



Technicon A/S

Sjællandsvej 19
9500 Hobro
CVR No. 33759894

Annual report 01.05.2022 - 30.04.2023

The Annual General Meeting adopted the
annual report on 07.07.2023

Henrik Løftgaard
Chairman of the General Meeting

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Entity details

Entity

Technicon A/S
Sjællandsvej 19
9500 Hobro

Business Registration No.: 33759894
Registered office: Mariagerfjord
Financial year: 01.05.2022 - 30.04.2023

Board of Directors

Henrik Løftgaard
Jakob Goul Rømsgaard
Kristian Løftgaard
Casper Hansen
Jens Bjørnholdt Ankersen

Executive Board

Jakob Goul Rømsgaard
Casper Hansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
P. O. Box 10
5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Technicon A/S for the financial year 01.05.2022 - 30.04.2023.

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 Entity's financial position at 30.04.2023 and of the results of its operations for the financial year 01.05.2022 - 30.04.2023.

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.

Hobro, 07.07.2023

Executive Board

Jakob Goul Rømsgaard

Casper Hansen

Board of Directors

Henrik Løftgaard

Jakob Goul Rømsgaard

Kristian Løftgaard

Casper Hansen

Jens Bjørnholdt Ankersen

Independent auditor's report

To the shareholders of Technicon A/S

Opinion

We have audited the financial statements of Technicon A/S for the financial year 01.05.2022 - 30.04.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.04.2023 and of the results of its operations for the financial year 01.05.2022 - 30.04.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Effective from this financial year, the Entity is required to have its financial statements audited. We point out that, as disclosed in the financial statements, the comparative figures in the financial statements have not been audited but subjected to extended review.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted

in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit 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 of the management commentary.

Odense, 07.07.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bo Damgaard Hansen

State Authorised Public Accountant
Identification No (MNE) mne34543

Marco Mosegaard Brøndsted

State Authorised Public Accountant
Identification No (MNE) mne49081

Management commentary

Financial highlights

	2022/23	2021/22	2020/21	2019/20	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	44,730	36,647	26,860	18,852	11,122
Operating profit/loss	2,558	6,527	4,900	2,197	1,399
Net financials	(617)	(425)	(157)	(181)	(112)
Profit/loss for the year	1,602	4,786	3,953	1,585	1,013
Total assets	48,571	46,710	38,580	22,808	21,615
Investments in property, plant and equipment	1,113	1,095	80	689	405
Equity	13,097	11,994	7,709	3,755	2,171
Ratios					
Return on equity (%)	12.77	48.58	68.96	53.49	46.66
Equity ratio (%)	26.96	25.68	19.98	16.46	10.04

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Average equity

Equity ratio (%):

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets

Primary activities

The company's main activities consist of development and sales of Automation systems, conducting consulting engineering business and other related business.

Development in activities and finances

The result for the year shows an operating profit of DKK 2.558 thousand and a profit of DKK 1.602 thousand after tax against an operating profit of DKK 6.527 thousand and a profit after tax of DKK 4.786 thousand after tax in 2021/22.

The equity amount per April 30, 2023, is DKK 13.097 thousand, against equity of DKK 11.994 thousand per April 30, 2022

Given the very volatile and difficult business environment of the year, the result for the year is considered to be satisfactory.

Profit/loss for the year in relation to expected developments

The company shows satisfactory key figures and development, at the level of expectations.

Uncertainty relating to recognition and measurement

Recognition and measurement of work in progress is based on a thorough assessment of the state of the individual projects as well as expectations of the remaining settlement of each individual contract.

Estimates related to the future settlement of the remaining work depends on several factors, like a project condition can change as the work is performed. The actual result may thus deviate from the expected result. There can therefore be both positive and negative deviations in relation to the measurement per April 30, 2022.

Recognition and measurement of development projects is based on a thorough management and assessment of the projects at the time of recognition. The future development of the remaining work on the development projects depends on several factors, just as the preconditions of the project can change in step with completion. The actual result may thus deviate from the expected result.

Outlook

Management expects a positive result for the coming financial year in the same order of magnitude as the current financial year.

Environmental performance

Technicon A/S works environmentally consciously and continuously tries to reduce environmental impacts from the company's operating activities.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Gross profit/loss		44,729,723	36,646,801
Staff costs	2	(40,052,307)	(28,383,643)
Depreciation, amortisation and impairment losses		(2,119,898)	(1,735,976)
Operating profit/loss		2,557,518	6,527,182
Income from investments in group enterprises		9,938	(6,470)
Other financial income from group enterprises		0	11,939
Other financial income		5,590	2,657
Other financial expenses		(622,622)	(439,728)
Profit/loss before tax		1,950,424	6,095,580
Tax on profit/loss for the year	3	(348,077)	(1,309,730)
Profit/loss for the year	4	1,602,347	4,785,850

Balance sheet at 30.04.2023

Assets

	Notes	2022/23 DKK	2021/22 DKK
Completed development projects	6	3,869,763	5,086,515
Acquired licences		351,438	229,898
Development projects in progress	6	1,393,983	1,807,308
Intangible assets	5	5,615,184	7,123,721
Other fixtures and fittings, tools and equipment		1,647,599	1,332,711
Leasehold improvements		375,967	245,171
Property, plant and equipment	7	2,023,566	1,577,882
Investments in group enterprises		34,290	24,352
Deposits		22,343	0
Financial assets	8	56,633	24,352
Fixed assets		7,695,383	8,725,955
Manufactured goods and goods for resale		6,982,721	4,013,956
Inventories		6,982,721	4,013,956
Trade receivables		16,330,800	11,951,035
Contract work in progress	9	16,751,350	15,964,068
Receivables from group enterprises		0	280,199
Other receivables		107,908	143,847
Prepayments	10	677,058	604,264
Receivables		33,867,116	28,943,413
Cash		26,005	5,026,922
Current assets		40,875,842	37,984,291
Assets		48,571,225	46,710,246

Equity and liabilities

	Notes	2022/23 DKK	2021/22 DKK
Contributed capital	11	400,000	400,000
Reserve for development expenditure		4,105,722	5,377,182
Retained earnings		8,091,025	5,717,214
Proposed dividend		500,000	500,000
Equity		13,096,747	11,994,396
Deferred tax	12	3,639,575	3,291,498
Provisions		3,639,575	3,291,498
Lease liabilities		471,009	620,313
Joint taxation contribution payable		0	193,476
Other payables		1,262,908	1,236,713
Non-current liabilities other than provisions	13	1,733,917	2,050,502
Current portion of non-current liabilities other than provisions	13	110,270	120,272
Bank loans		6,608,775	4,862,756
Contract work in progress	9	5,148,296	4,460,031
Trade payables		10,928,294	6,759,049
Payables to group enterprises		2,493	0
Joint taxation contribution payable		193,476	430,196
Other payables		4,421,417	9,643,402
Deferred income	14	2,687,965	3,098,144
Current liabilities other than provisions		30,100,986	29,373,850
Liabilities other than provisions		31,834,903	31,424,352
Equity and liabilities		48,571,225	46,710,246
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
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Statement of changes in equity for 2022/23

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	400,000	5,377,182	5,717,218	500,000	11,994,400
Ordinary dividend paid	0	0	0	(500,000)	(500,000)
Transfer to reserves	0	(1,271,460)	1,271,460	0	0
Profit/loss for the year	0	0	1,102,347	500,000	1,602,347
Equity end of year	400,000	4,105,722	8,091,025	500,000	13,096,747

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2022/23	2021/22
	DKK	DKK
Wages and salaries	36,767,907	26,027,486
Pension costs	2,762,045	1,961,349
Other social security costs	522,355	394,808
	40,052,307	28,383,643
Average number of full-time employees	74	54

	Remuneration of Management 2022/23 DKK	Remuneration of Management 2021/22 DKK
Executive Board	2,066,022	1,907,432
	2,066,022	1,907,432

3 Tax on profit/loss for the year

	2022/23	2021/22
	DKK	DKK
Current tax	0	193,476
Change in deferred tax	348,077	1,119,642
Adjustment concerning previous years	0	(3,388)
	348,077	1,309,730

4 Proposed distribution of profit and loss

	2022/23	2021/22
	DKK	DKK
Ordinary dividend for the financial year	500,000	500,000
Extraordinary dividend distributed in the financial year	0	500,000
Retained earnings	1,102,347	3,785,850
	1,602,347	4,785,850

5 Intangible assets

	Completed development projects DKK	Acquired licences DKK	Development projects in progress DKK
Cost beginning of year	9,871,399	1,203,472	1,807,308
Transfers	1,461,032	0	(1,461,033)
Additions	0	286,781	1,047,708
Disposals	(403,286)	0	0
Cost end of year	10,929,145	1,490,253	1,393,983
Amortisation and impairment losses beginning of year	(4,784,883)	(973,573)	0
Amortisation for the year	(2,677,785)	(165,242)	0
Reversal regarding disposals	403,286	0	0
Amortisation and impairment losses end of year	(7,059,382)	(1,138,815)	0
Carrying amount end of year	3,869,763	351,438	1,393,983

6 Development projects

Development projects relate to the development of new products. Prior to the commencement of the projects, calculations have been prepared which show that the projects are expected to lead to increased revenue and earnings in the company. The ongoing development projects are expected to be completed.

As per 30.04.2023 a completed development project regarding technology for coating aircraft is recognized at DKK 969,000. Currently no revenue is generated from the project. However, it is the management's clear opinion that the project will generate future income. There is a natural uncertainty related to the future outcome.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	2,626,278	384,420
Additions	904,984	208,331
Disposals	(209,632)	0
Cost end of year	3,321,630	592,751
Depreciation and impairment losses beginning of year	(1,293,567)	(139,249)
Depreciation for the year	(568,096)	(77,535)
Reversal regarding disposals	187,632	0
Depreciation and impairment losses end of year	(1,674,031)	(216,784)
Carrying amount end of year	1,647,599	375,967
Recognised assets not owned by entity	535,552	

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	40,000	0
Additions	0	22,343
Cost end of year	40,000	22,343
Impairment losses beginning of year	(15,648)	0
Share of profit/loss for the year	9,938	0
Impairment losses end of year	(5,710)	0
Carrying amount end of year	34,290	22,343

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Sarto Robotics ApS	Hobro	ApS	100.00

9 Contract work in progress

	2022/23 DKK	2021/22 DKK
Contract work in progress	64,103,202	39,036,733
Progress billings regarding contract work in progress	(52,500,148)	(27,532,695)
Transferred to liabilities other than provisions	5,148,296	4,460,030
	16,751,350	15,964,068

10 Prepayments

Prepayments comprises accrued of costs.

11 Share capital

	Number	Par value DKK	Nominal value DKK
A-Shares	400,000	1	400,000
	400,000		400,000

12 Deferred tax

	2022/23 DKK	2021/22 DKK
Changes during the year		
Beginning of year	3,291,498	2,171,856
Recognised in the income statement	348,077	1,119,642
End of year	3,639,575	3,291,498

13 Non-current liabilities other than provisions

	Due within 12 months 2022/23 DKK	Due within 12 months 2021/22 DKK	Due after more than 12 months 2022/23 DKK	Outstanding after 5 years 2022/23 DKK
Lease liabilities	110,270	120,272	471,009	0
Other payables	0	0	1,262,908	1,262,908
	110,270	120,272	1,733,917	1,262,908

14 Deferred income

Deferred income consists of grants received related to development projects. The grants is recognized in the income statement as the development projects are written off.

15 Unrecognised rental and lease commitments

	2022/23 DKK	2021/22 DKK
Liabilities under rental or lease agreements until maturity in total	91,713	91,713
Liabilities under rental agreements or leases with group enterprises until expiry	2,520,870	3,070,870

16 Assets charged and collateral

As security for bank debt, a corporate mortgage has been made, which amounts to nominal DKK 16,000,000. The carrying amount of simple receivables, inventories, equipment and intellectual property rights, etc. amounts to DKK 48,488,587.

The company has provided self-debtor surety to Technicon Holding ApS. The bank debt in Technicon Holding ApS amounts to DKK 1,967,040

Guarantees have been provided for the company's ongoing projects of a total of DKK 21,093,461 per 31.12.2022.

Certain items of plant and machinery, and other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 535,552.

17 Related parties with controlling interest

Technicon Holding ApS, Sjællandsvej 19, 9500 Hobro owns all shares in the Entity, thus exercising control.

18 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Technicon Holding ApS, Sjællandsvej 19, 9500 Hobro

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Technicon Holding ApS, Sjællandsvej 19, 9500 Hobro

Accounting policies

Reporting class

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

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

Effective from this financial year, the Entity can no longer opt for extended review, for which reason the financial statements have been audited. The comparative figures in the financial statements, including disclosures in the notes, have not been audited but subjected to extended review.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost 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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs

Staff costs comprise salaries and wages, 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, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and 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 from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses.

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.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised 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

Land and buildings, plant 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:

	Useful life
Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5 years

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 property, 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 according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

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.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been 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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Technicon Holding ApS, Business Reg. No.39069849