



Techtronic Industries Nordic ApS

Stamholmen 147, 1.
2650 Hvidovre
CVR No. 27976255

Annual report 2021

The Annual General Meeting adopted the
annual report on 31.05.2022

Per Ulf Thomas Jacobsson

Chairman of the General Meeting

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Entity details

Entity

Techtronic Industries Nordic ApS

Stamholmen 147, 1.

2650 Hvidovre

Business Registration No.: 27976255

Registered office: Hvidovre

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Bent Andersen

Per Ulf Thomas Jakobsson

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of Techtronic Industries Nordic ApS for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hvidovre, 31.05.2022

Executive Board

Bent Andersen

Per Ulf Thomas Jakobsson

Independent auditor's report

To the shareholder of Techtronic Industries Nordic ApS

Opinion

We have audited the financial statements of Techtronic Industries Nordic ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, 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 conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Jan Larsen

State Authorised Public Accountant

Identification No (MNE) mne16541

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	2,182,600	1,631,311	1,270,559	1,072,008	889,513
Gross profit/loss	135,072	92,678	84,212	65,104	48,982
Operating profit/loss	39,265	23,147	27,819	21,826	14,235
Net financials	232	(5,783)	(7,221)	(5,175)	(4,281)
Profit/loss for the year	30,602	13,592	16,018	15,306	6,368
Total assets	1,004,240	709,364	522,572	440,347	367,710
Investments in property, plant and equipment	19,114	28,118	14,079	0	0
Equity	103,777	73,175	59,584	43,929	28,623
Ratios					
Gross margin (%)	6.19	5.68	6.63	6.07	5.51
EBIT margin (%)	1.80	1.42	2.19	2.04	1.60
Net margin (%)	1.40	0.83	1.26	1.43	0.72
Return on equity (%)	34.59	20.48	30.95	42.19	25.03
Equity ratio (%)	10.33	10.32	11.40	9.98	7.78

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The primary activities of the Company are the wholesale trade of power tools, garden tools and accessories. The trading takes place through distributors in Denmark, Sweden, Norway, Finland, Estonia, Lithuania, Latvia and Iceland. Moreover, the affiliated companies in Norway, Sweden and Finland provide sales support to the Company.

About the company

At Techtronic Industries Nordic (TTI Nordic), we are proud of our iconic brands - MILWAUKEE, RYOBI and AEG, which we market in the Nordic and Baltic regions. Each of these premium brands has a rich history that we build on daily. Our customers are our partners, and we do everything in our power to support their business. Our unrelenting strategic focus on powerful brands, innovative products, operational excellence and exceptional people is part of our DNA.

TTI Nordic is part of the TTI Group, a world market leader in power tools, accessories, hand tools, outdoor power equipment, floor care and appliances for the do-it-yourselfer (DIY) and professional and industrial users in the home improvement, repair, maintenance, construction and infrastructure industries. The TTI Group is accelerating the transformation of these industries through innovative and eco-friendly cordless technologies.

Our cutting-edge brands and products are recognised worldwide for their deep heritage, superior quality, outstanding performance and user-driven innovation. The TTI Group consistently delivers exciting new solutions that enhance customer satisfaction and productivity through an ongoing company-wide commitment to cordless technology, innovation and strong customer partnerships. This focus and drive provide us with a strong platform for sustainable leadership and growth.

Development in activities and finances

Net sales increased by 34% compared to 2020, with strong growth in both the professional channels and the consumer/retail channels benefitting from continued commercial, customer and marketing investments. The Company outpaced the competition by accelerating the transition to cordless tools and equipment, delivering organic growth while consistently generating gross margin improvement and profit growth. The profit for the year amounts to DKK 31 million.

Profit/loss for the year in relation to expected developments

TTI Nordic experienced great development in 2021. We expect this development to continue in 2022.

Uncertainty relating to recognition and measurement

According to note 15, warranty commitments have been recognised by DKK 40.5 million regarding expected demands based on the previous experience of the level of repairs and returns. Based on future expectations, these warranty commitments include a significant element of uncertainty.

Unusual circumstances affecting recognition and measurement

No unusual circumstances that might have affected recognition and measurement has occurred 2021.

Outlook

Management expects a generally positive market and a continued growth of the market share in the Nordic and Baltic regions. Further comments on the outlook are available in the annual report of the TTI Group, which can be found using the following link: <https://ir.ttigroup.com/en/ir/annual/2021/ar2021.pdf>

Environmental performance

The Company encourages initiatives to reduce the environmental impact, particularly through environmentally friendly technologies.

Research and development activities

The Company does not have any research and development activities as these are managed by the TTI Group. For further details and comments on research and development, please refer to the annual report of the TTI Group, which can be found using the following link: <https://ir.ttigroup.com/en/ir/annual/2021/ar2021.pdf>.

Group relations

In the annual report of the Group, Techtronic Industries comments on the group structure. For further details, we recommend checking our group website.

Statutory report on corporate social responsibility

In the annual report of the Group, the TTI Group comments on CSR policies. For further details, we recommend checking the annual report of the Group, which can be found using the following link: <https://ir.ttigroup.com/en/ir/annual/2021/ar2021.pdf>.

Statutory report on the underrepresented gender

TTI Nordic takes the issue of gender equality and representation seriously, although a gender imbalance typically characterises our industry with 86% males and 14% females. TTI Nordic will continue to take strong steps to ensure that the Company fosters an environment which is equally open and attractive to everyone. This view is consistent with the commitment to employees as stated in the TTI Group's Code of Ethics. Management of the Company consists of two people of the same gender (male). For further details, please see the annual report of the Group, which can be found using the following link: <https://ir.ttigroup.com/en/ir/annual/2021/ar2021.pdf>.

Statutory report on data ethics policy

In the annual report of the Group, Techtronic Industries comments on data ethics policies. For further details, we recommend checking the annual report of the Group, which can be found using the following link: <https://ir.ttigroup.com/en/ir/annual/2021/ar2021.pdf>.

In 2022, a data ethics policy will be prepared and approved by the Board of Directors. TTI will actively work to ensure that all information is responsibly handled and follows all applicable standards, policies and laws. Of course, this work also implies that the Group strives to conduct its business ethically, acknowledging the increased use and processing of data as an integral part of the Group's business. Before the Board of Directors approves the data ethics policy, it will be discussed and approved by the management team of the Group.

In 2022, the Group's data ethics ambition is to continue implementing the policy through training and communication.

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Revenue	2	2,182,600	1,631,311
Cost of sales		(1,608,230)	(1,223,371)
Other external expenses	3	(439,298)	(315,262)
Gross profit/loss		135,072	92,678
Staff costs	4	(81,307)	(57,804)
Depreciation, amortisation and impairment losses	5	(14,500)	(11,727)
Operating profit/loss		39,265	23,147
Other financial income	6	2,899	1,298
Other financial expenses	7	(2,667)	(7,081)
Profit/loss before tax		39,497	17,364
Tax on profit/loss for the year	8	(8,895)	(3,772)
Profit/loss for the year	9	30,602	13,592

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Land and buildings		14,083	15,898
Other fixtures and fittings, tools and equipment		24,395	18,071
Leasehold improvements		798	1,050
Property, plant and equipment	10	39,276	35,019
Other receivables		1,717	1,552
Deferred tax	12	403	58
Financial assets	11	2,120	1,610
Fixed assets		41,396	36,629
Trade receivables		418,058	288,725
Receivables from group enterprises		99,783	23,242
Tax receivable		16,000	1,897
Prepayments	13	3,161	3,121
Receivables		537,002	316,985
Cash		425,842	355,750
Current assets		962,844	672,735
Assets		1,004,240	709,364

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	14	125	125
Retained earnings		51,652	73,050
Proposed dividend		52,000	0
Equity		103,777	73,175
Other provisions	15	40,480	33,303
Provisions		40,480	33,303
Lease liabilities		26,490	23,886
Other payables		0	4,478
Non-current liabilities other than provisions	16	26,490	28,364
Current portion of non-current liabilities other than provisions	16	13,582	10,352
Trade payables		24,284	23,820
Payables to group enterprises		539,133	367,725
Tax payable		19,956	0
Other payables	17	236,538	172,625
Current liabilities other than provisions		833,493	574,522
Liabilities other than provisions		859,983	602,886
Equity and liabilities		1,004,240	709,364
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Transactions with related parties	21		
Group relations	22		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	125	73,050	0	73,175
Profit/loss for the year	0	(21,398)	52,000	30,602
Equity end of year	125	51,652	52,000	103,777

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Revenue

Disclosures of revenue broken down by activities and geographical areas are omitted for competitive reasons; see section 96(1) of the Danish Financial Statements Act.

3 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit services	400	340
Other services	63	62
	463	402

4 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	73,369	51,010
Pension costs	5,286	4,305
Other social security costs	1,105	940
Other staff costs	1,547	1,549
	81,307	57,804

Average number of full-time employees	106	84
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	Remuneration of Management 2021 DKK'000	Remuneration of Management 2020 DKK'000
Executive Board	5,500	4,838
	5,500	4,838

5 Depreciation, amortisation and impairment losses

	2021	2020
	DKK'000	DKK'000
Depreciation of property, plant and equipment	14,500	11,839
Profit/loss from sale of intangible assets and property, plant and equipment	0	(112)
	14,500	11,727

6 Other financial income

	2021	2020
	DKK'000	DKK'000
Other interest income	1,401	1,298
Exchange rate adjustments	1,498	0
	2,899	1,298

7 Other financial expenses

	2021	2020
	DKK'000	DKK'000
Other interest expenses	2,667	2,370
Exchange rate adjustments	0	4,711
	2,667	7,081

8 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	9,242	3,795
Change in deferred tax	(345)	(58)
Adjustment concerning previous years	(2)	35
	8,895	3,772

9 Proposed distribution of profit and loss

	2021	2020
	DKK'000	DKK'000
Retained earnings	30,602	13,592
	30,602	13,592

10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	18,045	34,141	1,261
Additions	961	18,153	0
Disposals	0	(10,596)	0
Cost end of year	19,006	41,698	1,261
Depreciation and impairment losses beginning of year	(2,147)	(16,070)	(211)
Depreciation for the year	(2,776)	(11,472)	(252)
Reversal regarding disposals	0	10,239	0
Depreciation and impairment losses end of year	(4,923)	(17,303)	(463)
Carrying amount end of year	14,083	24,395	798

Carrying amount end of year of Right of use assets amounts to tDKK 14,083 for Land and buildings and tDKK 24,395 for Other fixtures and fittings, tools and equipment.

11 Financial assets

	Other receivables DKK'000	Deferred tax DKK'000
Cost beginning of year	1,552	58
Additions	169	345
Disposals	(4)	0
Cost end of year	1,717	403
Carrying amount end of year	1,717	403

12 Deferred tax

	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	58	0
Recognised in the income statement	345	58
End of year	403	58

Deferred tax assets

As it is expected to generate taxable income in within the next couple of years we take a deferred tax asset into the books.

13 Prepayments

Prepayments consist of prepaid expenses for rent, insurance premiums and subscriptions, etc.

14 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	125	1000	125,000
	125		125,000

15 Other provisions

The Company provides a warranty of up to three years on some products and, in so doing, is committed to repair or reimburse products, which are not satisfactory. Warranty commitments are recognised by DKK 40,480 thousand (2020: DKK 33,303 thousand) regarding expected repairs based on the previous volume of repairs and returns.

16 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Lease liabilities	13,582	10,352	26,490	380
	13,582	10,352	26,490	380

17 Other payables

	2021 DKK'000	2020 DKK'000
VAT and duties	34,023	27,547
Wages and salaries, personal income taxes, social security costs, etc payable	14,531	5,489
Holiday pay obligation	4,019	2,018
Other costs payable	183,965	137,571
	236,538	172,625

18 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Liabilities under rental or lease agreements until maturity in total	0	29,405

19 Assets charged and collateral

Bank debt and guarantees provided by the bank against third party are secured by way of a receivables charge of DKK 2,000 thousand (2020: DKK 0 thousand)

20 Related parties with controlling interest

Techtronic Industries EMEA Limited, 3 Globeside Business Park, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1HZ, United Kingdom, wholly owns the shares of the Entity, thus exercising control over the Entity.

21 Transactions with related parties

No transactions with related parties were made in the financial year 2021, which were not made on an arm's length basis.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Techtronic Industries Co. Ltd., Hong Kong

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Techtronic Industries Co. Ltd., Hong Kong

The consolidated financial statements can be downloaded from the website of Techtronic Industries Co. Ltd.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Property, plant and equipment**

Buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	5 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Finance lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Company has not prepared any cash flow statement as such statement is prepared by the Ultimate Parent.