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CVR no. 20 22 26 70

**CLEMCO DANMARK A/S**  
**NIELS BOHRS VEJ 40, 8660 SKANDERBORG**  
**ANNUAL REPORT**  
**1 JULY 2023 - 30 JUNE 2024**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 19 December 2024**

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**Frederik Sejersdal Uhl Nielsen**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**CVR NO. 33 39 22 30**

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**COMPANY DETAILS**

<b>Company</b>	CLEMCO DANMARK A/S Niels Bohrs Vej 40 8660 Skanderborg  CVR No.: 33 39 22 30 Established: 18 January 2011 Municipality: Skanderborg Financial Year: 1 July 2023 - 30 June 2024
<b>Board of Directors</b>	Anne Sophie Nielsen, chairman Sophus Emil Iuel Nielsen Frederik Sejersdal Uhl Nielsen
<b>Executive Board</b>	Frederik Sejersdal Uhl Nielsen
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Vestre Ringgade 8 8000 Aarhus C
<b>Bank</b>	Danske Bank Adelgade 108 8660 Skanderborg

## MANAGEMENT'S STATEMENT

*Today the Board of Directors and Executive Board have discussed and approved the Annual Report of CLEMCO DANMARK A/S for the financial year 1 July 2023 - 30 June 2024.*

*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 assets, liabilities and financial position at 30 June 2024 and of the results of the Company's operations for the financial year 1 July 2023 - 30 June 2024.*

*The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.*

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

Skanderborg, 19 December 2024

Executive Board

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Frederik Sejersdal Uhl Nielsen

Board of Directors

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Anne Sophie Nielsen  
Chairman

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Sophus Emil Iuel Nielsen

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Frederik Sejersdal Uhl Nielsen

## THE INDEPENDENT AUDITOR'S REPORT

*To the Shareholder of CLEMCO DANMARK A/S*

### **Conclusion**

*We have performed an extended review of the Financial Statements of CLEMCO DANMARK A/S for the financial year 1 July 2023 - 30 June 2024, 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 under the Danish Financial Statements Act.*

*Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 30 June 2024 and of the results of the Company's operations for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.*

### **Basis for Conclusion**

*We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements 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 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 Extended Review of the Financial Statements**

*Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.*

*An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.*

*The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.*

### **Statement on the Management Commentary**

*Management is responsible for the Management Commentary.*

*Our conclusion on the Financial Statements does not cover the Management Commentary, and we do not express any form of assurance conclusion thereon.*

## THE INDEPENDENT AUDITOR'S REPORT

*In connection with our extended review of the Financial Statements, our responsibility is to read the Management Commentary and, in doing so, consider whether the Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during 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 under the Danish Financial Statements Act.*

*Based on the work we have performed, we conclude that the Management Commentary 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 the Management Commentary.*

Aarhus, 19 December 2024

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Klaus Tvede-Jensen  
State Authorised Public Accountant  
MNE no. mne23304

## MANAGEMENT COMMENTARY

### ***Principal activities***

*Principal activities are sales and marketing of machinery and consumables for surface treatment of steel and other materials as well as large scale fully automated turn key projects to international clients within heavy duty industrial surface treatment.*

*Clemco Denmark are supplying several robotic systems worldwide for surface treatment of steel structures. This activity strengthens Clemco Denmark's market position as an environmentally sustainable company by supporting our customers in reducing the use of resources and lead to safer surface treatment processes for protective coatings.*

*Our dedication to supply the world's best automation systems for applying corrosion protection will continue in the next financial year.*

*The company has achieved a reasonable local sale of equipment and machines, as well as consumables to the surface treatment industry.*

### ***Development in activities and financial and economic position***

*The result of the financial year is considered by management to be unsatisfactory*

*Strategic and management changes have been implemented and have already proved to be effective, and a satisfactory profit is expected in the coming financial year, which has already been secured through order intakes*

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

*No events have occurred after the end of the financial year of material importance for the Company's financial position.*

**INCOME STATEMENT 1 JULY - 30 JUNE**

	Note	2023/24 DKK	2022/23 DKK
<b>GROSS PROFIT</b> .....		<b>12.858.185</b>	<b>23.365.253</b>
Staff costs.....	1	-16.573.379	-16.856.047
Depreciation, amortisation and impairment.....		-2.365.573	-1.877.913
Other operating expenses.....		0	-121.998
<b>OPERATING LOSS</b> .....		<b>-6.080.767</b>	<b>4.509.295</b>
Other financial income.....	2	304.429	185.880
Impairment of asset investments.....		-58.111	-580.000
Other financial expenses.....	3	-943.558	-408.444
<b>LOSS BEFORE TAX</b> .....		<b>-6.778.007</b>	<b>3.706.731</b>
Tax on profit/loss for the year.....	4	1.466.223	-949.727
<b>LOSS FOR THE YEAR</b> .....		<b>-5.311.784</b>	<b>2.757.004</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Proposed dividend for the year.....		0	3.000.000
Retained earnings.....		-5.311.784	-242.996
<b>TOTAL</b> .....		<b>-5.311.784</b>	<b>2.757.004</b>



**BALANCE SHEET AT 30 JUNE**

<b>ASSETS</b>	<b>Note</b>	<b>2024 DKK</b>	<b>2023 DKK</b>
Development projects completed.....		4.544.035	5.636.271
Intangible fixed assets acquired.....		194.023	356.446
<b>Intangible assets.....</b>	<b>5</b>	<b>4.738.058</b>	<b>5.992.717</b>
Production plants and machinery.....		321.444	641.182
Other plants, machinery, tools and equipment.....		1.049.510	1.223.681
Leasehold improvements.....		1.144.502	141.561
<b>Property, plant and equipment.....</b>	<b>6</b>	<b>2.515.456</b>	<b>2.006.424</b>
Equity investments in group enterprises.....		11.889	70.000
Rent deposit and other receivables.....		580.914	580.914
<b>Financial non-current assets.....</b>	<b>7</b>	<b>592.803</b>	<b>650.914</b>
<b>NON-CURRENT ASSETS.....</b>		<b>7.846.317</b>	<b>8.650.055</b>
Raw materials and consumables.....		20.763.016	16.799.329
<b>Inventories.....</b>		<b>20.763.016</b>	<b>16.799.329</b>
Trade receivables.....		14.984.736	19.178.828
Contract work in progress.....	8	34.864	1.279.872
Receivables from group enterprises.....		2.338.078	2.010.431
Other receivables.....		26.331	0
Prepayments and accrued income.....	9	1.795.416	1.962.663
<b>Receivables.....</b>		<b>19.179.425</b>	<b>24.431.794</b>
<b>Cash and cash equivalents.....</b>		<b>9.462.428</b>	<b>1.871.715</b>
<b>CURRENT ASSETS.....</b>		<b>49.404.869</b>	<b>43.102.838</b>
<b>ASSETS.....</b>		<b>57.251.186</b>	<b>51.752.893</b>

**BALANCE SHEET AT 30 JUNE**

EQUITY AND LIABILITIES	Note	2024 DKK	2023 DKK
Share Capital.....	10	500.000	500.000
Reserve for development expenditure.....		3.544.347	4.396.291
Retained profit.....		9.327.085	13.786.925
Proposed dividend.....		0	3.000.000
<b>EQUITY.....</b>		<b>13.371.432</b>	<b>21.683.216</b>
Provision for deferred tax.....		792.591	2.258.794
<b>PROVISIONS.....</b>		<b>792.591</b>	<b>2.258.794</b>
Other liabilities.....		1.124.787	1.136.491
<b>Non-current liabilities.....</b>	11	<b>1.124.787</b>	<b>1.136.491</b>
Bank debt.....		13.010.671	8.459.517
Lease liabilities.....		541.048	166.205
Prepayments received concerning work in progress.....	8	593.755	1.886.646
Trade payables.....		17.351.799	9.962.670
Payables to group enterprises.....		7.697.468	878.300
Corporation tax.....		0	1.807.607
Other liabilities.....		2.767.635	2.716.712
Accruals and deferred income.....		0	796.735
<b>Current liabilities.....</b>		<b>41.962.376</b>	<b>26.674.392</b>
<b>LIABILITIES.....</b>		<b>43.087.163</b>	<b>27.810.883</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>57.251.186</b>	<b>51.752.893</b>
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**EQUITY**

DKK	Share Capital	Reserve for development expenditure	Retained profit	Proposed dividend	Total
Equity at 1 July 2023.....	500.000	4.396.291	13.786.925	3.000.000	21.683.216
Proposed profit allocation.....			-5.311.784		-5.311.784
<b>Transactions with owners</b>					
Dividend paid.....				-3.000.000	-3.000.000
<b>Other legal bindings</b>					
Other adjustments to equity value.....			851.944		851.944
<b>Transfers</b>					
Depreciations.....		-1.092.236			-1.092.236
Tax on changes in equity.....		240.292			240.292
Equity at 30 June 2024.....	500.000	3.544.347	9.327.085	0	13.371.432

## NOTES

	2023/24 DKK	2022/23 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of full time employees	30	31	
Wages and salaries.....	15.086.960	15.199.011	
Pensions.....	1.408.180	1.453.396	
Social security costs.....	78.239	203.640	
	<b>16.573.379</b>	<b>16.856.047</b>	
Remuneration of Management and Board of Directors.....	1.139.463	1.139.463	
	<b>1.139.463</b>	<b>1.139.463</b>	
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	34.452	39.218	
Other interest income.....	269.977	146.662	
	<b>304.429</b>	<b>185.880</b>	
<b>Other financial expenses</b>			<b>3</b>
Group enterprises.....	87.738	0	
Other interest expenses.....	855.820	408.444	
	<b>943.558</b>	<b>408.444</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Adjustment of tax for previous years.....	-20	0	
Adjustment of deferred tax.....	-1.466.203	949.727	
	<b>-1.466.223</b>	<b>949.727</b>	

NOTES

			Note
<b>Intangible assets</b>			<b>5</b>
DKK	Development projects completed	Intangible fixed assets acquired	
Cost at 1 July 2023.....	7.645.648	1.274.926	
Additions.....	0	17.003	
Disposals.....	0	-575.874	
<b>Cost at 30 June 2024.....</b>	<b>7.645.648</b>	<b>716.055</b>	
Amortisation at 1 July 2023.....	2.009.377	918.480	
Reversal of amortisation of assets disposed of .....	0	-553.339	
Amortisation for the year.....	1.092.236	156.891	
<b>Amortisation at 30 June 2024.....</b>	<b>3.101.613</b>	<b>522.032</b>	
<b>Carrying amount at 30 June 2024.....</b>	<b>4.544.035</b>	<b>194.023</b>	

It is Management’s assessment that the Company’s robot projects of a total carrying amount of DKK 4.544.035 contribute positively and effectively to the Company’s earnings. Thus, in 2024, the Company has sold and delivered several systems. Management performs a annually impairment test, which have not given any impairment indications as of 30 June 2024. The robot systems is technically well-functioning, and the Company receives inquiries every month from customers in the wind power industry.

				6
<b>Property, plant and equipment</b>		Other plants, machinery, tools and equipment	Leasehold improvements	
DKK	Production plants and machinery			
Cost at 1 July 2023.....	1.093.060	2.482.235	232.142	
Transferred.....	0	-312.811	312.811	
Additions.....	36.982	1.077.939	821.021	
Disposals.....	-29.886	-749.891	0	
<b>Cost at 30 June 2024.....</b>	<b>1.100.156</b>	<b>2.497.472</b>	<b>1.365.974</b>	
Depreciation and impairment losses at 1 July 2023.....	451.878	1.258.553	90.581	
Reversal of depreciation of assets disposed of ..	-6.220	-463.092	0	
Depreciation for the year.....	333.054	652.501	130.891	
<b>Depreciation and impairment losses at 30 June 2024.....</b>	<b>778.712</b>	<b>1.447.962</b>	<b>221.472</b>	
<b>Carrying amount at 30 June 2024.....</b>	<b>321.444</b>	<b>1.049.510</b>	<b>1.144.502</b>	

## NOTES

				Note
<b>Financial non-current assets</b>				<b>7</b>
		Equity investments in group enterprises	Rent deposit and other receivables	
DKK				
Cost at 1 July 2023.....		11.889	580.914	
Cost at 30 June 2024.....		<b>11.889</b>	<b>580.914</b>	
Carrying amount at 30 June 2024.....		<b>11.889</b>	<b>580.914</b>	
		2024 DKK	2023 DKK	
<b>Contract work in progress</b>				<b>8</b>
Sales value of completed work.....		9.048.891	9.554.107	
Invoiced on account/payments on account.....		-9.607.782	-10.160.881	
<b>Contract work in progress, net</b> .....		<b>-558.891</b>	<b>-606.774</b>	
Contract work in progress (asset).....		34.864	1.279.872	
Contract work in progress (liability).....		-593.755	-1.886.646	
		<b>-558.891</b>	<b>-606.774</b>	
<b>Prepayments and accrued income</b>				<b>9</b>
Prepaid cost and insurances etc.....		1.795.416	1.962.663	
		<b>1.795.416</b>	<b>1.962.663</b>	
<b>Share Capital</b>				<b>10</b>
Allocation of share capital:				
A-shares, 500.000 unit in the denomination of 1 DKK.....		500.000	500.000	
		<b>500.000</b>	<b>500.000</b>	
<b>Long-term liabilities</b>				<b>11</b>
DKK	30/6 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	30/6 2023 total liabilities
Other liabilities.....	1.124.787	0	0	1.136.491
Accruals and deferred income.....	0	0	1.074.931	0
	<b>1.124.787</b>	<b>0</b>	<b>1.074.931</b>	<b>1.136.491</b>

**NOTES****Note****Contingencies etc.****12****Contingent liabilities**

The Company has issued an unlimited guarantee of payment for Danske Bank's account with Autosam A/S. As of 30/6 constitutes the bank debt 274 DKK ('000).

The company has entered into operational lease agreements with an average lease payment of DKK ('000) 207 per year. The company has also entered into rent agreements with an average rent payment of DKK ('000) 1.120 per year.

The leasing liabilities has a running time of 1 to 9 months. The total liability amount for lease agreements is DKK ('000) 294.

The rent agreements is non-terminable within 6 months from the day of giving notice of termination, the rent agreement regarding Skanderborg is renegotiated and can be terminated from 31-01-2028.

**Joint liabilities**

The company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of FSUN ApS, which serves as management company for the joint taxation.

**Charges and securities****13**

Bank debt is secured by way of a corporate mortgage deed registered to the mortgagor with a floating charge of DKK ('000) 10.000 nominal.

The corporate mortgage deed includes the following assets, which value on the balance day is:

	DKK
Production plants and machinery.....	321.444
Other plants, machinery, tools and equipment.....	1.049.510
Leasehold improvements.....	1.144.502
Inventories.....	20.763.016
Trade receivables.....	14.984.736
Intangible assets.....	5.992.717

**Related parties****14**

The Company's related parties include:

**Controlling interest**

FSUN ApS, Sejs Søvej 78, Sejs-Svejbæk, 8600 Silkeborg is the principal shareholder.

**Transactions with related parties**

The company did not carry out any material 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.

## ACCOUNTING POLICIES

*The Annual Report of CLEMCO DANMARK A/S for 2023/24 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.*

*The Annual Report is prepared consistently with the accounting principles applied last year.*

### INCOME STATEMENT

#### **Net revenue**

*Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.*

*Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.*

*When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.*

*Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.*

#### **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 operating income**

*Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.*

#### **Other external expenses**

*Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc.*

#### **Staff costs**

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

#### **Other operating expenses**

*Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.*

#### **Income from investments in subsidiaries**

*Dividend from equity interests is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.*



**ACCOUNTING POLICIES**

**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 securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

**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 share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

**BALANCE SHEET**

**Intangible fixed assets**

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company’s development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period used are 3-7 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

**Tangible fixed assets**

Leasehold improvements, production plants and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

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
Production plant and machinery.....	3 years	0%
Other plant, fixtures and equipment.....	3-5 years	0%
Leasehold improvements.....	3-10 years	0%

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

**Financial non-current assets**

Equity investments in are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

## ACCOUNTING POLICIES

### **Impairment of fixed assets**

*The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually 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 recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.*

*The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.*

### **Inventories**

*Inventories are measured at cost using the weighted average. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.*

*The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.*

*The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.*

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

### **Receivables**

*Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.*

*Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.*

*Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.*

*Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.*

## ACCOUNTING POLICIES

### **Contract work in progress**

*Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.*

*The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.*

*Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.*

### **Accruals, assets**

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

### **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.*

*The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.*

*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 carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 transaction 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 loan period.*

*The amortised cost of current liabilities corresponds usually to the nominal value.*

### **Accruals, liabilities**

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