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# *Emerson Process Management A/S*

Generatorvej , 8 A, 2, DK-2860 Søborg

Annual Report for  
1 October 2022 - 30 September 2023

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CVR No. 31 48 24 29

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 17/1 2024



Peter Larsson  
Chairman of the  
general meeting

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's statement	1
Independent Auditor's report	2
<b>Management's Review</b>	
Company information	4
Financial Highlights	5
Management's review	6
<b>Financial Statements</b>	
Income statement 1 October - 30 September	8
Balance sheet 30 September	9
Statement of changes in equity	11
Notes to the Financial Statements	12

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Emerson Process Management A/S for the financial year 1 October 2022 - 30 September 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2023 of the Company and of the results of the Company operations for 2022/23.

In our opinion, 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.

Søborg, 17 January 2024

## Executive Board



Erik Christensen  
Executive Officer

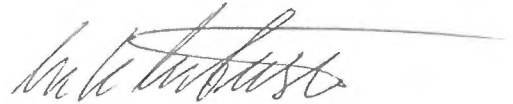
## Board of Directors



Lars Peter Larsson  
Chairman



Erik Langeland



Erik Christensen

# Independent Auditor's report

To the shareholder of Emerson Process Management A/S

## Opinion

We have audited the Financial Statements of Emerson Process Management A/S for the financial year 1 October 2022 - 30 September 2023, which comprise 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 financial position of the Company at 30 September 2023 and of the results of the Company's operations for the financial year 1 October 2022 - 30 September 2023 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the 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 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 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 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 Financial Statements Act.

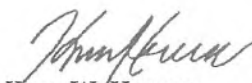
Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Copenhagen, 17 January 2024

**KPMG Statsautoriseret Revisionspartnerselskab**

Statsautoriseret Revisionspartnerselskab

CVR No 25578198



Kenn W. Hansen

State Authorised Public Accountant

mne30154

## Company information

<b>The Company</b>	Emerson Process Management A/S Generatorvej, 8 A, 2 DK-2860 Søborg  Telephone: 70253051  CVR No: 31 48 24 29 Financial period: 1 October 2022 - 30 September 2023 Municipality of reg. office: Gladsaxe
<b>Board of Directors</b>	Lars Peter Larsson, chairman Erik Langeland Erik Christensen
<b>Executive Board</b>	Erik Christensen
<b>Auditors</b>	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	135,636	66,855	68,885	35,000	36,078
Profit/loss before financial income and expenses	90,026	26,542	34,168	3,486	4,489
Profit/loss of financial income and expenses	2,698	-404	-177	-38	-57
Net profit/loss	71,970	20,117	26,513	2,675	3,440
<b>Balance sheet</b>					
Balance sheet total	324,582	145,819	116,918	69,545	66,369
Investment in property, plant and equipment	1,561	256	152	59	203
Equity	158,265	86,295	66,178	39,665	36,990
Number of employees	38	36	36	36	33
<b>Ratios</b>					
Solvency ratio	48.8%	59.2%	56.6%	57.0%	55.7%
Return on equity	58.8%	26.4%	50.1%	7.0%	9.8%

As a result of the merger with Aventics ApS 1 October 2021, the comparative figures for 2020/21 have been adjusted.

# Management's review

## Key activities

The company's activities consist of sale of measuring instruments, systems and consultancy services within process automation. The majority of the sales is to customers in Denmark.

## Development in the year

The income statement of the Company for 2022/23 shows a profit of TDKK 71,970, and at 30 September 2023 the balance sheet of the Company shows positive equity of TDKK 158,265.

## The past year and follow-up on development expectations from last year

The continued high investment level in the Life Science industry is the main reason for the strong and good result during the year 2022/23.

The global shortage of electronic components has somewhat impacted the delivery lead times also in 2023, but has improved a lot since 2022 and is now back to a more normal level.

## Operating risks

The Company's most significant operating risk relates to the customer demand and investments made in the industries we serve.

## Financial risks

The Company does not have any long term liabilities so the exposure to interest rate changes is very low. The currency risk is also considered low as most of the business is conducted in local currency, DKK. Furthermore, the Company is not exposed to credit risks besides normal risks in relation to trade receivables.

## Targets and expectations for the year ahead

Management expects the result for the coming financial year to continue to be strong a lot thanks to continued investments in the Life Science industry.

## Research and development

The Company does not have any significant research and development activities as these activities are carried out in foreign group companies.

## External environment

The Company's activities do not cause any significant impact on the surrounding environment.

Emerson Process Management A/S is part of the Emerson global environmental, social and governance report. This report is published for the Emerson group by the parent company Emerson Electric Co., St. Louis, USA. The report is published on the following site: <https://www.emerson.com/en-us/about-us/corporate-social-responsibility>

## Intellectual capital resources

In order to maintain a continuous growth, it is essential for the company to attract and retain highly skilled employees.

## Unusual events

The financial position at 30 September 2023 of the Company and the results of the activities of the Company for the financial year for 2022/23 have not been affected by any unusual events.



## Management's review

### Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 October 2022 - 30 September 2023

	Note	2022/23	2021/22
		TDKK	TDKK
<b>Gross profit</b>		135,636	66,855
Staff expenses	1	-43,809	-38,677
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-1,657	-1,618
Other operating expenses		-144	-18
<b>Profit/loss before financial income and expenses</b>		<b>90,026</b>	<b>26,542</b>
Financial income	2	3,452	34
Financial expenses	3	-754	-438
<b>Profit/loss before tax</b>		<b>92,724</b>	<b>26,138</b>
Tax on profit/loss for the year	4	-20,754	-6,021
<b>Net profit/loss for the year</b>	5	<b>71,970</b>	<b>20,117</b>

## Balance sheet 30 September 2023

### Assets

	Note	2022/23 TDKK	2021/22 TDKK
Goodwill		3,754	5,005
<b>Intangible assets</b>	6	<b>3,754</b>	<b>5,005</b>
Other fixtures and fittings, tools and equipment		1,976	784
Leasehold improvements		15	52
<b>Property, plant and equipment</b>	7	<b>1,991</b>	<b>836</b>
Deposits	8	650	550
<b>Fixed asset investments</b>		<b>650</b>	<b>550</b>
<b>Fixed assets</b>		<b>6,395</b>	<b>6,391</b>
Finished goods and goods for resale		1,559	690
<b>Inventories</b>		<b>1,559</b>	<b>690</b>
Trade receivables		68,617	50,711
Contract work in progress	9	32,006	13,715
Receivables from group enterprises		215,594	73,639
Other receivables		268	520
Deferred tax asset	10	0	25
Prepayments		143	128
<b>Receivables</b>		<b>316,628</b>	<b>138,738</b>
<b>Current assets</b>		<b>318,187</b>	<b>139,428</b>
<b>Assets</b>		<b>324,582</b>	<b>145,819</b>

## Balance sheet 30 September 2023

### Liabilities and equity

	Note	2022/23	2021/22
		TDKK	TDKK
Share capital		48,500	48,500
Retained earnings		9,765	37,795
Proposed dividend for the year		100,000	0
<b>Equity</b>		<b>158,265</b>	<b>86,295</b>
Provision for deferred tax	10	66	0
Other provisions	11	353	262
<b>Provisions</b>		<b>419</b>	<b>262</b>
Trade payables		2,395	3,145
Contract work in progress	9	44,490	13,718
Payables to group enterprises		35,962	8,000
Payables to group enterprises relating to corporation tax		20,732	6,135
Other payables		26,183	20,659
Deferred income	12	36,136	7,605
<b>Short-term debt</b>		<b>165,898</b>	<b>59,262</b>
<b>Debt</b>		<b>165,898</b>	<b>59,262</b>
<b>Liabilities and equity</b>		<b>324,582</b>	<b>145,819</b>
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Accounting Policies	15		

## Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	48,500	37,795	0	86,295
Net profit/loss for the year	0	-28,030	100,000	71,970
Equity at 30 September	<u>48,500</u>	<u>9,765</u>	<u>100,000</u>	<u>158,265</u>

# Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
<b>1. Staff Expenses</b>		
Wages and salaries	40,258	35,487
Pensions	3,213	2,943
Other social security expenses	338	247
	<u>43,809</u>	<u>38,677</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>38</u>	<u>36</u>
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	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
<b>2. Financial income</b>		
Interest received from group enterprises	3,110	21
Other financial income	4	0
Exchange gains	338	13
	<u>3,452</u>	<u>34</u>

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
<b>3. Financial expenses</b>		
Interest paid to group enterprises	0	2
Exchange loss	754	436
	<u>754</u>	<u>438</u>

## Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
<b>4. Income tax expense</b>		
Current tax for the year	20,663	6,116
Deferred tax for the year	91	-33
Adjustment of deferred tax concerning previous years	0	-62
	<u>20,754</u>	<u>6,021</u>

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
<b>5. Profit allocation</b>		
Proposed dividend for the year	100,000	0
Retained earnings	-28,030	20,117
	<u>71,970</u>	<u>20,117</u>

## 6. Intangible fixed assets

	<u>Goodwill</u>
	TDKK
Cost at 1 October	6,256
Cost at 30 September	<u>6,256</u>
Impairment losses and amortisation at 1 October	1,251
Amortisation for the year	1,251
Impairment losses and amortisation at 30 September	<u>2,502</u>
Carrying amount at 30 September	<u>3,754</u>

# Notes to the Financial Statements

## 7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 October	2,857	417
Additions for the year	1,561	0
Cost at 30 September	<u>4,418</u>	<u>417</u>
Impairment losses and depreciation at 1 October	2,073	365
Depreciation for the year	369	37
Impairment losses and depreciation at 30 September	<u>2,442</u>	<u>402</u>
Carrying amount at 30 September	<u>1,976</u>	<u>15</u>

## 8. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 October	550
Additions for the year	100
Cost at 30 September	<u>650</u>
Carrying amount at 30 September	<u>650</u>

## 9. Contract work in progress

	2022/23	2021/22
	TDKK	TDKK
Selling price of work in progress	96,738	33,006
Payments received on account	-109,222	-33,009
	<u>-12,484</u>	<u>-3</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	32,006	13,715
Prepayments received recognised in debt	-44,490	-13,718
	<u>-12,484</u>	<u>-3</u>



## Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK
<b>10. Provision for deferred tax</b>		
Deferred tax liabilities at 1 October	-25	8
Amounts recognised in the income statement for the year	91	-33
Deferred tax liabilities at 30 September	<u>66</u>	<u>-25</u>

### 11. Other provisions

	2022/23	2021/22
	TDKK	TDKK
Provision for warranties	353	246
Provision for losses on contract work in progress	0	16
	<u>353</u>	<u>262</u>

The provisions are expected to mature as follows:

Provisions falling due after 5 years	<u>0</u>	<u>0</u>
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### 12. Deferred income

Deferred income consist of invoicing to customers for sales in subsequent year.

2022/23	2021/22
TDKK	TDKK

### 13. Contingent assets, liabilities and other financial obligations

#### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Between 0 and 5 years	<u>7,651</u>	<u>5,429</u>
	<u>7,651</u>	<u>5,429</u>

#### Other contingent liabilities

The Company has via bank provided warranty to a third party in the amount of TDKK 14,389 (2021/22: TDKK 14,386)

The Danish group companies are jointly and severally liable for tax on the Danish jointly taxed incomes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 14. Related parties and disclosure of consolidated financial statements

### Transactions

During the year, the Company had following transactions with related parties:

Purchase of Services from related parties TDKK 28,286

Purchase of Goods from related parties TDKK 130,086

Sales of Services to related parties TDKK 527

Sales of Goods to related parties TDKK 61

Interest received from related parties TDKK 3,110

Interest paid to related parties TDKK 0

Receivables from related parties TDKK 215,594

Payables to related parties TDKK 35,962

### Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Emerson Electric Co. (largest group)	Saint Louis, Missouri, United States
Emerson Process Management AB (smallest group)	Karlstad, Sweden

The Group Annual Report of Emerson Electric Co. (largest group) may be obtained at the following address:

Emerson Electric Co.  
World Headquarters  
8000 W Florissant Ave.  
P.O. Box 4100  
St. Louis, MO 63136, USA

The Group Annual Report of Emerson Process Management AB (smallest group) may be obtained at the following address:

Emerson Process Management AB  
Körkarlsvägen 8  
Box 1053  
SE 651 15 Karlstad, Sweden

# Notes to the Financial Statements

## 15. Accounting policies

The Annual Report of Emerson Process Management A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in TDKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Emerson Process Management AB (smallest group), the Company has not prepared a cash flow statement.

### Recognition and measurement

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

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Income statement

#### Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

## Notes to the Financial Statements

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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

### Other external expenses

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

### Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale and other external expenses.

### Staff expenses

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

### Amortisation, depreciation and impairment losses

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

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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.

The Company is jointly taxed with other Danish subsidiaries of the group. The tax effect of the joint taxation is allocated to enterprises in proportion to their incomes.

## Balance sheet

### Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 year.

# Notes to the Financial Statements

## 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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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	2-10 years
Leasehold improvements	5-6 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

## Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

## Other fixed asset investments

Financial fixed asset investments consist of deposits.

## Impairment of fixed assets

The carrying amounts of intangible assets, property, plant and equipment and financial fixed asset investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

## Inventories

Inventories are measured at the lower of 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 of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of finished goods and goods for resale comprises the cost of purchase price plus delivery costs.

## 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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

# Notes to the Financial Statements

## Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

## Prepayments

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

## Equity

### Dividend

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

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include expected losses on work in progress and warranty obligations in respect of repair work within the warranty period of 1-5 years.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## Financial debts

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

## Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Solvency ratio

$\text{Equity at year end} \times 100 / \text{Total assets at year end}$

Return on equity

$\text{Net profit for the year} \times 100 / \text{Average equity}$