CHRISTENSEN KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET REVISIONSAKTIESELSKAB
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# THORKILD LARSEN A/S

**Algade 43, 4000 Roskilde**

**Company reg. no. 29 39 85 18**

## Annual report

## 1 May 2020 - 30 April 2021

The annual report has been submitted and approved by the general meeting on the 17 August 2021.

Peter Adser
Chairman of the meeting

# Contents



Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's report

Today, the board of directors and the managing director have presented the annual report of THORKILD LARSEN A/S for the financial year 1 May 2020 - 30 April 2021.

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

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

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

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

Roskilde, 17 August 2021

**Managing Director**

Søren Stub Rasmussen
Managing Director

**Board of directors**

| | | |
|---|---|---|
| Peter Adser | Jacob Johansen | Søren Stub Rasmussen |
| Lars Adser | Claus Adser | |

# Independent auditor's report

**To the shareholders of THORKILD LARSEN A/S**

## Opinion

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

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

## Basis for opinion

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

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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

**Statement on the management commentary**

Management is responsible for the management commentary.

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

## Independent auditor's report

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

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

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

Copenhagen, 17 August 2021

**Christensen Kjærulff**

Company reg. no. 15 91 56 41

John Mikkelsen
State Authorised Public Accountant
mne26748

# Company information

| | | |
|---|---|---|
| **The company** | THORKILD LARSEN A/S<br>Algade 43<br>4000 Roskilde | |
| | Phone | (+45) 48 18 66 66 |
| | Web site | www.thorkild-larsen.dk |
| | E mail | info@thorkild-larsen.dk |
| | Company reg. no. | 29 39 85 18 |
| | Established: | 1 September 1969 |
| | Domicile: | Roskilde |
| | Financial year: | 1 May - 30 April |
| **Board of directors** | Peter Adser<br>Jacob Johansen<br>Søren Stub Rasmussen<br>Lars Adser<br>Claus Adser | |
| **Managing Director** | Søren Stub Rasmussen, Managing Director | |
| **Auditors** | Christensen Kjærulff<br>Statsautoriseret Revisionsaktieselskab<br>Store Kongensgade 68<br>1264 København K | |
| **Parent company** | Adserbi A/S | |

### The principal activities of the company

Like previous years, the principal activities of the company are marketing and sales of electrical components and products.

### Development in activities and financial matters

The gross profit for the year totals DKK 12.598.000 against DKK 11.706.000 last year. Income or loss from ordinary activities after tax totals DKK 2.771.000 against DKK 2.142.000 last year.

## Income statement 1 May - 30 April

All amounts in DKK.

| Note | | 2020/21 | 2019/20 |
|---|---|---|---|
| | **Gross profit** | **12.597.823** | **11.705.704** |
| 1 | Staff costs | -7.626.186 | -7.468.171 |
| | Depreciation, amortisation, and impairment | -969.597 | -989.289 |
| | Other operating costs | 0 | -6.720 |
| | **Operating profit** | **4.002.040** | **3.241.524** |
| | Other financial income | 0 | 125 |
| 2 | Other financial costs | -447.731 | -481.823 |
| | **Pre-tax net profit or loss** | **3.554.309** | **2.759.826** |
| | Tax on net profit or loss for the year | -783.083 | -618.247 |
| | **Net profit or loss for the year** | **2.771.226** | **2.141.579** |
| | | | |
| | **Proposed appropriation of net profit:** | | |
| | Dividend for the financial year | 2.140.000 | 2.180.000 |
| | Transferred to retained earnings | 631.226 | 0 |
| | Allocated from retained earnings | 0 | -38.421 |
| | **Total allocations and transfers** | **2.771.226** | **2.141.579** |

## Statement of financial position at 30 April

All amounts in DKK.

| Note | Assets | 2021 | 2020 |
|---|---|---|---|
| | **Non-current assets** | | |
| 3 | Concessions, patents, licenses, trademarks, and similar rights acquired | 499.151 | 518.804 |
| 4 | Goodwill | 1.190.772 | 1.762.342 |
| | Total intangible assets | 1.689.923 | 2.281.146 |
| 5 | Other fixtures and fittings, tools and equipment | 457.348 | 419.854 |
| 6 | Leasehold improvements | 0 | 35.227 |
| | Total property, plant, and equipment | 457.348 | 455.081 |
| 7 | Deposits | 216.460 | 212.482 |
| | Total investments | 216.460 | 212.482 |
| | **Total non-current assets** | **2.363.731** | **2.948.709** |
| | **Current assets** | | |
| | Raw materials and consumables | 28.412.470 | 25.178.667 |
| | Manufactured goods and trade goods | 843.870 | 946.125 |
| | Prepayments for goods | 2.180.350 | 921.973 |
| | Total inventories | 31.436.690 | 27.046.765 |
| | Trade receivables | 24.332.933 | 18.236.469 |
| | Deferred tax assets | 71.318 | 58.265 |
| | Other debtors | 43.964 | 152.066 |
| | Accrued income and deferred expenses | 276.286 | 149.706 |
| | Total receivables | 24.724.501 | 18.596.506 |
| | Cash on hand and demand deposits | 150.163 | 3.329.830 |
| | **Total current assets** | **56.311.354** | **48.973.101** |
| | **Total assets** | **58.675.085** | **51.921.810** |

## Statement of financial position at 30 April

All amounts in DKK.

| Note | Equity and liabilities | 2021 | 2020 |
| --- | --- | --- | --- |
| | **Equity** | | |
| | Contributed capital | 1.875.000 | 1.875.000 |
| | Results brought forward | 16.118.210 | 15.486.984 |
| | Proposed dividend for the financial year | 2.140.000 | 2.180.000 |
| | **Total equity** | **20.133.210** | **19.541.984** |
| | **Liabilities other than provisions** | | |
| | Bank loans | 3.846.955 | 0 |
| | Trade creditors | 8.649.008 | 6.293.240 |
| | Payables to group enterprises | 19.532.055 | 19.644.341 |
| | Income tax payable | 690.661 | 548.305 |
| | Other payables | 5.823.196 | 5.893.940 |
| | Total short term liabilities other than provisions | 38.541.875 | 32.379.826 |
| | **Total liabilities other than provisions** | **38.541.875** | **32.379.826** |
| | **Total equity and liabilities** | **58.675.085** | **51.921.810** |
| 8 | **Contingencies** | | |

## Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Retained earnings | Proposed dividend for the financial year | Total |
|---|---|---|---|---|
| Equity 1 May 2019 | 1.875.000 | 15.525.405 | 3.240.000 | 20.640.405 |
| Distributed dividend | 0 | 0 | -3.240.000 | -3.240.000 |
| Profit or loss for the year brought forward | 0 | -38.421 | 2.180.000 | 2.141.579 |
| Equity 1 May 2020 | 1.875.000 | 15.486.984 | 2.180.000 | 19.541.984 |
| Distributed dividend | 0 | 0 | -2.180.000 | -2.180.000 |
| Profit or loss for the year brought forward | 0 | 631.226 | 2.140.000 | 2.771.226 |
| | **1.875.000** | **16.118.210** | **2.140.000** | **20.133.210** |

## Notes

All amounts in DKK.

| | | 2020/21 | 2019/20 |
|---|---|---|---|
| **1.** | **Staff costs** | | |
| | Salaries and wages | 6.887.964 | 6.735.333 |
| | Pension costs | 636.348 | 629.167 |
| | Other costs for social security | 101.874 | 103.671 |
| | | **7.626.186** | **7.468.171** |
| | Average number of employees | 14 | 13 |
| **2.** | **Other financial costs** | | |
| | Financial costs, group enterprises | 389.999 | 233.645 |
| | Other financial costs | 57.732 | 248.178 |
| | | **447.731** | **481.823** |
| **3.** | **Concessions, patents, licenses, trademarks, and similar rights acquired** | | |
| | Cost 1 May 2020 | 1.337.882 | 1.299.514 |
| | Additions during the year | 192.761 | 41.020 |
| | **Cost 30 April 2021** | **1.530.643** | **1.340.534** |
| | Amortisation and writedown 1 May 2020 | -821.730 | -602.270 |
| | Amortisation for the year | -209.762 | -219.460 |
| | **Amortisation and writedown 30 April 2021** | **-1.031.492** | **-821.730** |
| | **Carrying amount, 30 April 2021** | **499.151** | **518.804** |

All amounts in DKK.

| | | 30/4 2021 | 30/4 2020 |
|---|---|---|---|
| **4.** | **Goodwill** | | |
| | Cost 1 May 2020 | 3.780.233 | 3.780.233 |
| | **Cost 30 April 2021** | **3.780.233** | **3.780.233** |
| | Amortisation and writedown 1 May 2020 | -2.017.891 | -1.446.322 |
| | Amortisation for the year | -571.570 | -571.569 |
| | **Amortisation and writedown 30 April 2021** | **-2.589.461** | **-2.017.891** |
| | **Carrying amount, 30 April 2021** | **1.190.772** | **1.762.342** |
| **5.** | **Other fixtures and fittings, tools and equipment** | | |
| | Cost 1 May 2020 | 2.417.658 | 2.273.844 |
| | Additions during the year | 187.880 | 150.534 |
| | Disposals during the year | 0 | -6.720 |
| | **Cost 30 April 2021** | **2.605.538** | **2.417.658** |
| | Amortisation and writedown 1 May 2020 | -1.997.804 | -1.845.745 |
| | Depreciation for the year | -150.386 | -152.059 |
| | **Amortisation and writedown 30 April 2021** | **-2.148.190** | **-1.997.804** |
| | **Carrying amount, 30 April 2021** | **457.348** | **419.854** |
| **6.** | **Leasehold improvements** | | |
| | Cost 1 May 2020 | 231.130 | 231.130 |
| | **Cost 30 April 2021** | **231.130** | **231.130** |
| | Depreciation and writedown 1 May 2020 | -195.903 | -149.701 |
| | Depreciation for the year | -35.227 | -46.202 |
| | **Depreciation and writedown 30 April 2021** | **-231.130** | **-195.903** |
| | **Carrying amount, 30 April 2021** | **0** | **35.227** |

All amounts in DKK.

| | | 30/4 2021 | 30/4 2020 |
|---|---|---|---|
| **7.** | **Deposits** | | |
| | Cost 1 May 2020 | 212.482 | 156.250 |
| | Additions during the year | 4.778 | 56.232 |
| | Disposals during the year | -800 | 0 |
| | **Cost 30 April 2021** | **216.460** | **212.482** |
| | **Carrying amount, 30 April 2021** | **216.460** | **212.482** |

## 8. Contingencies

**Contingent liabilities**

| | DKK in thousands |
|---|---|
| Total contingent liabilities | 1.065 |

**Joint taxation**

With Adserbi A/S, company reg. no 87 80 23 10 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

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

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

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

The annual report for THORKILD LARSEN A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

**Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

**Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of  the transaction.

### Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

## Income statement

### Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise.

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

### Staff costs

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

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

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

**Other operating costs**

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise.

**Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

**Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

## Statement of financial position

**Intangible assets**

**Development projects, patents, and licences**

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

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement under amortisation and writedown for impairment.

**Goodwill**

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at between 5 and 25 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

**Property, plant, and equipment**

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

| | Useful life |
|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 years |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

**Leases**

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

### Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in group enterprise are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

### Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

### Investments

#### Deposits

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

### Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

### Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

### Prepayments and accrued income

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

### Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

### Equity

### Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

### Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

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

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

**Liabilities other than provisions**

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

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