



## **IKM Ocean Team A/S**

Vesterhavsgade 56  
6700 Esbjerg  
CVR No. 32833373

## **Annual report 01.10.2022 - 31.12.2023**

The Annual General Meeting adopted the annual  
report on 27.05.2024

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**Vidar Haugland**  
Chairman of the General Meeting

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# Entity details

## Entity

IKM Ocean Team A/S

Vesterhavsgade 56

6700 Esbjerg

Business Registration No.: 32833373

Registered office: Esbjerg

Financial year: 01.10.2022 - 31.12.2023

## Board of Directors

Vidar Haugland, Chairman of the board

Jens Peder Ravn Thomsen

Jens Bolme

Anders Sloth

Ståle Kyllingstad

## Executive Board

Jens Peder Ravn Thomsen, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of IKM Ocean Team A/S for the financial year 01.10.2022 - 31.12.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations for the financial year 01.10.2022 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 24.04.2024

## Executive Board

**Jens Peder Ravn Thomsen**  
CEO

## Board of Directors

**Vidar Haugland**  
Chairman of the board

**Jens Peder Ravn Thomsen**

**Jens Bolme**

**Anders Sloth**

**Ståle Kyllingstad**

# Independent auditor's extended review report

**To the shareholders of IKM Ocean Team A/S**

## **Conclusion**

We have performed an extended review of the consolidated financial statements and the parent financial statements of IKM Ocean Team A/S for the financial year 01.10.2022 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations for the financial year 01.10.2022 - 31.12.2023 in accordance with the Danish Financial Statements Act.

## **Basis for conclusion**

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the consolidated financial statements and the parent financial statements" section. We are independent of the Group 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## **Management's responsibilities for the consolidated financial statements and the parent financial statements**

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the extended review of the consolidated financial statements and the parent financial statements**

Our responsibility is to express a conclusion on the consolidated financial statements and the parent financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the consolidated financial statements and the parent financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the consolidated financial statements and the parent financial statements.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our conclusion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the consolidated financial statements and the parent financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Kolding, 24.04.2024

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

### **Morten Almtoft Lund**

State Authorised Public Accountant  
Identification No (MNE) mne41365

# Management commentary

## Primary activities

Company activities consist of owning shares in subsidiaries and patents for the whole group. Furthermore, it is holding the group management together with some of the administration and internal service departments for the whole group.

## Description of material changes in activities and finances

Notice that the income statement comprises 15 months, where the comparative figures comprises of 12 months.

# Consolidated income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
<b>Gross profit/loss</b>		<b>60,358,916</b>	<b>36,251,893</b>
Staff costs	1	(34,519,563)	(20,293,622)
Depreciation, amortisation and impairment losses	2	(2,782,778)	(2,644,861)
Other operating expenses		0	(8,350)
<b>Operating profit/loss</b>		<b>23,056,575</b>	<b>13,305,060</b>
Other financial income		184,357	28,363
Other financial expenses		(77,246)	(141,441)
<b>Profit/loss before tax</b>		<b>23,163,686</b>	<b>13,191,982</b>
Tax on profit/loss for the year	3	(5,070,030)	(2,737,174)
<b>Profit/loss for the year</b>		<b>18,093,656</b>	<b>10,454,808</b>
<b>Proposed distribution of profit and loss</b>			
Ordinary dividend for the financial year		17,000,000	0
Extraordinary dividend distributed in the financial year		0	5,500,000
Retained earnings		1,093,656	4,954,808
<b>Proposed distribution of profit and loss</b>		<b>18,093,656</b>	<b>10,454,808</b>



# Consolidated balance sheet at 31.12.2023

## Assets

	Notes	2022/23 DKK	2021/22 DKK
Acquired patents		770,404	918,420
<b>Intangible assets</b>	4	<b>770,404</b>	<b>918,420</b>
Other fixtures and fittings, tools and equipment		4,753,597	5,970,708
Leasehold improvements		0	0
Property, plant and equipment in progress		422,307	0
<b>Property, plant and equipment</b>	5	<b>5,175,904</b>	<b>5,970,708</b>
<b>Fixed assets</b>		<b>5,946,308</b>	<b>6,889,128</b>
Raw materials and consumables		2,808,482	2,746,074
<b>Inventories</b>		<b>2,808,482</b>	<b>2,746,074</b>
Trade receivables		15,975,505	12,991,108
Receivables from group enterprises		42,160	0
Deferred tax		872,402	632,000
Other receivables		1,440,896	258,842
Tax receivable		1,228,913	0
Prepayments		349,639	378,709
<b>Receivables</b>		<b>19,909,515</b>	<b>14,260,659</b>
<b>Cash</b>		<b>24,451,903</b>	<b>9,807,406</b>
<b>Current assets</b>		<b>47,169,900</b>	<b>26,814,139</b>
<b>Assets</b>		<b>53,116,208</b>	<b>33,703,267</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022/23</b> <b>DKK</b>	<b>2021/22</b> <b>DKK</b>
Contributed capital		500,000	500,000
Retained earnings		26,461,164	25,367,508
Proposed dividend for the financial year		17,000,000	0
<b>Equity</b>		<b>43,961,164</b>	<b>25,867,508</b>
Tax payable		1,224,695	0
<b>Non-current liabilities other than provisions</b>	<b>6</b>	<b>1,224,695</b>	<b>0</b>
Bank loans		0	358
Prepayments received from customers		165,900	457,360
Trade payables		2,179,067	1,550,392
Payables to group enterprises		857,021	0
Tax payable		0	2,504,174
Other payables		4,728,361	3,323,475
<b>Current liabilities other than provisions</b>		<b>7,930,349</b>	<b>7,835,759</b>
<b>Liabilities other than provisions</b>		<b>9,155,044</b>	<b>7,835,759</b>
<b>Equity and liabilities</b>		<b>53,116,208</b>	<b>33,703,267</b>
Unrecognised rental and lease commitments	7		
Subsidiaries	8		

# Consolidated statement of changes in equity for 2022/23

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	500,000	25,367,508	0	25,867,508
Profit/loss for the year	0	1,093,656	17,000,000	18,093,656
<b>Equity end of year</b>	<b>500,000</b>	<b>26,461,164</b>	<b>17,000,000</b>	<b>43,961,164</b>

# Notes to consolidated financial statements

## 1 Staff costs

	2022/23	2021/22
	DKK	DKK
Wages and salaries	30,680,337	18,069,957
Pension costs	2,469,571	70,543
Other social security costs	461,452	1,573,575
Other staff costs	908,203	579,547
	<b>34,519,563</b>	<b>20,293,622</b>
Average number of full-time employees	<b>40</b>	<b>29</b>

## 2 Depreciation, amortisation and impairment losses

	2022/23	2021/22
	DKK	DKK
Amortisation of intangible assets	602,735	485,412
Depreciation on property, plant and equipment	2,180,043	2,159,449
	<b>2,782,778</b>	<b>2,644,861</b>

## 3 Tax on profit/loss for the year

	2022/23	2021/22
	DKK	DKK
Current tax	5,310,432	2,504,174
Change in deferred tax	(240,402)	233,000
	<b>5,070,030</b>	<b>2,737,174</b>

## 4 Intangible assets

	Acquired patents DKK
Cost beginning of year	2,916,720
Additions	454,719
<b>Cost end of year</b>	<b>3,371,439</b>
Amortisation and impairment losses beginning of year	(1,998,300)
Amortisation for the year	(602,735)
<b>Amortisation and impairment losses end of year</b>	<b>(2,601,035)</b>
<b>Carrying amount end of year</b>	<b>770,404</b>

## 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	37,222,691	3,305,920	0
Additions	988,516	0	422,307
Disposals	(43,680)	0	0
<b>Cost end of year</b>	<b>38,167,527</b>	<b>3,305,920</b>	<b>422,307</b>
Depreciation and impairment losses beginning of year	(31,251,983)	(3,305,920)	0
Depreciation for the year	(2,180,043)	0	0
Reversal regarding disposals	18,096	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(33,413,930)</b>	<b>(3,305,920)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>4,753,597</b>	<b>0</b>	<b>422,307</b>

## 6 Non-current liabilities other than provisions

	Due after more than 12 months 2022/23 DKK
Tax payable	1,224,695
	<b>1,224,695</b>

## 7 Unrecognised rental and lease commitments

	2022/23 DKK	2021/22 DKK
Total liabilities under rental or lease agreements until maturity	<b>12,022,758</b>	<b>12,092,592</b>

## 8 Subsidiaries

	Registered in	Corporate form	Ownership %
IKM Ocean Team Scandinavia A/S	Esbjerg	A/S	100.00
IKM Ocean Team Powertech A/S	Esbjerg	A/S	100.00
IKM Ocean Team Windcare A/S	Esbjerg	A/S	100.00
IKM Ocean Team Fluidcare UK Ltd.	United Kingdom	Ltd.	100.00

# Parent income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
<b>Gross profit/loss</b>		<b>2,424,726</b>	<b>2,599,357</b>
Staff costs	1	(1,810,419)	(2,146,104)
Depreciation, amortisation and impairment losses	2	(610,381)	(490,728)
<b>Operating profit/loss</b>		<b>3,926</b>	<b>(37,475)</b>
Income from investments in group enterprises		18,081,840	10,448,972
Other financial income	3	20,971	57,432
Other financial expenses		(9,958)	(12,381)
<b>Profit/loss before tax</b>		<b>18,096,779</b>	<b>10,456,548</b>
Tax on profit/loss for the year	4	(3,123)	(1,740)
<b>Profit/loss for the year</b>		<b>18,093,656</b>	<b>10,454,808</b>
<b>Proposed distribution of profit and loss</b>			
Ordinary dividend for the financial year		17,000,000	0
Extraordinary dividend distributed in the financial year		0	5,500,000
Retained earnings		1,093,656	4,954,808
<b>Proposed distribution of profit and loss</b>		<b>18,093,656</b>	<b>10,454,808</b>

# Parent balance sheet at 31.12.2023

## Assets

	Notes	2022/23 DKK	2021/22 DKK
Acquired patents		770,404	918,420
<b>Intangible assets</b>	5	<b>770,404</b>	<b>918,420</b>
Other fixtures and fittings, tools and equipment		64,458	11,959
<b>Property, plant and equipment</b>	6	<b>64,458</b>	<b>11,959</b>
Investments in group enterprises		39,892,814	21,810,974
<b>Financial assets</b>	7	<b>39,892,814</b>	<b>21,810,974</b>
<b>Fixed assets</b>		<b>40,727,676</b>	<b>22,741,353</b>
Receivables from group enterprises		2,311,892	1,611,803
Deferred tax		63,526	25,000
Other receivables		20,216	26,709
Tax receivable		1,228,912	0
Joint taxation contribution receivable		2,032,982	0
Prepayments		338,806	362,006
<b>Receivables</b>		<b>5,996,334</b>	<b>2,025,518</b>
<b>Cash</b>		<b>2,056,837</b>	<b>1,639,787</b>
<b>Current assets</b>		<b>8,053,171</b>	<b>3,665,305</b>
<b>Assets</b>		<b>48,780,847</b>	<b>26,406,658</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022/23</b> <b>DKK</b>	<b>2021/22</b> <b>DKK</b>
Contributed capital		500,000	500,000
Reserve for net revaluation according to equity method		26,279,280	8,197,440
Retained earnings		181,884	17,170,068
Proposed dividend for the financial year		17,000,000	0
<b>Equity</b>		<b>43,961,164</b>	<b>25,867,508</b>
Tax payable		1,224,695	0
<b>Non-current liabilities other than provisions</b>	<b>8</b>	<b>1,224,695</b>	<b>0</b>
Trade payables		18,344	117,607
Payables to group enterprises		887,416	0
Tax payable		0	12,740
Joint taxation contribution payable		2,066,347	0
Other payables		622,881	408,803
<b>Current liabilities other than provisions</b>		<b>3,594,988</b>	<b>539,150</b>
<b>Liabilities other than provisions</b>		<b>4,819,683</b>	<b>539,150</b>
<b>Equity and liabilities</b>		<b>48,780,847</b>	<b>26,406,658</b>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		



# Parent statement of changes in equity for 2022/23

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	500,000	8,197,440	17,170,068	0	25,867,508
Profit/loss for the year	0	18,081,840	(16,988,184)	17,000,000	18,093,656
<b>Equity end of year</b>	<b>500,000</b>	<b>26,279,280</b>	<b>181,884</b>	<b>17,000,000</b>	<b>43,961,164</b>

# Notes to parent financial statements

## 1 Staff costs

	<b>2022/23</b>	<b>2021/22</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	1,308,692	1,762,735
Pension costs	2,840	70,543
Other social security costs	63,510	50,604
Other staff costs	435,377	262,222
	<b>1,810,419</b>	<b>2,146,104</b>
Average number of full-time employees	<b>1</b>	<b>1</b>

## 2 Depreciation, amortisation and impairment losses

	<b>2022/23</b>	<b>2021/22</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	602,735	485,412
Depreciation on property, plant and equipment	7,646	5,316
	<b>610,381</b>	<b>490,728</b>

## 3 Other financial income

	<b>2022/23</b>	<b>2021/22</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	0	57,432
Other interest income	20,971	0
	<b>20,971</b>	<b>57,432</b>

## 4 Tax on profit/loss for the year

	<b>2022/23</b>	<b>2021/22</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	41,649	12,740
Change in deferred tax	(38,526)	(11,000)
	<b>3,123</b>	<b>1,740</b>

## 5 Intangible assets

	<b>Acquired patents DKK</b>
Cost beginning of year	2,916,720
Additions	454,719
<b>Cost end of year</b>	<b>3,371,439</b>
Amortisation and impairment losses beginning of year	(1,998,300)
Amortisation for the year	(602,735)
<b>Amortisation and impairment losses end of year</b>	<b>(2,601,035)</b>
<b>Carrying amount end of year</b>	<b>770,404</b>

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	26,575
Additions	60,145
<b>Cost end of year</b>	<b>86,720</b>
Depreciation and impairment losses beginning of year	(14,616)
Depreciation for the year	(7,646)
<b>Depreciation and impairment losses end of year</b>	<b>(22,262)</b>
<b>Carrying amount end of year</b>	<b>64,458</b>

## 7 Financial assets

	<b>Investments in group enterprises DKK</b>
Cost beginning of year	13,613,534
<b>Cost end of year</b>	<b>13,613,534</b>
Revaluations beginning of year	8,197,440
Share of profit/loss for the year	18,081,840
<b>Revaluations end of year</b>	<b>26,279,280</b>
<b>Carrying amount end of year</b>	<b>39,892,814</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 8 Non-current liabilities other than provisions

	<b>Due after more than 12 months 2022/23 DKK</b>
Tax payable	1,224,695
	<b>1,224,695</b>

## 9 Unrecognised rental and lease commitments

	<b>2022/23 DKK</b>	<b>2021/22 DKK</b>
Total liabilities under rental or lease agreements until maturity	<b>12,022,758</b>	<b>12,092,592</b>

## 10 Contingent liabilities

To the end of October 2022 the Entity participated in a Danish joint taxation arrangement where O. & J. Holding A/S served as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

## Non-comparability

The Entity's financial year has changed, and the income statement comprises 15 months, where the comparative figures comprises of 12 months.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition

date, with net assets having been calculated at fair value.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, other operating income, costs of raw materials and consumables and external expenses.

### **Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### **Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of property, plant and equipment and salary refunds.

### **Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

### **Other external expenses**

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### **Staff costs**

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation for the financial year.

### **Other operating expenses**

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale property, plant and equipment.

### **Income from investments in group enterprises**

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

### **Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, exchange gains on payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, exchange losses on payables and transactions in foreign currencies and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

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

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Acquired patents**

Acquired patents are measured at the lower cost less accumulated amortisation and recoverable amount.

Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

**Property, plant and equipment**

Pant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	5
Leasehold improvements	5

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Investments in group enterprises**

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity

value.

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

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Inventories**

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

Cost consists of purchase price plus delivery costs.

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

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### **Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### **Joint taxation contributions payable or receivable**

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.



**Other financial liabilities**

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

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Joint taxation contributions payable or receivable**

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.