2023.

The company had issued owner's mortgage at a total amount of t.DKK 5.200 as security for bank loans. The owner's mortgage provide mortgage on the above land and buildings, representing a carrying amount of t.DKK 27.842 at 31 December 2023.

Notes

All amounts in DKK.

14. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into operational leases with an average annual lease payment of DKK thousand 96. The leases have 23 months to maturity and total outstanding lease payments total DKK thousand 183.

Parent:

Recourse guarantee commitments:

The company has provided guarantees for the bank debts of the group enterprises. On 31 December 2023, the total bank debt of the group enterprises totalled DKK 0.

Joint taxation

With Dansk Nordenta A/S, company reg. no 10416698 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

15. Related parties

Transactions

Transactions with related party has been done on market terms hence they are not disclosed in the annual report in accordance with § 98 C (7) in the Danish Financial Art.

Consolidated financial statements

The company is included in the consolidated financial statement of Lifco AB, 74585 Enköping, Sweden, reg.no. 556465-3185.

Notes

All amounts in DKK.

		2023	2022
16.	**Adjustments**		
	Depreciation, amortisation, and impairment	1.879.616	2.307.267
	Dividend from group enterprises	0	-1.480.071
	Other financial income	-916.579	-554.111
	Other financial expenses	1.243.076	1.467.631
	Tax on net profit or loss for the year	4.677.734	5.102.264
	Other provisions	1.071.553	-348.000
		7.955.400	**6.494.980**

		2023	2022
17.	**Change in working capital**		
	Change in inventories	-757.076	9.783.997
	Change in receivables	10.950.078	-2.724.291
	Change in trade payables and other payables	-8.113.063	10.352.439
		2.079.939	**17.412.145**

Accounting policies

The annual report for Green Instruments A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of Green Instruments A/S and its group enterprises are included in the consolidated financial statements for Lifco AB, 74585 Endöping, Sweden, reg. no. 556465–3185.

Changes in the accounting policies

As a result of the change in ownership of the company, changes have been made to the accounting policies used in the financial year. The development costs have been expensed, as development costs are not capitalized at group level, which is why a change in practice has been made.

The company's costs for development projects will be registered as expenses in profit and loss statements of the financial year in which the cost has incurred. The company's development projects were previously recognized in the balance sheet, and depreciated over the period of expected financial benefit.

The above change has resulted in a deterioration of the year's result after tax by DKK 1.235.996 (2022 DKK -1.106.922). The balance sheet is reduced by DKK 9.244.195 (2022: DKK -10.828.805), while the equity is reduced by DKK 6.728.540 (2022: DKK -7.964.676).

Except for the above, the accounting policies remain unchanged from last year.

Comparative figures and financial highlights have been adjusted to the changed accounting policies.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets as well as costs for development projects.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investment in group enterprise

Dividend from investment in group enterprise is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

Accounting policies

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Patents and licences

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in group enterprise are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in group enterprise

Investments in group enterprise is recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Green Instruments A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Accounting policies

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Warranty commitments comprise commitments to repair work being carried out within the warranty period of 1-3 years. The provisions are measured at the net realisable in the income statement during the term of the loan.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.