

## **NEXANS INDUSTRY SOLUTIONS A/S**

Livøvej 37 B  
8800 Viborg  
CVR No. 27985378

### **Annual report 2019**

The Annual General Meeting adopted the  
annual report on 28.08.2020

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**Joe Andersen**

Chairman of the General Meeting

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# Entity details

## Entity

NEXANS INDUSTRY SOLUTIONS A/S

Livøvej 37 B

8800 Viborg

CVR No.: 27985378

Registered office: Viborg

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Carl Martin Forssell

Kristian Nordskov

Jean-Marc RETY

## Executive Board

Joe Andersen

## Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Reservevej 81

7800 Skive

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of NEXANS INDUSTRY SOLUTIONS A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Viborg, 28.08.2020

**Executive Board**

**Joe Andersen**

**Board of Directors**

**Carl Martin Forssell**

**Kristian Nordskov**

**Jean-Marc RETY**

# Independent auditor's report

## To the shareholders of NEXANS INDUSTRY SOLUTIONS A/S

### Opinion

We have audited the financial statements of NEXANS INDUSTRY SOLUTIONS A/S for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the 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.

Skive, 28.08.2020

**PricewaterhouseCoopers**

CVR No. 33 77 12 31

**Jesper K. Viborg**

statsautoriseret revisor

Identification No (MNE) mne35413

# Management commentary

## Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
<b>Key figures</b>					
Gross profit/loss	53.958	69.623	34.181	26.656	17.535
Operating profit/loss	18.827	35.213	11.881	10.433	4.498
Net financials	(1.649)	35	(30)	38	35
Profit/loss for the year	13.215	27.304	9.243	8.167	3.468
Total assets	132.242	135.124	37.739	31.434	23.901
Investments in property, plant and equipment	682	947	365	373	1.255
Equity	94.545	88.830	30.779	25.536	18.370
<b>Ratios</b>					
Return on equity (%)	14.42	45.65	32.81	37.21	19.7
Equity ratio (%)	71.50	65.74	81.56	81.26	76.86

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

By decision of 8 November 2018, the company merged retroactively with the sister company Nexans Denmark A/S with effect from 1 January 2018. The Company's management has chosen to use the book value method when preparing the financial statements for 2018, and no adjustment of the comparative figures has thus been made.

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Total assets

### Primary activities

Nexans Industry Solutions A/S is part of the global Nexans Group, whose head office is situated in Paris. Nexans is one of the largest cable manufacturers in the world – with production in more than 30 countries and commercial activities worldwide. Nexans employs about 25,000 people worldwide. Nexans is listed on the Stock Exchange in Paris.

Nexans Industry Solutions A/S mainly confects cables by request from the customers.

### Development in activities and finances

The company's operations during the current financial year, shows a profit of DKK 13,215k after tax, which is characterized as a satisfactory result and in line with the expectations.

The financial year of 2018 was positively influenced by income of DKK 20,651k before tax, from the sale of goodwill not previously recognized. The goodwill was linked to the non-wind business activities in Nexans Denmark A/S.

### Outlook

A rise in activity is to be expected during the coming year, which expectedly will result in an improved result. An operating profit of approximately DKK 20,000k is to be expected.

The budget and 2021 will be slightly different than previous years and NIS expect production and sales starting directly in Poland and sales from China commencing late Q3 and continue growing in 2021.

### Particular risks

The company has no risks – apart from risks commonly known to the business – including the risk of rises and drops in prices of copper and aluminium.

### Environmental performance

Nexans Industry Solutions A/S has made a policy regarding environmental performance to keep focus and reduce the environmental impact – primarily caused by consumption of electricity, heat and waste from the production. The policy will contain targets to be able to measure the performance. Nexans Industry Solutions A/S has obtained certification, according to DS/ ISO 9001, and environmental certification, according to DS/ISO 14001. Through these certifications we expect to obtain a strengthened position to meet new challenges and to be better prepared to face existing and future demands from our customers with regards to quality and environment.

**Research and development activities**

Research is mainly carried out by other companies in the Nexans Group, whereas development concerning the company's line of business is made internally.

**Events after the balance sheet date**

The outbreak and spread of COVID-19 in early 2020 has resulted in the company's revenue for 2020 is expected to be reduced compared to expectations at the beginning of the year. This decrease is due to decrease in demand in the company's markets. At present, however, it is not possible to make a reliable estimate of when the effect of COVID-19 will decrease and net sales and operations in the company will be normalized.

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

# Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>53,958,254</b>	<b>69,623,132</b>
Staff costs	2	(34,715,359)	(33,977,318)
Depreciation, amortisation and impairment losses	3	(415,764)	(433,267)
<b>Operating profit/loss</b>		<b>18,827,131</b>	<b>35,212,547</b>
Income from investments in group enterprises		0	(769,742)
Other financial income		723,490	1,198,842
Other financial expenses		(2,372,244)	(394,463)
<b>Profit/loss before tax</b>		<b>17,178,377</b>	<b>35,247,184</b>
Tax on profit/loss for the year	4	(3,963,846)	(7,942,971)
<b>Profit/loss for the year</b>	5	<b>13,214,531</b>	<b>27,304,213</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Plant and machinery		1,441,382	463,213
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment in progress		0	712,320
<b>Property, plant and equipment</b>	6	<b>1,441,382</b>	<b>1,175,533</b>
Investments in group enterprises		0	0
Receivables from group enterprises		1,836,130	876,300
<b>Other financial assets</b>	7	<b>1,836,130</b>	<b>876,300</b>
<b>Fixed assets</b>		<b>3,277,512</b>	<b>2,051,833</b>
Raw materials and consumables		41,301,086	29,099,170
Work in progress		247,994	463,895
Manufactured goods and goods for resale		3,484,986	2,691,389
<b>Inventories</b>		<b>45,034,066</b>	<b>32,254,454</b>
Trade receivables		58,580,768	62,546,651
Receivables from group enterprises		4,591,030	21,579,959
Deferred tax	8	291,000	122,000
Other receivables		550,723	901,123
Income tax receivable		1,540,487	1,161,933
Prepayments	9	407,367	342,120
<b>Receivables</b>		<b>65,961,375</b>	<b>86,653,786</b>
<b>Cash</b>		<b>17,968,711</b>	<b>14,163,657</b>
<b>Current assets</b>		<b>128,964,152</b>	<b>133,071,897</b>
<b>Assets</b>		<b>132,241,664</b>	<b>135,123,730</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019 DKK</b>	<b>2018 DKK</b>
Contributed capital		3,694,000	3,694,000
Retained earnings		90,850,785	77,636,254
Proposed dividend		0	7,500,000
<b>Equity</b>		<b>94,544,785</b>	<b>88,830,254</b>
Other payables		1,107,757	0
<b>Non-current liabilities other than provisions</b>	<b>10</b>	<b>1,107,757</b>	<b>0</b>
Bank loans		4,645,209	10,140,866
Trade payables		8,925,334	6,785,109
Payables to group enterprises		18,526,413	22,586,098
Other payables		4,492,166	6,781,403
<b>Current liabilities other than provisions</b>		<b>36,589,122</b>	<b>46,293,476</b>
<b>Liabilities other than provisions</b>		<b>37,696,879</b>	<b>46,293,476</b>
<b>Equity and liabilities</b>		<b>132,241,664</b>	<b>135,123,730</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	11		
Related parties with controlling interest	12		
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# Statement of changes in equity for 2019

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	3,694,000	77,636,254	7,500,000	88,830,254
Ordinary dividend paid	0	0	(7,500,000)	(7,500,000)
Profit/loss for the year	0	13,214,531	0	13,214,531
<b>Equity end of year</b>	<b>3,694,000</b>	<b>90,850,785</b>	<b>0</b>	<b>94,544,785</b>

# Notes

## 1 Events after the balance sheet date

The outbreak and spread of COVID-19 in early 2020 has resulted in the company's revenue for 2020 is expected to be reduced compared to expectations at the beginning of the year. This decrease is due to decrease in demand in the company's markets. At present, however, it is not possible to make a reliable estimate of when the effect of COVID-19 will decrease and net sales and operations in the company will be normalized.

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

## 2 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	29,334,264	29,165,474
Pension costs	3,718,966	3,841,022
Other social security costs	1,662,129	970,822
	<b>34,715,359</b>	<b>33,977,318</b>
Average number of full-time employees	<b>75</b>	<b>75</b>

Referring to section 98B of the Danish Financial Statements Act, remuneration to Management is not disclosed.

## 3 Depreciation, amortisation and impairment losses

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	415,764	433,267
	<b>415,764</b>	<b>433,267</b>

## 4 Tax on profit/loss for the year

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	4,132,846	5,674,667
Change in deferred tax	(169,000)	2,267,000
Adjustment concerning previous years	0	1,304
	<b>3,963,846</b>	<b>7,942,971</b>

## 5 Proposed distribution of profit and loss

	2019 DKK	2018 DKK
Ordinary dividend for the financial year	0	7,500,000
Retained earnings	13,214,531	19,804,213
	<b>13,214,531</b>	<b>27,304,213</b>

## 6 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	19,586,829	2,760,222	712,320
Transfers	712,320	0	(712,320)
Additions	681,613	0	0
<b>Cost end of year</b>	<b>20,980,762</b>	<b>2,760,222</b>	<b>0</b>
Depreciation and impairment losses beginning of year	(19,123,616)	(2,760,222)	0
Depreciation for the year	(415,764)	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(19,539,380)</b>	<b>(2,760,222)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1,441,382</b>	<b>0</b>	<b>0</b>

## 7 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Cost beginning of year	89,000	876,300
Additions	0	959,830
<b>Cost end of year</b>	<b>89,000</b>	<b>1,836,130</b>
Revaluations beginning of year	(89,000)	0
<b>Revaluations end of year</b>	<b>(89,000)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>1,836,130</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
B E CableCon Poland sp. z o.o.	Poland	sp. z o.o.	100
Nexans Cable (Tianjin) Co., Ltd	China	Ltd	100

## 8 Deferred tax

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Property, plant and equipment	221,000	295,000
Inventories	160,000	(99,000)
Receivables	(90,000)	(74,000)
<b>Deferred tax</b>	<b>291,000</b>	<b>122,000</b>

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>Changes during the year</b>		
Beginning of year	122,000	245,000
Recognised in the income statement	169,000	(2,267,000)
Other changes*	0	2,144,000
<b>End of year</b>	<b>291,000</b>	<b>122,000</b>

Deferred tax asset is related to property, plant and equipment and inventories, which is expected to equalize within a period of three years.

## 9 Prepayments

Prepayments consist of prepaid expenses.

## 10 Non-current liabilities other than provisions

	<b>Due after more than 12 months 2019 DKK</b>
Other payables	1,107,757
	<b>1,107,757</b>

## 11 Unrecognised rental and lease commitments

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>586,207</b>	<b>577,605</b>

At 31.12.2019 Nexans Industry Solutions A/S had a payment obligation of DKK 31,000k related to capital increase in the company's Chinese subsidiary. The obligation was paid in 2020.

## 12 Related parties with controlling interest

Nexans Participations SA, Courbevoie, France owns all shares in the company and therefor has a controlling interest.

**13 Transactions with related parties**

Transactions with related parties, is only mentioned in the annual report if the transactions are not performed at arm's length. There is no such transaction in the financial year 2019

**14 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Nexans SA, Paris La Défense Cedex, France

Registration number: 393 525 852

# Accounting policies

## Reporting class

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

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

## Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## 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.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

**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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Changes in inventories of finished goods and work in progress**

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**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 as well as 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 as well as 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**

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 self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. 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:

Plant and machinery	2-5 years
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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.

**Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises 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.

**Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

**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.

**Income 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 cash in hand and 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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

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

**Cash flow statement**

In accordance with section 86.4 of the Danish Financial Statements Act, the company has not prepared a cash flow statement.