Prevas A/S

Lyskær 3F, 2730 Herlev

Company reg. no. 26 18 02 87

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 12 May 2023.

Henrik Møller-Kristensen
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 Prevas A/S for the financial year 1 January - 31 December 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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.

Copenhagen, 12 May 2023

Managing Director

Henrik Møller-Kristensen
CEO

Board of directors

Johan Strid Chairman	Henrik Møller-Kristensen	Søren Werner Mathiasen

Independent auditor's report

To the Shareholder of Prevas A/S

Opinion

We have audited the financial statements of Prevas A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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' 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.

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.

Copenhagen, 12 May 2023

EY Godkendt Revisionspartnerselskab
Company reg. no. 30 70 02 28

Ole Becker
State Authorised Public Accountant
mne33732

Company information

The company	Prevas A/S Lyskær 3F Herlev	
	Company reg. no.	26 18 02 87
	Established:	1 August 2001
	Domicile:	Herlev
	Financial year:	1 January - 31 December
Board of directors	Johan Strid, Chairman Henrik Møller-Kristensen Søren Werner Mathiasen	
Managing Director	Henrik Møller-Kristensen, CEO	
Auditors	EY Godkendt Revisionspartnerselskab	
Parent company	Prevas AB Glödgargränd 14 721 03 Västerås Sweden	

Financial highlights

DKK in thousands.	2022	2021	2020	2019	2018
Income statement:					
Gross profit	75.508	74.854	66.677	68.961	60.254
Profit from operating activities	13.620	15.253	10.709	9.352	2.935
Net financials	156	21	-21	3	-134
Net profit or loss for the year	10.728	11.982	8.262	7.297	2.179
Statement of financial position:					
Balance sheet total	42.816	53.543	38.975	39.359	33.071
Investments in property, plant and equipment	103	83	352	155	333
Equity	27.432	31.704	19.722	26.460	19.163
Employees:					
Average number of full-time employees	78	76	81	83	84
Key figures in %:					
Acid test ratio	408,2	315,1	267,1	331,4	218,8
Solvency ratio	64,1	59,2	50,6	67,2	57,9
Return on equity	36,3	46,6	35,8	32,0	12,1

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

The principal activities of the company

Prevas A/S is an innovative, high-technology development firm within Industrial IT, embedded software, hardware, mechanical solutions and quality assurance.

Prevas A/S collaborate with companies within various industries and assists these companies with specialist competencies and product development. Some clients already have products with a high degree of embedded software and hardware, while others want a safe introduction to the newest technology.

Prevas A/S provides services to clients both on-site at the clients' and in-house at its own premises. With several hundreds of client-specific projects, Prevas A/S has extensive experience in meeting individual needs. On all projects, Prevas A/S offers a thorough handover to the client and flexible support, which ensures high satisfaction after delivery.

Prevas A/S has departments in Copenhagen, Aarhus and Aalborg.

Prevas is wholly owned by Prevas AB, founded in 1985, ISO 9001 and 13485 certified and the parent company has been listed at the Stockholm Stock Exchange since 1998.

Development in activities and financial matters

The gross profit for the year totals TDKK 75.508 against TDKK 74.854 last year. Income or loss from ordinary activities after tax totals TDKK 10.728 against TDKK 11.982 last year. The development must be seen in light of the fact that, according to the annual report 2021, the company expected a profit after tax in the region of TDKK 12.000 to TDKK 13.000. In that light, management considers the net profit for the year satisfactory.

As mentioned in the note 15, contingent liabilities, Prevas A/S has received a claim from the Danish Tax Authorities, concerning withholding tax and hiring-out of labour tax on few external consultants. Prevas has officially submitted a dispute to this claim through the companies legal tax-advisers. Prevas is based on judicial practice and statements of the opinion, that the claim is to be considered unjustified. The process for the dispute is initiated and is expected to be finalized after a number of years.

Due to the assessment from legal advisors and the facts of the dispute, Prevas has not recognized any provision, why the claim has not affected the company´s financial position or the operational result.

Impact on the external environment

We do not believe that our business – in all materiality – has a negative impact on the external environment.

Know how resources

Prevas is a knowledge based company and thereby dependant on highly educated engineers with competencies within development of embedded devices (hardware, software, mechanical engineering and quality assurance). Prevas has internal systems that ensure documentation of development projects.

Research and development activities

Prevas has in 2022 continued the ongoing development and maintenance of the software package “Prevas Industrial Linux” in order to keep the system up to date and cyber security compliant.

Expected developments

For 2023, the company expects to realize a gross profit in the region of the same level as the final result for 2022.

Events occurring after the end of the financial year

There are no events after the reporting period to be disclosed.

Income statement 1 January - 31 December

DKK thousand.

Note		2022	2021
	Gross profit	**75.508**	**74.854**
1	Staff costs	-59.064	-56.451
2	Depreciation and amortisation	-247	-827
	Other operating expenses	-2.577	-2.323
	Operating profit	**13.620**	**15.253**
3	Other financial income	186	38
4	Other financial expenses	-30	-17
	Pre-tax net profit or loss	**13.776**	**15.274**
5	Tax on net profit or loss for the year	-3.048	-3.292
6	**Net profit or loss for the year**	**10.728**	**11.982**

Balance sheet at 31 December

DKK thousand.

Note	Assets	2022	2021
	Non-current assets		
7	Completed development projects	0	78
	Total intangible assets	0	78
8	Other fixtures and fittings, tools and equipment	314	379
	Total property, plant, and equipment	314	379
9	Other receivables	654	639
	Total investments	654	639
	Total non-current assets	**968**	**1.096**
	Current assets		
	Goods for resale	245	157
	Total inventories	245	157
	Trade debtors	22.868	25.766
10	Contract work in progress	956	599
	Receivables from group entities	11.812	25.037
11	Deferred tax assets	85	83
	Receivable corporate tax	0	480
	Other receivables	5.249	19
12	Prepayments	625	303
	Total receivables	41.595	52.287
	Cash and cash equivalents	8	3
	Total current assets	**41.848**	**52.447**
	Total assets	**42.816**	**53.543**

Balance sheet at 31 December

DKK thousand.

Note	**Equity and liabilities**	2022	2021
	Equity		
13	Contributed capital	1.232	1.232
	Reserve for development expenditure	0	62
	Results brought forward	26.200	30.410
	Total equity	**27.432**	**31.704**
	Liabilities other than provisions		
	Other payables	5.131	5.195
14	Total long term liabilities other than provisions	5.131	5.195
10	Prepayments received from customers concerning work in progress for the account of others	545	3.476
	Trade creditors	2.252	3.004
	Payables to group entities	2.747	2.323
	Income tax payable	209	0
	Other debts	4.500	7.841
	Total short term liabilities other than provisions	10.253	16.644
	Total liabilities other than provisions	**15.384**	**21.839**
	Total equity and liabilities	**42.816**	**53.543**

15 Contingencies

16 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2021	1.232	510	17.980	19.722
Profit or loss for the year brought forward	0	0	11.982	11.982
Reserve for development cost adjustment	0	-448	448	0
Equity 1 January 2022	1.232	62	30.410	31.704
Profit or loss for the year brought forward	0	0	-4.272	-4.272
Extraordinary dividend adopted during the financial year	0	0	15.000	15.000
Distributed extraordinary dividend adopted during the financial year.	0	0	-15.000	-15.000
Reserve for development cost adjustment	0	-62	62	0
	1.232	**0**	**26.200**	**27.432**

Notes

DKK thousand.

		2022	2021
1.	**Staff costs**		
	Salaries and wages	55.030	52.976
	Pension costs	2.124	1.908
	Other costs for social security	635	623
	Other staff costs	1.275	944
		59.064	**56.451**
	Average number of employees	78	76

Cf. The Danish Financial Statements Act § 98b stk. 3. Information on remuneration and pension for the Executive Board category are not included. There is no remuneration to the Board of Directors.

		2022	2021
2.	**Depreciation and amortisation**		
	Amortisation of development projects	79	575
	Depreciation on plants, operating assets, fixtures and furniture	168	252
		247	**827**
3.	**Other financial income**		
	Interest, banks	34	0
	Interest, trade debtors	8	0
	Exchange rate gains	144	38
		186	**38**
4.	**Other financial expenses**		
	Exchange rate losses	30	17
		30	**17**

DKK thousand.

		2022	2021
5.	**Tax on net profit or loss for the year**		
	Tax of the results for the year	3.043	3.387
	Adjustment for the year of deferred tax	-2	-95
	Adjustment of tax for previous years	7	0
		3.048	**3.292**

		2022	2021
6.	**Proposed appropriation of net profit**		
	Extraordinary dividend adopted during the financial year	15.000	0
	Transferred to retained earnings	0	11.982
	Allocated from retained earnings	-4.272	0
	Total allocations and transfers	**10.728**	**11.982**

		2022	2021
7.	**Completed development projects**		
	Cost 1 January 2022	5.984	5.984
	Cost 31 December 2022	**5.984**	**5.984**
	Amortisation 1 January 2022	-5.905	-5.331
	Amortisation for the year	-79	-575
	Amortisation 31 December 2022	**-5.984**	**-5.906**
	Carrying amount, 31 December 2022	**0**	**78**

The company´s development projects relate to a business development.

DKK thousand.

		31/12 2022	31/12 2021
8.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2022	4.473	4.390
	Additions during the year	103	83
	Disposals during the year	-3.970	0
	Cost 31 December 2022	**606**	**4.473**
	Amortisation and writedown 1 January 2022	-4.094	-3.842
	Depreciation for the year	-168	-252
	Reversal of depreciation, amortisation and writedown, assets disposed of	3.970	0
	Amortisation and writedown 31 December 2022	**-292**	**-4.094**
	Carrying amount, 31 December 2022	**314**	**379**

9.	**Other receivables**		
	Cost 1 January 2022	639	638
	Additions during the year	15	1
	Cost 31 December 2022	**654**	**639**
	Carrying amount, 31 December 2022	**654**	**639**

Other receivables primarily relate to payment of rental deposits in Aarhus and Aalborg, Denmark.

10.	**Contract work in progress**		
	Sales value of the production of the period	88.246	72.680
	Work in progress for the account of others (Prepayments received)	-87.835	-75.557
	Contract work in progress, net	**411**	**-2.877**
	The following is recognised:		
	Contract work in progress (net assets)	956	599
	Prepayments received from customers concerning work in progress for the account of the others (net liabilities)	-545	-3.476
		411	**-2.877**

DKK thousand.

		31/12 2022	31/12 2021
11.	**Deferred tax assets**		
	Deferred tax assets 1 January 2022	83	-12
	Deferred tax of the results for the year	2	95
		85	**83**
	The following items are subject to deferred tax:		
	Intangible assets	0	-17
	Property, plant, and equipment	85	100
		85	**83**
12.	**Prepayments**		
	Prepaid cost	625	303
		625	**303**
13.	**Contributed capital**		
	Contributed capital 31 December 2021	1.232	1.232
		1.232	**1.232**

The share capital consists of 12.324 shares, each with a nominal value of DKK 100. All shares rank equally.

14. Long term labilities other than provisions

	Total payables 31 Dec 2022	**Current portion of long term payables**	**Long term payables 31 Dec 2022**	**Outstanding payables after 5 years**
Frozen holiday obligation	5.131	0	5.131	5.131
	5.131	**0**	**5.131**	**5.131**

DKK thousand.

15. Contingencies

Contingent liabilities

Contingent liabilities:

In August 2022, the Danish Tax Authorities raised a claim of a total of DKK 5.230 thousand against Prevas, concerning withholding tax and hiring-out of labour tax on few external consultants for the period 2017-2022. Based on judicial practice and statements from its legal advisers, Prevas is of the opinion that the Company is not liable to withholding taxes and hiring-out of labour tax on the external consultants and accordingly considers the claim to be unjustified. Prevas therefore disputes the claim but acknowledges that the case is complicated. Based on this Management underline that the outcome is subject to a degree of uncertainty. A lengthy process is expected before the case will be finally settled. Prevas has not recognized any provision and as such the claim has not affected the company's financial position or results of operations.

Lease liabilities:

The company has entered into leasehold agreements and other operationel leasing agreements. The obligation at 31 December 2022 amounted to DKK thousand 2.748 (2021: DKK thousand 2.935).

Other contingent liabilities:

The company has issued a payment guarantee to a landlord of DKK thousand 601 in respect of a leasehold agreement.

At 31 December 2022, the Company had to buy back components at a value of DKK thousand 1.032 (2021: DKK thousand 947) related to ongoing production of suppliers. This is the case if the product-specific projects for the client are not finalised.

DKK thousand.

16. Related parties

Controlling interest

Prevas AB, Box 4, Glödgargränd 14, 721 03 Västerås, Sweden	Majority shareholder

Transactions

During the year and at year-end, the Company had the following transactions with its parent company and its subsidiaries:

	2022	2021
Sale of services to related parties:	678.000	95.000
Purchase of services from parent company:	4.022.000	3.568.000
Receivables regarding cash pool etc. with parent company:	11.808.000	25.037.000
Payables to group entities:	2.747.000	2.310.000
Extraordinary dividend payout 2022 to Prevas AB:	15.000.000	0

Consolidated financial statements

The company is included in the consolidated financial statements of Prevas AB, Västerås, Sweden. The annual report can be obtained on www.prevas.se.

Accounting policies

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

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Prevas AB.

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

With reference to section 32 of the Danish Financial Statements Act, gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue from sale of finished goods 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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Revenue from sale of services is recognised in the income statement as provided. Consequently, revenue corresponds to the selling price excluding VAT of work performed under the percentage-of-completion method and includes out-of-pocket expences on client. Recognition of revenue is 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. It also comprise costs concerning external consultants.

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

Other operating expenses comprise items secondary to the Company's activities, including management fee etc. to Prevas AB.

Staff costs

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

Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation for the year and profit and loss on the disposal of intangible and tangible assets.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise.

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.

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.

Statement of financial position

Intangible assets

Development projects

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 3 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

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
Other fixtures and fittings, tools and equipment	3-10 years	0 %

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 under depreciation.

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.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

All leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to 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. Writedown 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.

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.

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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

The Company's tax account deposits are classified as "Other receivables".

Contract work in progress

Services in progress are measured in accordance with the percentage of completion method at the selling price of the work performed at the balance sheet date plus out-of-pocket expences less progress billings. The individual services in progress are recognised in the balance sheet as receivables or liabilities depending on whether the net value, determined as the selling price less progress billings, is positive or negative.

The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contract hours incurred for work performed to date relative to the total estimated contract hours.

Where the selling price of work performed exceeds payments received on account and anticipated losses, the excess amount is recognised in contract work in progress. If payments received on account and anticipated losses exceed the selling price of work in progress, the deficit is recognised in Prepayments received from customers concerning work in progress for the account of others.

Prepayments received from customers are recognised in Prepayments received from customers concerning work inprogress for the account of others.

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.

Given the nature of the Group´s cash pool arrangement, cash pool balances are not considered cash at bank, but are recognised under "receivables from group entities".

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Proposed dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in 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.

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.

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.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at net realisable value.

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Serienummer: CVR:30700228-RID:65669285
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2023-05-15 07:55:13 UTC