

Legrand Scandinavia A/S

Avedøreholmen 48

2650 Hvidovre

CVR No. 29185808

Annual Report 2022

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15 June 2023

Ralf Karl-Heinz Schweickardt

Contents

	Page
Management's Statement	3
Independent Auditor's Report	4
Company Details	6
Management's Review	7
Key Figures and Financial Ratios	8
Income Statement	9
Balance Sheet 31 December	10
Statement of changes in Equity	12
Notes	13

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Legrand Scandinavia A/S for the financial year 1 January 2022 - 31 December 2022.

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 assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hvidovre, 15 June 2023

Executive Board

Ralf Karl-Heinz Schweickardt

Board of Directors

Frank, Roger, Michel Lemery
Chairman

Ralf Karl-Heinz Schweickardt

Yriex Dominique Roullac

Independent Auditor's Report

To the Shareholder of Legrand Scandinavia A/S

Opinion

We have audited the financial statements of Legrand Scandinavia A/S for the financial year 1 January 2022 - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January 2022 - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' 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 and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risk of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Independent Auditor's Report

- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for the management's review.

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

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

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of management's review.

København Ø, 15 June 2023

Mazars

Statsautoriseret Revisionspartnerselskab

CVR-no. 31061741

Karsten Vedel

State Authorised Public Accountant

mne47841

Legrand Scandinavia A/S

Company details

Company	Legrand Scandinavia A/S Avedøreholmen 48 2650 Hvidovre
CVR No.	29185808
Financial year	1 January 2022 - 31 December 2022
Board of Directors	Frank, Roger, Michel Lemery, Chairman Ralf Karl-Heinz Schweickardt Yriex Dominique Roullac
Executive Board	Ralf Karl-Heinz Schweickardt
Auditors	Mazars Statsautoriseret Revisionspartnerselskab Midtermolen 1, 2.tv 2100 København Ø CVR-no.: 31061741
Consolidated Financial Statements	<p>The annual report of the Company is part of the consolidated financial statements of the ultimate Parent Company, Legrand SA.</p> <p>The consolidated financial statements can be obtained by written application to:</p> <p>Legrand Société anonyme 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges</p>

Management's Review

Main activity

The Company's activity consists of distribution and sale of electrical and building infrastructure and the majority of all activities are to a great extent based on the sale of the Legrand Group's products on the Scandinavian markets.

Going Concern

The inflation has impacted the Business in 2022 but the company has reacted fast by increasing selling prices. As inflation is stabilizing in 2023 the company will benefit of a carry over effect from 2022 price increases.

Furthermore, the Company has with reference to the development in income and equity the expectations to the development in 2022 obtained a letter of support from the Parent company Legrand France SA which secures the liquidity for the upcoming 12 months. The Company has also a long-term credit facility with the Parent Company Legrand France SA until the end of April 2026.

The Company has a negative equity of DKK 6.361.255 as of 31 December 2022. The Company's management expect to re-establish the equity from future operations within next years (2 to 3 years).

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2022 - 31 December 2022 shows a result of DKK 9.618.915 and the Balance Sheet at 31 December 2022 a balance sheet total of DKK 53.774.198 and an equity of DKK -6.361.255.

The development in activities has been better than in was Budgeted, the two main explanations for better level of Sales are higher price increase to face fast raising cost due to the geopolitical situation. And new Businesses. The cost increase hasn't been covered fully by the price but the profit ended higher than expected with much lower expenses- projects and new headcounts have been postponed.

Capital resources and liquidity

The Company has almost recovered 40% of the equity as of 31 December 2022. The Company is working very actively to protect its profitability and free cash flow. The Company's management expect to re-establish the equity from future operations.

To secure the liquidity the Company has received a letter of support and established a long-term credit facility with its immediate parent Legrand France SA.

Expectations for the future

The Company expects its operations to develop positively next years, the operating profit is expected to be in the range of 8.000.000 and 12.000.000 DKK for 2023.

An important growth in Sales is expected with better margins due to high price carry over effect and new Businesses, and as we expect a growth on Sales around 20% and on expenses only 10%, this will bring out higher profitability in 2023.

Insecurity regarding recognition or measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

External environment

The external Business environment is actually changing due to market and shareholder expectations regarding Corporate Social Responsibility, of companies. It has been the case over the last years and Legrand Group has committed to high internal objectives regarding environmental and human topics.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

Numbers appear in thousands

	2022	2021	2020	2019	2018
Key figures					
Gross profit	27.904	24.453	19.249	7.399	14.528
Operating profit/loss	7.014	4.084	-378	-11.599	-2.829
Net financial income and expenses	-914	-303	-370	-68	-783
Profit/loss for the year	9.619	3.781	-748	-11.667	-3.612
Total assets	53.774	45.209	38.214	34.698	31.227
Investment in non-current assets	376	262	541	583	393
Total equity	-6.361	-15.980	-19.761	-19.013	-7.345
Avg. number of full-time employees					
	24	23	24	23	21
Ratios					
Return on capital employed (%)	14,17	9,79	-1,04	-35,19	-9,90
Solvency ratio (%)	-11,83	-35,35	-51,71	-54,79	-23,52
Return on equity (ROE) (%)	-86,11	-21,16	3,86	88,53	65,20

For definitions of key ratios, see Accounting Policies

Legrand Scandinavia A/S

Income Statement

	Note	2022 DKK	2021 DKK
Gross profit		27.903.578	24.453.028
Staff expenses	2	-20.324.122	-19.773.546
Depreciation, property, plant and equipment		-565.295	-595.840
Profit/loss from ordinary operating activities		7.014.161	4.083.642
Financial income		289.425	97.153
Financial expenses	3	-1.203.907	-400.161
Profit/loss from ordinary activities before tax		6.099.679	3.780.634
Tax expense on ordinary activities		3.519.236	0
Net profit/loss for the year		9.618.915	3.780.634
Proposed distribution of results	4		
Retained earnings		9.618.915	3.780.634
Distribution of profit		9.618.915	3.780.634

Balance Sheet 31 December

	Note	2022 DKK	2021 DKK
Assets			
Software	5	280.622	351.326
Intangible assets		280.622	351.326
Plant and machinery	6	330.949	287.865
Other fixtures, fittings, tools and equipment	7	182.169	209.639
Leasehold improvements	8	199.293	333.577
Property, plant and equipment		712.411	831.081
Fixed assets		993.033	1.182.407
Manufactured goods and goods for resale		11.834.082	8.244.417
Inventories	9	11.834.082	8.244.417
Short-term trade receivables		26.680.056	26.616.058
Current deferred tax	10	3.519.236	0
Other short-term receivables		822.919	845.922
Prepayments	11	618.862	843.321
Receivables		31.641.073	28.305.301
Cash and cash equivalents		9.306.010	7.477.144
Current assets		52.781.165	44.026.862
Assets		53.774.198	45.209.269

Balance Sheet 31 December

	Note	2022 DKK	2021 DKK
Liabilities and equity			
Share capital		500.000	500.000
Retained earnings		-6.861.255	-16.480.170
Equity		-6.361.255	-15.980.170
Payables to group enterprises		32.124.153	44.880.268
Long-term liabilities other than provisions	12	32.124.153	44.880.268
Trade payables		10.505.593	6.530.683
Payables to group enterprises		10.051.000	3.609.592
Other payables		6.170.632	6.168.896
Deposits, liabilities other than provisions		1.284.075	0
Short-term liabilities other than provisions		28.011.300	16.309.171
Liabilities other than provisions within the business		60.135.453	61.189.439
Liabilities and equity		53.774.198	45.209.269
Contingent liabilities	13		
Related parties and ownership	14		

Statement of changes in Equity

	Share capital	Retained earnings	Total
Equity 1 January 2022	500.000	-16.480.170	-15.980.170
Net profit/loss for the year	0	9.618.915	9.618.915
Equity 31 December 2022	500.000	-6.861.255	-6.361.255

Notes

1. Going concern

The inflation has impacted the Business in 2022 but the company has reacted fast by increasing selling prices. As inflation is stabilizing in 2023 the company will benefit of a carry over effect from 2022 price increases.

Furthermore, the Company has with reference to the development in income and equity the expectations to the development in 2022 obtained a letter of support from the Parent company Legrand France SA which secures the liquidity for the upcoming 12 months. The Company has also a long-term credit facility with the Parent Company Legrand France SA until the end of April 2026.

The Company has a negative equity of DKK 6.361.255 as of 31 December 2022. The Company's management expect to re-establish the equity from future operations within next years (2 to 3 years).

	2022	2021
	DKK	DKK
2. Staff expenses		
Wages and salaries	14.730.171	17.634.041
Pensions	2.458.074	1.198.749
Social security contributions	3.135.877	940.756
	20.324.122	19.773.546
Average number of employees	<u>24</u>	<u>23</u>

Referring to the Danish Financial Statement Act §98B, section 3.2 Management's salaries are left out.

Incentive programme:

The company has an incentive program for key employees. Based on the performance of the employee during the reference year and on his/her job level, Legrand grants stock awards on June 12th in the year following the performance year.

Stock awards are a promise to deliver a number of shares on the fourth anniversary of grant on the condition that specific performance criteria are met and that the person remains employed up to and including on the vesting date. The stock awards are granted by Legrand SA. The stock awards are cash based: Legrand SA buys the shares on the market, delivers them to the employee and recharges the cost to the affiliate.

3. Financial expenses

Finance expenses, group	365.074	151.103
Other finance expenses	54.440	123.937
Exchange adjustments, expenses	784.393	125.121
	1.203.907	400.161

4. Distribution of profit

Retained earnings	<u>9.618.915</u>	<u>3.780.634</u>
	9.618.915	3.780.634

Notes

5. Software

	2022	2021
	DKK	DKK
Cost at the beginning of the year	434.351	80.830
Addition in the year	0	353.521
Cost at the end of the year	434.351	434.351
Depreciation and amortisation at the beginning of the year	-83.025	-2.245
Amortisation for the year	-70.704	-80.780
Impairment losses and amortisation at the end of the year	-153.729	-83.025
Carrying amount at the end of the year	280.622	351.326

6. Plant and machinery

Cost at the beginning of the year	1.311.176	1.209.377
Addition during the year, incl. improvements	176.588	101.799
Cost at the end of the year	1.487.764	1.311.176
Depreciation and amortisation at the beginning of the year	-1.023.311	-894.171
Depreciation for the year	-133.504	-129.140
Depreciation and amortisation at the end of the year	-1.156.815	-1.023.311
Carrying amount at the end of the year	330.949	287.865

7. Other fixtures, fittings, tools and equipment

Cost at the beginning of the year	962.545	1.156.076
Addition during the year, incl. improvements	193.901	37.472
Disposal during the year	0	-231.003
Cost at the end of the year	1.156.446	962.545
Depreciation and amortisation at the beginning of the year	-752.906	-739.408
Depreciation for the year	-221.371	-244.501
Reversal of amortisation of disposed assets	0	231.003
Depreciation and amortisation at the end of the year	-974.277	-752.906
Carrying amount at the end of the year	182.169	209.639

Notes

8. Leasehold improvements

	2022	2021
	DKK	DKK
Cost at the beginning of the year	961.872	739.727
Addition during the year, incl. improvements	5.432	241.738
Disposal during the year	0	-19.593
Cost at the end of the year	967.304	961.872
Depreciation and amortisation at the beginning of the year	-628.295	-506.469
Deprecation for the year	-139.716	-141.419
Reversal of amortisation of disposed assets	0	19.593
Depreciation and amortisation at the end of the year	-768.011	-628.295
Carrying amount at the end of the year	199.293	333.577

9. Inventories

Inventories are stated as follows:

Manufactured goods and goods for resale	11.834.082	8.244.417
Inventories in total	11.834.082	8.244.417

10. Deferred tax asset

At December 31, 2022, potential deferred tax assets totaled DKK 3.519.236 (2021: DKK 4.894.369). In 2022 Legrand Scandinavia recorded deferred tax assets totaling DKK 3.519.236 (2021: DKK 0) which represents the net tax benefit that the Company considers probable to be realized through the year 2023-2025, based on Company budget for 2023, and estimates for 2024-2025.

11. Deferred income

Prepays - Other	618.862	843.321
Balance at the end of the year	618.862	843.321

Notes

12. Long-term liabilities

	Due after 1 year DKK	Due within 1 year DKK	Due after 5 years DKK
Payables to group enterprises	32.124.153	10.051.000	0
	32.124.153	10.051.000	0

13. Contingent liabilities

	2022 DKK	2021 DKK
Leases and rental agreement		
Lease obligations under operating leases. Total future payments:		
Within 1 year	1.569.392	852,139
Between 1 and 5 years	1.447.575	1.054.353
Total	<u>3.016.967</u>	<u>1.906.492</u>
Rental of property liabilities		
Within 1 year	1.464.884	1.606.467
Between 1 and 5 years	0	1.289.022
Total	<u>1.464.884</u>	<u>2.895.489</u>

The lease for the property can be terminated at the earliest on November 1, 2023

14. Related parties and ownership

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Ultimate Parent Company of the smallest and largest group and can be requested at the below mentioned address:

Name	Place of registered office
Legrand SA	128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges

	2022 DKK	2021 DKK
Transactions with Group Companies		
Sales to group companies	326.726	0
Purchase from group companies	125.294.177	78.614.426
Financial expenses group companies	365.074	151.103
Receivables from group companies	68.613	0
Payables to group companies	42.245.045	44.880.268

Notes

15. Accounting policies

Reporting Class

The Annual Report of Legrand Scandinavia A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Company has also decided not to include an cash flow statement due to Danish Financial Statements Act §86, 4.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2022 are presented in Danish kroner.

Recognition and measurement

The financial statement have been prepared under the historical cost method.

Revenue are recognised in the Income Statement as earned. Furthermore value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish Kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Leases

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rate at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Notes

Income Statement

Gross profit/loss

Revenue, expenses for raw materials and consumables as well as other external expenses are with reference to Section 32 in the Danish Financial Statements Act combined in the figure of "Gross profit".

Revenue

Revenue from the sale of goods is recognised in the income statement when the sale is considered effected on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined, and payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the materials and consumables consumed to achieve revenue for the year and indirect costs such as salaries.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Incentive plans to management and employees is considered to be cashplans and is recognised proportionately as a provision during the vesting period.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax on net profit/loss for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes

Balance Sheet

Intangible assets

Other intangible assets, including licences and acquired rights etc., are measured at cost less accumulated amortisation and impairment losses.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Software	3 years
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Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Plant and machinery	5-10 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Inventories

Inventories are measured at the lower cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and cost of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost and indirect production cost as salaries.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provision for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes

Equity Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purpose and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable income for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Explanation of financial ratios

Key figures and financial ratios are determined based on "Recommendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

Return on equity (%)	=	$\frac{\text{Profit/loss for the year}}{\text{Avg. equity}}$
Return on capital employed (%)	=	$\frac{(\text{Operating profit} + \text{Financial income}) \times 100}{\text{Avg. assets}}$
Solvency ratio (%)	=	$\frac{\text{Total equity} \times 100}{\text{Total liabilities}}$