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AGILENT TECHNOLOGIES DENMARK APS
PRODUKTIONSVEJ 42, 2600 GLOSTRUP
ANNUAL REPORT
1 NOVEMBER 2019 - 31 OCTOBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 26 March 2021**

Ieva Blekte Tackie

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 21 85 29 02

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COMPANY DETAILS

Company	Agilent Technologies Denmark ApS Produktionsvej 42 2600 Glostrup CVR No.: 21 85 29 02 Established: 1 July 1999 Registered Office: Glostrup Financial Year: 1 November 2019 - 31 October 2020
Board of Directors	Anders Meier, chairman Majken Nielsen Ieva Blekte Tackie
Board of Executives	Lene Klejs Stuhr Anders Meier
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Agilent Technologies Denmark ApS for the financial year 1 November 2019 - 31 October 2020.

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 Company's financial position at 31 October 2020 and of the results of the Company's operations for the financial year 1 November 2019 - 31 October 2020.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 26 March 2021

Board of Executives

Lene Klejs Stuhr

Anders Meier

Board of Directors

Anders Meier
Chairman

Majken Nielsen

Ieva Blekte Tackie

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Agilent Technologies Denmark ApS

Opinion

We have audited the Financial Statements of Agilent Technologies Denmark ApS for the financial year 1 November 2019 - 31 October 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 October 2020 and of the results of the Company's operations for the financial year 1 November 2019 - 31 October 2020 in accordance with the Danish Financial Statements Act.

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

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.

INDEPENDENT AUDITOR'S REPORT

- 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.

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 Statements Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 26 March 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue.....	1.174.990	1.178.073	969.037	972.494	1.004.026
Gross profit/loss.....	128.590	146.135	152.639	97.666	153.102
Operating profit/loss.....	29.549	15.613	25.913	1.302	6.506
Financial income and expenses, net.....	-13.932	-1.838	-6.914	6.553	-245
Profit/loss for the year.....	7.990	5.348	10.538	1.731	1.259
Balance sheet					
Balance sheet total.....	1.146.507	2.247.852	656.386	864.241	468.742
Equity.....	512.651	91.843	80.461	69.922	68.190
Ratios					
Rate of return.....	12.4	6.6	9.6	0.5	4.9
Solvency ratio.....	44.7	4.1	12.3	8.1	14.5
Return on equity.....	2.6	6.2	14.0	2.5	2.9

The ratios stated in the list of key figures and ratios have been calculated as follows:

Rate of return:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Solvency ratio:	$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

Agilent Technologies Denmark ApS, hereinafter referred to as “company”, operates as a reseller of products/services covering life sciences, diagnostics and applied chemicals markets. The major part of the products/services range is purchased from group companies within and outside of Denmark.

Developments during the year

The management continues to work towards achieving operational efficiencies through process realignment and development.

Financial Position for the year

In 2020, the company realized total sales of DKK 1,174 Million compared to DKK 1,178 Million in 2019. The result for the year is a Profit of DKK 7.99 Million. The company received capital contribution of DKK 413 Million from its parent entity. Due to an internal restructuring the company purchased all fixed assets of another group company in Denmark.

Significant events after the end of the financial year

As part of an internal restructuring the company sold a portion of the business to other group companies.

Special risks

Risk Management

The company acts as reseller of Agilent and Dako products/services to customers. The company carries risks which are generally associated with these functions and takes appropriate risk management measures.

Key Business Risks

The regulatory environment

The company is subject to a range of requirements in the countries in which it operates. The company is focused on complying with these regulations and is dedicated to having a constructive and collaborative dialogue with the authorities.

Market conditions

The company sells to customers who get reimbursement from public authorities. Reductions in these reimbursements may impact its consolidated sales and cash flow. The competitive environment is expected to be stable with high entry barriers.

Financial risks

The financial risk factors primarily comprise foreign exchange, and credit risks. The company's financial risk management is based on policies approved by the Board of Directors. The company may use derivatives to hedge financial risks. Hedging of financial risks is managed at management level and is only focused on managing risks arising from the company's operations and financing.

Foreign exchange risk

Foreign exchange risk occurs due to imbalance between income and expenses in each foreign currency.

Credit risk

The company's credit risk primarily relates to receivables, securities, cash and cash equivalents, and positive fair values of derivative financial instruments. The balance sheet valuation of all the items mentioned corresponds to the size of the maximum credit risk. The company has historically not experienced any material loss on receivables, as most customers are public hospitals or laboratories.

Counterparty risks concerning cash and cash equivalents and financial instruments are managed by only entering into agreements with financial institutions which have achieved a satisfactory rating from recognized international credit-rating institutions.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always

MANAGEMENT'S REVIEW

Special risks (continued)

have enough liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Future expectations

The Management expects a profitable fiscal ahead.

Corporate social responsibility

Agilent Technologies group is committed to conducting business in an ethical, socially responsible and environmentally sustainable manner. Our Citizenship Objective is to be an economic, intellectual and social asset to each nation and community in which we operate. Agilent's Community Relations and Giving Programs and the Agilent Foundation are tangible examples of our commitment to exemplary Corporate Citizenship.

Target figures and policies for the underrepresented gender

The Board has a total strength of three members out of which 2 is female, hence a female participation of 67 %.

The company takes a position that a diverse organization is value-adding and contributes to the achievement of overall business goals. It is therefore a policy to encourage a balanced gender distribution at all management levels by:

- Securing that filling of all management positions, whether facilitated by HR or external consultants, is done by assessment of the collective skill set of each candidate independent of gender.
- Requiring that external search consultants engaged for recruitment for management positions propose a reasonable number of candidates of each gender.
- Having succession planning practices in place requiring managers to identify a gender-diverse range of potential successors for critical management positions.
- Requiring managers to discuss with qualified subordinates of the under-represented gender as part of their recurrent performance review how and if advancement to a (higher) management position could be relevant and what potentially would be required.
- Regularly obtaining qualitative data regarding the background for the gender distribution at various management levels both from a potential candidate perspective and from an employer perspective.

Regularly obtaining qualitative data regarding the background for the gender distribution at various management levels both from a potential candidate perspective and from an employer perspective.

INCOME STATEMENT 1 NOVEMBER - 31 OCTOBER

	Note	2019/20 DKK '000	2018/19 DKK '000
NET REVENUE	1	1.174.990	1.178.073
Cost of sales.....		-1.046.400	-1.031.938
GROSS PROFIT/LOSS		128.590	146.135
Research and development expenses.....	3	6.274	923
Marketing expenses.....	3	1.974	-1.067
Distribution costs.....	3	-56.236	-65.529
Administrative expenses.....	2, 3	-51.042	-64.819
OPERATING PROFIT		29.560	15.643
Other operating income.....		-11	-30
OPERATING PROFIT		29.549	15.613
Financial income.....	4	0	7.797
Financial expenses.....	5	-13.932	-9.635
PROFIT BEFORE TAX		15.617	13.775
Tax on profit/loss for the year.....	6	-7.627	-8.427
PROFIT FOR THE YEAR	7	7.990	5.348

BALANCE SHEET AT 31 OCTOBER

ASSETS	Note	2020 DKK '000	2019 DKK '000
Goodwill.....		94.535	113.442
Intangible fixed assets.....	8	94.535	113.442
Land and buildings.....		334.050	0
Other plants, machinery, tools and equipment.....		47.074	3.900
Tangible fixed assets in progress and prepayment.....		8.968	0
Tangible fixed assets.....	9	390.092	3.900
Rent deposit and other receivables.....		142	224
Fixed asset investments.....	10	142	224
FIXED ASSETS.....		484.769	117.566
Finished goods and goods for resale.....		9.098	3.901
Inventories.....		9.098	3.901
Trade receivables.....		347.599	344.073
Receivables from group enterprises.....		51.449	85.548
Provision for deferred tax.....	12	0	846
Other receivables.....		2.724	66
Receivables corporation tax.....		0	41.423
Receivables joint taxation contribution.....		52.850	1.581.270
Prepayments and accrued income.....	11	1.003	578
Receivables.....		455.625	2.053.804
Cash and cash equivalents.....		197.015	72.581
CURRENT ASSETS.....		661.738	2.130.286
ASSETS.....		1.146.507	2.247.852

BALANCE SHEET AT 31 OCTOBER

EQUITY AND LIABILITIES	Note	2020 DKK '000	2019 DKK '000
Share capital.....		5.000	5.000
Retained profit.....		507.651	86.843
EQUITY.....		512.651	91.843
Provision for deferred tax.....	12	4.435	0
Other provisions for liabilities.....	13	1.567	2.343
PROVISION FOR LIABILITIES.....		6.002	2.343
Corporation tax.....		70.649	1.550.666
Other liabilities.....		47.213	7.417
Long-term liabilities.....	14	117.862	1.558.083
Trade payables.....		21.787	17.425
Payables to group enterprises.....		324.820	461.795
Corporation tax.....		28.357	0
Other liabilities.....		107.723	94.153
Accruals and deferred income.....	15	27.305	22.210
Current liabilities.....		509.992	595.583
LIABILITIES.....		627.854	2.153.666
EQUITY AND LIABILITIES.....		1.146.507	2.247.852
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EQUITY

	Share capital	Retained profit	Total
Equity at 1 November 2019.....	5.000	86.843	91.843
Group contribution.....		412.818	412.818
Proposed distribution of profit.....		7.990	7.990
Equity at 31 October 2020.....	5.000	507.651	512.651

At 1st November 2016 the share capital was raised by 1 share at a value of 1 DKK.

NOTES

	2019/20 DKK '000	2018/19 DKK '000	Note
Net revenue			1
Segment details (geography)			
EMEA.....	1.054.530	1.042.158	
Americas.....	13.487	417	
APAC.....	106.973	135.498	
	1.174.990	1.178.073	
Segment details (activities)			
Cross lab.....	70.909	64.366	
Diagnostics & Genomics.....	1.047.320	1.058.388	
Life sciences and applied markets group.....	56.761	55.319	
	1.174.990	1.178.073	
Fee to statutory auditors			2
Total fees:			
BDO.....	319	339	
	319	339	
Specification of fees:			
Statutory audit.....	231	231	
Tax consultancy.....	50	51	
Other services.....	38	57	
	319	339	
Staff costs			3
Average number of employees 689 (2018/19: 660)			
Wages and salaries.....	441.513	442.996	
Pensions.....	30.724	35.082	
Social security costs.....	3.399	5.704	
Other staff costs.....	16.488	7.192	
	492.124	490.974	
Remuneration of management and board of directors.....	5.292	3.108	
	5.292	3.108	

In accordance to section 98 B (3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

NOTES

	2019/20 DKK '000	2018/19 DKK '000	Note
Financial income			4
Other financial income.....	0	7.797	
	0	7.797	
Financial expenses			5
Group enterprises.....	2.809	6.973	
Other financial expenses.....	11.123	2.662	
	13.932	9.635	
Tax on profit/loss for the year			6
Calculated tax on taxable income of the year.....	2.346	8.395	
Adjustment of tax for previous years.....	-1	39	
Adjustment of deferred tax.....	5.282	-7	
	7.627	8.427	
Proposed distribution of profit			7
Retained earnings.....	7.990	5.348	
	7.990	5.348	
Intangible fixed assets			8
		Goodwill	
Cost at 1 November 2019.....		194.113	
Cost at 31 October 2020.....		194.113	
Amortisation at 1 November 2019.....		80.671	
Amortisation for the year.....		18.907	
Amortisation at 31 October 2020.....		99.578	
Carrying amount at 31 October 2020.....		94.535	

NOTES

				Note
Tangible fixed assets				9
	Land and buildings	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment	
Cost at 1 November 2019.....	0	10.332	0	
Additions.....	334.050	44.824	8.968	
Disposals.....	0	-4.515	0	
Cost at 31 October 2020.....	334.050	50.641	8.968	
Depreciation and impairment losses at 1 November 2019.....	0	6.431		
Reversal of depreciation of assets disposed of..	0	-4.061		
Depreciation for the year.....	0	1.197		
Depreciation and impairment losses at 31 October 2020.....	0	3.567		
Carrying amount at 31 October 2020.....	334.050	47.074	8.968	
Fixed asset investments			Rent deposit and other receivables	10
Cost at 1 November 2019.....			224	
Disposals.....			-82	
Cost at 31 October 2020.....			142	
Carrying amount at 31 October 2020.....			142	
Prepayments and accrued income				11
Costs.....		1.003	578	
		1.003	578	

NOTES

			Note		
Provision for deferred tax			12		
Provision for deferred tax comprises deferred tax on intangible and tangible fixed assets and provisions.					
	2020	2019			
	DKK '000	DKK '000			
Deferred tax constitutes:					
Tangible fixed assets.....	-4.780	330			
Debt accruals.....	345	516			
	-4.435	846			
Deferred tax, beginning of year.....	846	839			
Deferred tax of the year, income statement.....	-5.281	7			
Provision for deferred tax 31 October 2020.....	-4.435	846			
Deferred tax asset has been capitalized in the balance sheet based on the managements expectations for the future earnings.					
Other provisions for liabilities			13		
0-1 år.....	1.567	2.343			
Warranties are included in other provisions with TDKK 1,567 (18/19: TDKK 2,343).					
Long-term liabilities			14		
	31/10 2020	Repayment	Debt	31/10 2019	Current
	total liabilities	next year	outstanding	total liabilities	portion at the
			after 5 years		beginning
					of the year
Corporation tax.....	70.649	0	0	1.550.666	0
Other liabilities.....	47.213	0	0	7.417	0
	117.862	0	0	1.558.083	0
Accruals and deferred income					15
Deferred income mainly relates to prepaid service contracts.					

NOTES

Note

Contingencies etc.

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Contingent liabilities

	2020	2019
	DKK '000	DKK '000
Lease liabilities (operating leases):		
Within 1 year.....	6.226	4.633
Between 1-5 years.....	12.193	5.720

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group’s jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group’s jointly taxed income amounts to DKK ('000) 90.385 at the balance sheet date.

Related parties

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The Controlling interest

The company is wholly owned subsidiary of Agilent Technologies Luxco Sarl, Laan van Langerhuize 1, Tower A-8, 1186 DS Amstelveen, The Netherlands 46a, Avenue J.F. Kennedy, L 1855 Luxembourg. The ultimate parent company in which the company is included as a subsidiary is Agilent Technologies Inc. This company and its subsidiaries are considered as related parties.

Other related parties having performed transactions with the company

The company’s related parties having a significant influence comprise subsidiaries and associates as well as the companies’ Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

As part of an internal reorganization Agilent acquired all Fixed Assets of another group company, Dako Denmark ApS at book value, a total of 386m DKK.

Consolidated financial statements

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The accounts of Agilent Technologies Luxco Sarl can be obtained by request to the Company, and the accounts of Agilent Technologies Inc. Santa Clara, USA can be obtained by request to, Agilent Technologies Denmark ApS, Denmark.

ACCOUNTING POLICIES

The Annual Report of Agilent Technologies Denmark ApS for 2019/20 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Production costs

Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. This includes direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

Distribution costs

The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

Administrative expenses

Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses, etc. and related amortisation.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company’s position in the market and earnings profile, and the industry-specific conditions.

Tangible fixed assets

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-20 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

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

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

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

Inventories

Inventory is valued at standard cost, which approximates actual cost computed on a first-in, first-out basis, not in excess of market value. We assess the valuation of our inventory on a periodic basis and make adjustments to the value for estimated excess and obsolete inventory based on estimates about future demand.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

ACCOUNTING POLICIES

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities

Provisions for liabilities include the expected cost of warranty commitments and pension.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 year. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

Pension commitments:

To the extent that the pension commitments are not covered by insurance, they are included in the balance sheet as provisions. The calculation of the liability is based on actuarial computations.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated using “Average monthly rate” for the month in which the transaction is recorded. This average rate is derived from and closely represents the actual exchange rates in force during that month. Exchange differences arising between the “Average monthly rate” and the rate on the payment date are recognized in the Income Statement as financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivable or payable is recognised in the income statement as financial income or expenses.

Fixed Assets acquired in foreign currencies are translated using “Average monthly rate” as described above for the month in which the transaction is recorded.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.