

# **Power Stow A/S**

Erhvervsparken 7, 4621 Gadstrup

Company reg. no. 27 49 47 22

## **Annual report**

**2020/21**

The annual report was submitted and approved by the general meeting on the 30 September 2021.

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**Martin Vestergaard**  
Chairman of the meeting

## Contents

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	<u>Page</u>
<b>Reports</b>	
Management's report	1
Independent auditor's report	2
<b>Management commentary</b>	
Company information	5
Financial highlights	6
Management commentary	7
<b>Financial statements 1 May 2020 - 30 April 2021</b>	
Income statement	9
Statement of financial position	10
Statement of changes in equity	12
Notes	13
Accounting policies	17

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 report

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Today, the board of directors and the executive board have presented the annual report of Power Stow A/S for the financial year 2020/21.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 April 2021 and of the company's results of activities in the financial year 1 May 2020 – 30 April 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Gadstrup, 30 September 2021

### Executive board

Martin Vestergaard  
CEO

Jan Louis Mose

### Board of directors

Peter Thostrup

Anders Malherbes Vestergaard

Hanne Dorte Malherbes Jensen

Martin Vestergaard

Anne Clara Malherbes  
Vestergaard

Hans Lastrup

Stig Holmegaard Thygesen

## Independent auditor's report

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### To the shareholder of Power Stow A/S

#### Opinion

We have audited the financial statements of Power Stow A/S for the financial year 1 May 2020 - 30 April 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 April 2021 and of the results of the company's activities for the financial year 1 May 2020 - 30 April 2021 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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

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As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## **Independent auditor's report**

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In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 30 September 2021

### **Redmark**

State Authorised Public Accountants  
Company reg. no. 29 44 27 89

### **Mark Leerdrup Hansen**

State Authorised Public Accountant  
mne19802

## Company information

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**The company**

Power Stow A/S  
Erhvervsparken 7  
4621 Gadstrup

Company reg. no. 27 49 47 22  
Financial year: 1 May - 30 April

**Board of directors**

Peter Thostrup  
Anders Malherbes Vestergaard  
Hanne Dorte Malherbes Jensen  
Martin Vestergaard  
Anne Clara Malherbes Vestergaard  
Hans Laustrup  
Stig Holmegaard Thygesen

**Executive board**

Martin Vestergaard, CEO  
Jan Louis Mose

**Auditors**

Redmark  
Statsautoriseret Revisionspartnerselskab  
Dirch Passers Allé 76  
2000 Frederiksberg

**Bankers**

Spar Nord Bank A/S

**Parent company**

Power Stow International ApS

## Financial highlights

DKK in thousands.

	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
<b>Income statement:</b>					
Gross profit	112.205	194.789	278.881	144.695	126.020
Profit from operating activities	74.372	135.149	220.681	100.945	90.679
Net financials	-749	-957	-3.734	59.864	6.798
Results for the year	57.848	104.676	171.405	138.088	75.741
<b>Statement of financial position:</b>					
Balance sheet total	128.976	140.995	260.708	263.525	190.062
Investments in property, plant and equipment	13.802	2.744	8.034	3.433	2.468
Equity	83.437	25.589	70.913	179.508	138.821
<b>Employees:</b>					
Average number of full-time employees	59	92	95	72	51
<b>Key figures in %:</b>					
Acid test ratio	291,3	124,3	135,7	318,2	369,5
Solvency ratio	64,7	18,1	27,2	68,1	73,0
Return on equity	106,1	216,9	136,9	86,8	68,3

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:

<b>Acid test ratio</b>	$\frac{\text{Current assets} \times 100\%}{\text{Short term liabilities other than provisions}}$
<b>Solvency ratio</b>	$\frac{\text{Equity, closing balance} \times 100\%}{\text{Total assets, closing balance}}$
<b>Return on equity</b>	$\frac{\text{Net profit or loss for the year} \times 100\%}{\text{Average equity}}$



## Management commentary

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### **The principal activities of the company**

The activities include development, production and sales of cargo handling solutions for the aviation industry.

The solutions reduce the hard physical work and strain on luggage handlers. They also increase the speed and flexibility when loading and offloading bulk baggage and cargo.

### **Unusual circumstances**

The global Covid-19 crisis has had a substantial negative impact on the aviation industry. Since the first cases of the disease in December 2019, the crisis escalated rapidly, and on 11 March 2020, the WHO declared a pandemic. The subsequent many travel restrictions resulted in a sharp slowdown in investments in new equipment among the Company's customers. This have had a significant negative effect on the company's primary activities, and measures were taken in 2020 to scale down the production capacity accordingly.

During the period, the company has received compensation under the Danish Covid-19 compensation scheme. Reference is made to note 1 on special items.

As part of a strategic process for the Group, the company's patents have been sold to the immediate parent company, Power Stow International ApS. The transfer has affected the result for the year with a profit of DKK 91m.

### **Uncertainties about recognition or measurement**

There are no uncertainties as to recognition or measurement.

### **Development in activities and financial matters**

The gross profit for the year totals DKK 112,2m against DKK 194,8m last year. The results from ordinary activities after tax totals DKK 57,8m against DKK 104,7m last year.

Under the given circumstances management considers the results satisfactory and in line with expectations.

### **Special risks**

#### *Financial risks*

The company is only to a limited extent affected by risks in the form of changes in prices, creditworthiness, liquidity and cash flows. When possible, long-term price agreements are made with significant suppliers.

#### *Foreign currency risks*

Activities abroad cause earnings, cash flows and equity to be affected by the development in the exchange rate of several currencies, primarily USD. Management evaluates the risk on a regular basis in order to hedge the overall exposure.

## Management commentary

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### *Suppliers:*

The global shortage of especially electronics components have had a negative effect throughout the company's supplier network. Where possible, the company tries to ensure alternative sources for key components. The company is working closely with its suppliers, to reduce any delays in the production.

### **Environmental issues**

The company is continuously working on measures that can reduce environmental impact by optimizing production processes and recycling waste products. This is a natural part of the Company's objectives for product quality and production conditions.

### **Know how resources**

The Company's business includes the delivery of high-tech and reliable systems for handling luggage in aircraft cargo spaces and airports. In order to continuously deliver these solutions, it is vital that the Company can recruit and maintain employees with a high level of education.

### **Research and development activities**

As from 1 May 2020 all research and development activities are undertaken by the immediate parent company Power Stow International ApS.

### **Expected developments**

The Covid-19 crisis, will continue to have a negative effect on the company's overall activity. The company is however seeing an increased demand from its customers, as the aviation industry is slowly reopening. On that basis, the company expects an increase in the gross profit and a positive result for the current financial year. The company has a continued focus on introducing new products and financing options to the market.

### **Events occurring after the end of the financial year**

There have been no events which materially affect the Annual Report, after the end of the financial year.

### **Branches abroad**

The Company has no branches abroad.

## Income statement 1 May - 30 April

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All amounts in DKK.

<u>Note</u>	<u>2020/21</u>	<u>2019/20</u>
<b>Gross profit</b>	<b>112.204.709</b>	<b>194.788.564</b>
2 Staff costs	-34.227.444	-56.160.330
Depreciation and impairment of property, land, and equipment	-3.604.967	-3.479.396
<b>Operating profit</b>	<b>74.372.298</b>	<b>135.148.838</b>
Other financial income from group enterprises	65.738	1.708.386
Other financial income	539.094	207.117
3 Other financial costs	-1.353.458	-2.872.569
<b>Pre-tax net profit or loss</b>	<b>73.623.672</b>	<b>134.191.772</b>
Tax on ordinary results	-15.775.495	-29.516.169
<b>4 Net profit or loss for the year</b>	<b>57.848.177</b>	<b>104.675.603</b>

## Statement of financial position at 30 April

All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>2021</u>	<u>2020</u>
<b>Non-current assets</b>			
5	Other fixtures and fittings, tools and equipment	16.001.570	5.805.000
	Total property, plant, and equipment	16.001.570	5.805.000
6	Deposits	1.605.200	2.034.238
	Total investments	1.605.200	2.034.238
	<b>Total non-current assets</b>	<b>17.606.770</b>	<b>7.839.238</b>
<b>Current assets</b>			
	Raw materials and consumables	32.636.626	53.772.687
	Work in progress	2.652.329	7.111.770
	Manufactured goods and goods for resale	8.342.009	6.297.082
	Total inventories	43.630.964	67.181.539
	Trade receivables	7.138.528	27.504.922
	Receivables from group enterprises	19.896.515	0
	Deferred tax assets	0	1.402.654
	Other receivables	6.383.776	8.478.470
7	Prepayments and accrued income	1.269.402	1.706.089
	Total receivables	34.688.221	39.092.135
	Available funds	33.050.475	26.881.891
	<b>Total current assets</b>	<b>111.369.660</b>	<b>133.155.565</b>
	<b>Total assets</b>	<b>128.976.430</b>	<b>140.994.803</b>

## Statement of financial position at 30 April

All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2021</u>	<u>2020</u>
<b>Equity</b>			
	Contributed capital	3.000.000	3.000.000
	Retained earnings	80.436.890	22.588.713
	<b>Total equity</b>	<b>83.436.890</b>	<b>25.588.713</b>
<b>Provisions</b>			
8	Provisions for deferred tax	208.865	0
9	Other provisions	6.665.114	6.120.990
	<b>Total provisions</b>	<b>6.873.979</b>	<b>6.120.990</b>
<b>Liabilities other than provisions</b>			
	Deposits	430.507	83.521
	Other payables	0	2.076.814
10	Total long term liabilities other than provisions	430.507	2.160.335
10	Current portion of long term payables	2.785.955	0
	Bank loans	43.294	98.914
	Prepayments received from customers	6.882.882	3.665.188
	Trade payables	11.729.397	9.019.155
	Payables to group enterprises	2	56.322.309
	Income tax payable	14.163.975	29.515.316
	Other payables	2.629.549	8.503.883
	Total short term liabilities other than provisions	38.235.054	107.124.765
	<b>Total liabilities other than provisions</b>	<b>38.665.561</b>	<b>109.285.100</b>
	<b>Total equity and liabilities</b>	<b>128.976.430</b>	<b>140.994.803</b>
<b>1 Special items</b>			
<b>11 Charges and security</b>			
<b>12 Contingencies</b>			
<b>13 Related parties</b>			

## Statement of changes in equity

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All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 May 2020	3.000.000	22.588.713	25.588.713
Profit or loss for the year brought forward	0	57.848.177	57.848.177
	<b>3.000.000</b>	<b>80.436.890</b>	<b>83.436.890</b>

## Notes

All amounts in DKK.

### 1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	<u>2020/21</u>
Income:	
Sale of patents	91.246.000
Compensation for fixed costs, Covid-19	6.030.394
	<u>97.276.394</u>
Special items are recognised in the following items in the financial statements:	
Other operating income / gross profit	<u>97.276.394</u>
<b>Profit of special items, net</b>	<b><u>97.276.394</u></b>

	<u>2020/21</u>	<u>2019/20</u>
<b>2. Staff costs</b>		
Salaries and wages	29.742.362	49.539.591
Pension costs	4.124.889	5.873.658
Other costs for social security	200.511	314.022
Other staff costs	159.682	433.059
	<u><b>34.227.444</b></u>	<u><b>56.160.330</b></u>
Executive board and board of directors	<u>1.621.364</u>	<u>4.088.720</u>
Average number of employees	<u>59</u>	<u>92</u>

## Notes

All amounts in DKK.

	2020/21	2019/20
<b>3. Other financial costs</b>		
Financial costs, group enterprises	1.257.338	1.043.337
Other financial costs	96.120	1.829.232
	<b>1.353.458</b>	<b>2.872.569</b>
<b>4. Proposed appropriation of net profit</b>		
Extraordinary dividend adopted during the financial year	0	150.000.000
Transferred to retained earnings	57.848.177	0
Allocated from retained earnings	0	-45.324.397
<b>Total allocations and transfers</b>	<b>57.848.177</b>	<b>104.675.603</b>
<b>5. Other fixtures and fittings, tools and equipment</b>		
Cost 1 May 2020	17.837.953	23.783.770
Additions during the year	13.801.537	2.743.530
Disposals during the year	0	-8.689.347
<b>Cost 30 April 2021</b>	<b>31.639.490</b>	<b>17.837.953</b>
Amortisation and writedown 1 May 2020	-12.032.953	-15.632.696
Depreciation for the year	-3.604.967	-3.479.396
Reversal of depreciation, amortisation and writedown, assets disposed of	0	7.079.139
<b>Amortisation and writedown 30 April 2021</b>	<b>-15.637.920</b>	<b>-12.032.953</b>
<b>Carrying amount, 30 April 2021</b>	<b>16.001.570</b>	<b>5.805.000</b>
<b>6. Deposits</b>		
Cost 1 May 2020	2.034.238	2.034.238
Disposals during the year	-429.038	0
<b>Cost 30 April 2021</b>	<b>1.605.200</b>	<b>2.034.238</b>
<b>Carrying amount, 30 April 2021</b>	<b>1.605.200</b>	<b>2.034.238</b>



## Notes

All amounts in DKK.

	30/4 2021	30/4 2020
<b>7. Prepayments and accrued income</b>		
Other prepayments	1.269.402	1.706.089
	<b>1.269.402</b>	<b>1.706.089</b>
<b>8. Provisions for deferred tax</b>		
Provisions for deferred tax 1 May 2020	-1.402.654	-1.403.510
Deferred tax of the results for the year	1.611.519	856
	<b>208.865</b>	<b>-1.402.654</b>
<b>9. Other provisions</b>		
Other provisions 1 May 2020	6.120.990	5.130.689
Change of the year in other provisions	544.124	990.301
	<b>6.665.114</b>	<b>6.120.990</b>
Maturity is expected to be:		
0-1 years	3.406.590	1.865.739
1-5 years	3.258.524	4.255.251
more than 5 years	0	0
	<b>6.665.114</b>	<b>6.120.990</b>

Other provisions include ordinary guarantee obligations for the sale of goods.

## 10. Liabilities other than provision

	Total payables 30 Apr 2021	Current portion of long term payables	Long term payables 30 Apr 2021	Outstanding payables after 5 years
Deposits	430.507	0	430.507	83.521
Other payables	2.785.955	2.785.955	0	0
	<b>3.216.462</b>	<b>2.785.955</b>	<b>430.507</b>	<b>83.521</b>

## Notes

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All amounts in DKK.

### 11. Charges and security

The company has provided surety for Power Stow International ApS, for all debt to Spar Nord Bank A/S.

### 12. Contingencies

#### Joint taxation

With Martin Vestergaard Holding ApS, company reg. no 39423170 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

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

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

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

There are no other contingent liabilities.

### 13. Related parties

#### Controlling interest

Related parties with controlling interest include the parent company Power Stow International ApS, Erhvervsparken 7, 4621 Gadstrup, Denmark, MV Invest ApS, Erhvervsparken 7, 4621 Gadstrup, Denmark, and ultimate parent Martin Vestergaard Holding ApS, Erhvervsparken 7, 4621 Gadstrup, Denmark.

#### Transactions

Transactions with related parties have been made regarding sale, purchase of goods, rent and services. All transactions have been made on arms-length principle.

#### Consolidated financial statements

The company is included in the consolidated financial statements of Martin Vestergaard Holding ApS, CVR-no. 39423170, which is the largest in which the company is a subsidiary.

## Accounting policies

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The annual report for Power Stow 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 Martin Vestergaard Holding 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, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets and liabilities are recognised in the balance sheet when the asset or liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

### 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.

## Income statement

### Gross profit

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.

## Accounting policies

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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. 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.

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.

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

### **Staff costs**

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

### **Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

### **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).

## Accounting policies

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### Statement of financial position

#### 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:

	Useful life
Plant and machinery	3-10 years

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.

#### Leases

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 annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

## Accounting policies

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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.

### Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

### Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value 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.

### 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.

## Accounting policies

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### Prepayments and accrued income

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

### Available funds

Available funds comprise cash at bank and in hand.

### 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 "Income tax receivable" or "Income tax payable".

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

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.

## Accounting policies

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### 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.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 15 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.

### Liabilities other than provisions

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