TESLA MOTORS DENMARK APS

BREDGADE 35, 1260 KØBENHAVN K

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2018

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 12 June 2019

Stephan William Werkman

CVR NO. 32 78 73 47

CONTENTS

COMPANY DETAILS

Company	Tesla Motors Denmark ApS Bredgade 35 1260 Copenhagen K
	CVR No.: 32 78 73 47 Established: 15 March 2010 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Executives	Stephan William Werkman Marc Jesus Cerda Vaibhav Taneja
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab CVR nr. 337712371 Strandvejen 44 Dk-2900 Hellerup

STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of Tesla Motors Denmark ApS for the financial year 1 January - 31 December 2018.

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 Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 12 June 2019

Board of Executives

Stephan William Werkman	Marc Jesus Cerda	Vaibhav Taneja

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Tesla Motors Denmark ApS

Opinion

We have audited the Financial Statements of Tesla Motors Denmark ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibility 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 judgment and maintain professional skepticism 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- 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.

INDEPENDENT AUDITOR'S REPORT

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, 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 Statements Act. We did not identify any material misstatement of Management's Review.

Hellerup, 12 June 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33771231

Bo Schou-Jacobsen	Kim Danstrup
State Authorised Public Accountant	State Authorised Public Accountant
MNE no. mne28703	MNE no. mne32201

FINANCIAL HIGHLIGHTS

	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000	2014 DKK '000
Income statement					
Gross profit/loss	55,839	71,713	79,982	52,481	17,897
Operating profit/loss	-7,180	4,043	8,757	11,785	106
Financial income and expenses, net	-458	-2,325	-7,981	-3,181	-74
Profit/loss for the year before tax	-7,638	1,718	776	8,604	32
Profit/loss for the year	-7,638	1,718	-14,983	5,200	-133
Balance sheet					
Balance sheet total	106,687	237,611	339,970	848,362	123,578
Equity	42,495	38,913	-9,301	5,682	482
Invested capital	49,314	115,573	132,751	556,001	64,150
Investment in tangible fixed assets	37,485	17,159	9,293	162,752	22,896
Ratios					
Rate of return	-8.7	3.3	2.5	3.8	0.3
Solvency ratio	39.8	16.4	Neg.	0.7	0.4
Return on equity	-18.8	11.6	Neg.	168.7	-55.2

In 2018 the revenue recognition accounting policies were amended. The comparative figures have not been adjusted for the change of policy for the years 2014-2017. Reference is made to the accounting policies (page 18).

The ratios stated in the list of key figures and ratios have been calculated as follows:

Rate of return:	Profit/loss on ordinary activities x 100 / Average invested capital
Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets – trade payables – other provisions - other long and short term working liabilities
Solvency ratio:	Equity, at year end x 100 / Total equity and liabilities, at year end
Return on equity:	Profit/loss after tax x 100 / Average equity

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities
The object of the Company is distribution, sale and service of electronic vehicles and equipment along with merchandise as well as any other business incidental thereto.

Development in activities and financial position
The income statement of the Company for 2018 shows a negative result of DKK -7,638 thousand (2017: 1,718 thousand), and at 31 December 2018 the balance sheet of the Company shows equity of DKK 42,496 thousand (2017: 38,913 thousand).

In 2018 the revenue recognition accounting policies were amended. The comparative figures have not been adjusted for the change of policy for 2017. Reference is made to the accounting policies (page 18).

Profit/loss for the year compared to expectations
The Company's own success remains dependent on the overall success of the vehicles at a global level. For future financing the Company is dependent on the ultimate parent company. The number of vehicles delivered in 2019 is expected to exceed vehicles delivered in 2018 due to the launch of the Model 3 in Denmark.

Environmental and personnel-related information
Protecting the environment is a vital concern and a continuing commitment for Tesla. Similarly, the health and safety of our employees is regularly monitored. Regular audits take place and improvements are continuous.

Knowledge resources
The knowledge and development activities are managed in the (ultimate) parent company and primarily take place there. The knowledge activities comprise continued development of the staff in order to maintain a high quality level among the employees.

Research and development activities
The Company engaged no research and development in 2018 or 2017. Those activities are primarily undertaken by Tesla Inc., the ultimate parent company.

Future expectations
The year 2018 showed a decrease in sales. The number of vehicles delivered in 2019 is expected to exceed vehicles delivered in 2018 due to the launch of the Model 3 in Denmark. In line with the further expansion of the Company's operations, the workforce will continue to expand.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK '000	2017 DKK '000
GROSS PROFIT		**55,839**	**71,713**
Staff costs	1	-50,067	-45,720
Depreciation, amortisation and impairment		-12,946	-21,950
Other operating expenses		-6	0
OPERATING PROFIT AND LOSS		**-7,180**	**4,043**
Other financial income		1	0
Other financial expenses	2	-459	-2,325
PROFIT AND LOSS BEFORE TAX		**-7,638**	**1,718**
Tax on profit and loss for the year		0	0
PROFIT AND LOSS FOR THE YEAR	3	**-7,638**	**1,718**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2018 DKK '000	2017 DKK '000
Land and buildings		1,887	1,105
Plant, machinery, tools and equipment		14,905	12,467
Leasehold improvements		18,861	25,055
Leased vehicles		0	119,513
Tangible fixed assets	4	**35,653**	**158,140**
Rent and other deposits		2,484	2,184
Fixed asset investments	5	**2,484**	**2,184**
FIXED ASSETS		**38,137**	**160,324**
Goods for resale		29,481	48,203
Inventories		**29,481**	**48,203**
Trade receivables		6,694	6,568
Receivables from group enterprises		27,291	7
Other receivables		707	1,044
Corporation tax receivable		2,524	2,497
Prepayments	6	1,851	1,863
Receivables		**39,067**	**11,979**
Cash and cash equivalents		**2**	**17,105**
CURRENT ASSETS		**68,550**	**77,287**
ASSETS		**106,687**	**237,611**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2018 DKK '000	2017 DKK '000
Share capital		125	125
Retained profit		42,370	38,788
EQUITY		**42,495**	**38,913**
Other provisions for liabilities		862	0
PROVISION FOR LIABILITIES		**862**	**0**
Other liabilities		0	37,502
Accrued and deferred income		17,117	41,753
Long-term liabilities	7	**17,117**	**79,255**
Short-term portion of long-term liabilities	7	4,573	32,092
Prepayments received from customers		19,298	12,583
Trade payables		4,887	6,461
Payables to group enterprises		2,222	3,470
Other liabilities		15,233	64,837
Current liabilities		**46,213**	**119,443**
LIABILITIES		**63,330**	**198,698**
EQUITY AND LIABILITIES		**106,687**	**237,611**

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EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2018	125	38,788	38,913
Change of equity due to change of policy		11,220	11,220
Adjusted equity at 1 January 2018	**125**	**50,008**	**50,133**
Proposed distribution of profit		-7,638	-7,638
Equity at 31 December 2018	**125**	**42,370**	**42,495**

NOTES

	2018 DKK '000	2017 DKK '000	Note
Staff costs			1
Average number of employees			
100 (2017: 100)			
Wages and salaries	45,403	40,542	
Pensions	4,184	3,529	
Other staff costs	480	1,649	
	50,067	**45,720**	

The executive board does not receive any remuneration for their work performed.

	2018 DKK '000	2017 DKK '000	Note
Other financial expenses			2
Group enterprises	0	1,300	
Other interest expenses	459	1,025	
	459	**2,325**	
Proposed distribution of profit			3
Retained earnings	-7,638	1,718	
	-7,638	**1,718**	

Tangible fixed assets	Land and buildings	Plant, machinery, tools and equipment	4
Cost at 1 January 2018	1,105	18,564	
Additions	782	8,699	
Disposals	0	-3,635	
Cost at 31 December 2018	**1,887**	**23,628**	
Depreciation and impairment losses at 1 January 2018	0	6,097	
Reversal of depreciation of assets disposed of	0	-368	
Depreciation for the year	0	2,994	
Depreciation and impairment losses at 31 December 2018	**0**	**8,723**	
Carrying amount at 31 December 2018	**1,887**	**14,905**	

NOTES

Note

	Leasehold improvements	Leased vehicles
Cost at 1 January 2018	47,741	141,626
Additions	3,758	0
Disposals	-67	-141,626
Cost at 31 December 2018	**51,432**	**0**
Depreciation and impairment losses at 1 January 2018	22,686	-22,113
Reversal of depreciation of assets disposed of	0	22,113
Depreciation for the year	9,885	0
Depreciation and impairment losses at 31 December 2018	**32,571**	**0**
Carrying amount at 31 December 2018	**18,861**	**0**

The disposals are the related to the change in accounting principles described on page 18.

Fixed asset investments 5

	Rent and other deposits
Cost at 1 January 2018	2,184
Additions	300
Cost at 31 December 2018	**2,484**
Carrying amount at 31 December 2018	**2,484**

Prepayments 6

Costs	1,851	1,863
	1,851	**1,863**

Long-term liabilities 7

	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2017 total liabilities	Current portion at the beginning of the year
Other liabilities	0	0	0	58,853	21,351
Accruals and deferred income	21,690	4,573	2,378	52,494	10,742
	21,690	**4,573**	**2,378**	**111,347**	**32,093**

The deferred income as per 31/12/2017 changed as a result from the change in accounting principles described on page 18.

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Contingencies etc. 8

Contingent assets

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. The total unrecognized deferred tax assets amounts to DKK (000) 16,821.

Contractual liabilities

At the balance sheet date, the Company has operational lease commitments concerning future rent in the amout of DKK ('000) 4,190 for the financial year 2018 and DKK ('000) 8,725 for the financial year 2019, respectively.

The value of the Resale value guarantee to customers is DKK 53,558,000.

Assets pledged as security 9

None as per 31.12.2018 or 31.12.2017.

Related parties 10

The Company's related parties include:

Controlling interest

Tesla International B.V.
Burgemeester Stramanweg 122
1101 Amsterdam Zuid-Oost
Netherlands

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise parent companies and associates as well as the companies' Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Stock option plan 11

The ultimate parent company,Tesla Inc., USA adopted the 2003 Equity Incentive Plan.

This Plan provides for the granting of stock options, Restricted Stock Units (RSU's) and stock purchase rights to its employees. Options granted under the Plan may be either incentive options or nonqualified stock options. Generally, the stock options and RSUs vest over four years and are exercisable over a period not to exceed the contractual term of ten years from the date the stock options were granted. Continued vesting typically terminates when the employment or consulting relationship ends.

Tesla Inc., USA recognizes the expenses of the equity incentive plan and does not charge the Company for these expenses. As a result, the Company does not recognize any cost for this equity incentive plan.

NOTES

Note

Significant events after the end of the financial year **12**

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

Consolidated financial statements **13**

The Company's primary parent, Tesla International B.V., Netherlands, does not prepare consolidated financial statements. The Company's ultimate parent, which prepares consolidated financial statements into which the Company is incorporated as a subsidiary, is:

Tesla Inc.,
3500 Deer Creek Road,
Palo Alto, CA 94304,
CA

The consolidated financial statement can be obtained at the following address: www.tesla.com

ACCOUNTING POLICIES

The Annual Report of Tesla Motors Denmark ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

Change in accounting policies and classification
We have implemented IFRS 15 to recognise revenue and from this year interpret revenue recognition under Danish GAAP based on the recognition and measurement criterias of IFRS 15. The standard has been implemented with the modified retrospective method, where the effect of the change in accounting policies are recognised in equity at 1. January 2018. Comparative figures have not been restated. The equity at 1. January 2018 has increased by DKK ('000) 11,220. The assets have decreased with DKK ('000) 119,513 at 1. January 2018, affecting only the reporting line 'Leased vehicles'. The liabilities have decreased with DKK ('000) 130,733 at 1. January 2018, affecting the reporting lines 'Other liabilities' under long-term liabilities with DKK ('000) 79,562 and 'Other liabilities' under current liabilities with DKK ('000) 51,171. The change have had no impact on cash flow.

The accounting policies have been changed in the following areas:

- We offer resale value guarantees or similar buy-back terms to certain customers who purchase vehicles and who finance their vehicles through one of our specified commercial banking partners. We also offer resale value guarantees in connection with automobile sales to certain leasing partners. Under these programs, we receive full payment for the vehicle sales price at the time of delivery and our counterparty has the option of selling their vehicle back to us during the guarantee period, which currently is generally at the end of the term of the applicable loan or financing program, for a pre-determined resale value. Previously the Company accounted for vehicles sales with a resale value guarantee as operating leases, where we are the lessor.

  For vehicle sales with a resale value guarantee we now recognize revenue when control transfers upon delivery to customers as we do not believe the customer has a significant economic incentive to exercise the resale value guarantee provided to them. The process to determine whether there is a significant economic incentive includes a comparison of a vehicle’s estimated market value at the time the option is exercisable with the guaranteed resale value to determine the customer’s economic incentive to exercise.

Recognition and measurement
Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized.

Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

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

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from 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.

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

ACCOUNTING POLICIES

INCOME STATEMENT

Gross profit
Gross profit includes net revenue, other operating income and other external expenses.

Net revenue
Net revenue from sale of merchandise and finished goods is recognised in the Income Statement. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Automotive Sales with Resale Value Guarantee
We offer resale value guarantees or similar buy-back terms to certain international customers who purchase vehicles and who finance their vehicles through one of our specified commercial banking partners. We also offer resale value guarantees in connection with automotive sales to certain leasing partners. Under these programs, we receive full payment for the vehicle sales price at the time of delivery and our counterparty has the option of selling their vehicle back to us during the guarantee period, which currently is generally at the end of the term of the applicable loan or financing program, for a predetermined resale value.

We recognize revenue when control transfers upon delivery to customers as a sale with a right of return as we do not believe the customer has a significant economic incentive to exercise the resale value guarantee provided to them. The process to determine whether there is a significant economic incentive includes a comparison of a vehicle’s estimated market value at the time the option is exercisable with the guaranteed resale value to determine the customer’s economic incentive to exercise. The performance obligations and the pattern of recognizing automotive sales with resale value guarantees are consistent with automotive sales without resale value guarantees with the exception of our estimate for sales return reserve.

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

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

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets
Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Land	50 years	100 %
Other plant, fixtures and equipment	3-7 years	0 %
Leasehold improvements	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Useful life and residual values are reassessed annually.

Fixed asset investments
Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets
The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of finished goods and goods for resale are calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

ACCOUNTING POLICIES

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.