Beritech Manufacturing A/S

Svendborgvej 5, 9220 Aalborg Øst

Company reg. no. 27 12 79 91

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 11 May 2023.

Bent Larsen
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Beritech Manufacturing 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.

Aalborg Øst, 11 May 2023

Managing Director

Bent Larsen

Board of directors

Thomas Christian Pedersen Chairman of the board	Bent Larsen	Allan Klæstrup Styrishave

Independent auditor's report

To the Shareholder of Beritech Manufacturing A/S

Opinion

We have audited the financial statements of Beritech Manufacturing A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, 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 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.

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, 11 May 2023

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

Marian Fruergaard
State Authorised Public Accountant
mne24699

Company information

The company	Beritech Manufacturing A/S Svendborgvej 5 9220 Aalborg Øst	
	Company reg. no.	27 12 79 91
	Financial year:	1 January - 31 December
Board of directors	Thomas Christian Pedersen, Chairman of the board Bent Larsen Allan Klæstrup Styrishave	
Managing Director	Bent Larsen	
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	

Financial highlights

DKK in thousands.	2022	2021
Income statement:		
Gross profit	39.845	36.418
Profit from operating activities	-7.916	4.376
Net financials	-1.376	-2.476
Net profit or loss for the year	-7.213	1.607
Statement of financial position:		
Balance sheet total	94.067	79.664
Investments in property, plant and equipment	20.298	5.876
Equity	9.893	17.106
Employees:		
Average number of full-time employees	67	49
Key figures in %:		
Acid test ratio	72,0	81,6
Solvency ratio	10,5	21,5

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 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

Description of key activities of the company

The company's main activities are steel processing, including lasercutting, edgebending, welding and assembly in stainless steel, iron and aluminium.

Development in activities and financial matters

The gross profit for the year totals DKK 39.845.000 against DKK 36.418.000 last year. Income or loss from ordinary activities after tax totals DKK -7.213.000 against DKK 1.607.000 last year.Management considers the net profit or loss for the year unsatisfactory.

During of the year, the company has worked on full integration of the activities acquired in 2021, where the integration has taken longer than expected. A lot of work has also been done with the internal processor and production management, which is expected to improve operations with effect for the coming financial year. In addition, 15.2 million has been invested in 2022. DKK in new and improved machines as well as in new special machines, which has significantly expanded the company's added value to customers.

The result for the year is negatively affected by a one-off loss on a debtor of DKK 1.8 million. DKK as well as loss-making cases at the level of DKK 2 million DKK

In 2021, the company's capital ratio was increased by means of a group subsidy of a total of DKK 9.5 million, whereby the company achieved an improved solidity which underpins the level of activity and market expectations. Budgets and the activity at the start of 2023 show that the company has the necessary liquidity framework to be able to realize the expectations for 2023.

The company is included in the consolidated accounts for Beritech Group ApS, and reference is made here for further information for the group.

Expected developments

The management expects a higher turnover in 2023 than that realized in 2022 and a more efficient production, which is expected to lead to a positive result in 2023.

Events occurring after the end of the financial year

No events of significant importance to the company's financial position have occurred after the end of the financial year.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Gross profit	**39.844.764**	**36.417.879**
1	Staff costs	-40.974.224	-25.997.201
	Depreciation, amortisation, and impairment	-6.786.146	-5.669.368
	Other operating expenses	0	-375.100
	Operating profit	**-7.915.606**	**4.376.210**
	Other financial income from group enterprises	56.041	0
2	Other financial expenses	-1.432.481	-2.476.434
	Pre-tax net profit or loss	**-9.292.046**	**1.899.776**
	Tax on net profit or loss for the year	2.078.845	-293.078
3	**Net profit or loss for the year**	**-7.213.201**	**1.606.698**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
4	Goodwill	616.658	687.962
	Total intangible assets	616.658	687.962
5	Land and buildings	5.668.520	5.821.101
6	Plant and machinery	31.120.631	19.224.745
7	Other fixtures, fittings, tools and equipment	14.055.797	15.149.390
	Total property, plant, and equipment	50.844.948	40.195.236
8	Other receivables	80.175	0
	Total investments	80.175	0
	Total non-current assets	**51.541.781**	**40.883.198**
	Current assets		
	Raw materials and consumables	8.853.121	10.210.336
	Total inventories	8.853.121	10.210.336
	Trade receivables	13.192.276	20.801.278
	Contract work in progress	2.453.360	6.107.362
	Receivables from group enterprises	11.829.625	271.611
9	Deferred tax assets	2.027.996	0
	Other receivables	647.816	755.127
10	Prepayments	1.362.234	635.284
	Total receivables	31.513.307	28.570.662
	Cash and cash equivalents	2.158.966	0
	Total current assets	**42.525.394**	**38.780.998**
	Total assets	**94.067.175**	**79.664.196**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	400.000	400.000
	Retained earnings	9.492.677	16.705.878
	Total equity	**9.892.677**	**17.105.878**
	Provisions		
11	Provisions for deferred tax	0	50.849
12	Provision for guarantee	90.804	0
	Total provisions	**90.804**	**50.849**
	Long term labilities other than provisions		
	Mortgage debt	1.951.397	2.050.313
	Lease liabilities	23.051.644	12.954.388
13	Total long term liabilities other than provisions	25.003.041	15.004.701
13	Current portion of long term liabilities	3.913.508	2.199.066
	Bank loans	10.101	9.674.547
	Contract work in progress	900.017	0
	Trade payables	10.684.729	30.572.433
	Payables to group enterprises	38.425.907	1.500.000
	Income tax payable	0	121.220
	Other payables	4.565.427	2.717.840
14	Deferred income	580.964	717.662
	Total short term liabilities other than provisions	59.080.653	47.502.768
	Total liabilities other than provisions	**84.083.694**	**62.507.469**
	Total equity and liabilities	**94.067.175**	**79.664.196**

15 Charges and security

16 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	400.000	16.705.878	17.105.878
Retained earnings for the year	0	-7.213.201	-7.213.201
	400.000	**9.492.677**	**9.892.677**

Notes

All amounts in DKK.

		2022	2021
1.	**Staff costs**		
	Salaries and wages	37.305.265	22.529.341
	Pension costs	2.846.829	2.998.608
	Other costs for social security	822.130	469.252
		40.974.224	**25.997.201**
	Average number of employees	67	49

According to Section 98 B subsection of the Annual Accounts Act. 3, the remuneration to the executive board is omitted.

		2022	2021
2.	**Other financial expenses**		
	Financial costs, group enterprises	85.118	333.752
	Other financial costs	1.347.363	2.142.682
		1.432.481	**2.476.434**

		2022	2021
3.	**Proposed distribution of net profit**		
	Transferred to retained earnings	0	1.606.698
	Allocated from retained earnings	-7.213.201	0
	Total allocations and transfers	**-7.213.201**	**1.606.698**

		2022	2021
4.	**Goodwill**		
	Cost 1 January 2022	1.613.039	900.000
	Additions during the year	0	713.039
	Cost 31 December 2022	**1.613.039**	**1.613.039**
	Amortisation and write-down 1 January 2022	-925.077	-900.000
	Amortisation and depreciation for the year	-71.304	-25.077
	Amortisation and write-down 31 December 2022	**-996.381**	**-925.077**
	Carrying amount, 31 December 2022	**616.658**	**687.962**

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
5.	**Land and buildings**		
	Cost 1 January 2022	7.814.066	7.788.066
	Additions during the year	0	26.000
	Cost 31 December 2022	**7.814.066**	**7.814.066**
	Depreciation and write-down 1 January 2022	-1.992.965	-1.842.767
	Amortisation and depreciation for the year	-152.581	-150.198
	Depreciation and write-down 31 December 2022	**-2.145.546**	**-1.992.965**
	Carrying amount, 31 December 2022	**5.668.520**	**5.821.101**

		31/12 2022	31/12 2021
6.	**Plant and machinery**		
	Cost 1 January 2022	22.806.304	2.286.132
	Additions concerning company transfer	0	27.141.381
	Additions during the year	15.170.000	-4.480.742
	Disposals during the year	0	-2.140.467
	Cost 31 December 2022	**37.976.304**	**22.806.304**
	Depreciation and write-down 1 January 2022	-3.581.559	2.959.213
	Amortisation/impairment loss of additions concerning company transfer	0	-7.446.086
	Amortisation and depreciation for the year	-3.274.114	-155.053
	Depreciation, amortisation and impairment loss for the year, assets disposed of	0	155.467
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	0	904.900
	Depreciation and write-down 31 December 2022	**-6.855.673**	**-3.581.559**
	Carrying amount, 31 December 2022	**31.120.631**	**19.224.745**
	Lease assets are recognised at a carrying amount of	30.006.276	18.110.390

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
7.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2022	24.342.376	-136.702
	Additions concerning company transfer	0	14.515.977
	Additions during the year	5.128.405	10.330.385
	Disposals during the year	-3.357.513	-367.284
	Cost 31 December 2022	**26.113.268**	**24.342.376**
	Depreciation and write-down 1 January 2022	-9.192.986	0
	Amortisation/impairment loss of additions concerning company transfer	0	-7.028.789
	Amortisation and depreciation for the year	-3.277.501	-2.531.481
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	413.016	367.284
	Depreciation and write-down 31 December 2022	**-12.057.471**	**-9.192.986**
	Carrying amount, 31 December 2022	**14.055.797**	**15.149.390**
8.	**Other receivables**		
	Deposits	80.175	0
		80.175	**0**
9.	**Deferred tax assets**		
	Deferred tax assets 1 January 2022	-50.849	347.132
	Deferred tax relating to the net profit or loss for the year	2.078.845	-397.981
		2.027.996	**-50.849**
10.	**Prepayments**		
	Prepayments	1.317.006	568.771
	Deferred income	45.228	66.513
		1.362.234	**635.284**

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
11.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2022	0	-347.132
	Deferred tax relating to the net profit or loss for the year	0	397.981
		0	**50.849**
12.	**Provision for guarantee**		
	Change in other provisions for the year	90.804	0
		90.804	**0**

13. 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
Mortgage debt	2.050.314	98.917	1.951.397	0
Lease liabilities	26.866.235	3.814.591	23.051.644	0
	28.916.549	**3.913.508**	**25.003.041**	**0**

		31/12 2022	31/12 2021
14.	**Deferred income**		
	Accruals and deferred income	580.964	717.662
		580.964	**717.662**

Notes

All amounts in DKK.

15. Charges and security

As collateral for mortgage loans, t.DKK 2.050, security has been granted on land and buildings representing a carrying amount of t.DKK 5.669 at 31 December 2022.

The company has issued mortgages registered to the owners totalling t.DKK 2.000 as security for bank loans. The mortgages registered to the owners provide security on the above land and buildings.

For bank loans, t.DKK 10, the company has provided security in company assets representing a nominal value of t.DKK 20.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	8.853
Trade receivables	13.192
Fixtures, fittings, tools, and equipment	45.177
Goodwill	617

Fixtures, fittings, tools, and equipment representing a carrying amount of t.DKK 30.006 at 31 December 2022, cf. note , have been financed by means of finance leases. At 31 December 2022, this lease liability totals t.DKK 26.866.

16. Contingencies

Contingent liabilities

Joint taxation

With Beritech Holding ApS, company reg. no 26377102 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Notes

All amounts in DKK.

16. Contingencies (continued)

Joint taxation (continued)

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

Accounting policies

The annual report for Beritech Manufacturing 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 Beritech Group ApS.

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.

Accounting policies

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.

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 11 and 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.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

When the results of a contract cannot be reliably validated, the revenue is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

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

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 expenses comprise expenses 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 costs

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

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.

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.

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

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

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.

Cryptocurrencies

Acquired intangible assets comprising cryptocurrencies are measured at cost less accumulated amortisations.

Since it is impossible to reliably estimate future impairment of cryptocurrencies and to determine a useful life, residual values are determined as equalling cost and no similarly acquired rights are therefore amortised.

Cryptocurrencies are written down for impairment to a lower recoverable amount. This means that if the price (fair value) drops to below cost, they must be written down for impairment to a lower value in the income statement.

If the price (fair value) subsequently rises, write-down for impairment must be wholly or partly reversed in the income statement.

Gains of losses on sale of cryptocurrencies (the difference between selling price and carrying amount) is recognised in the income statement, normally under other operating income and other operating charges, respectively.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Property, plant, and equipment

Land and buildings is measured at cost plus revaluations and less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

Land and buildings is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and write-down 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.

Accounting policies

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.

Leases

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

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

Accounting policies

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other 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 as well as equity investments in group enterprises 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.

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.

Accounting policies

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.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

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.

Accounting policies

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, Beritech Manufacturing A/S is proportionally 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.

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, loss on work in progress, restructuring, etc. 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.

Accounting policies

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

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.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

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

Deferred income

Payments received concerning future income are recognised under deferred income.