

## **Unisense A/S**

Tueager 1

8200 Aarhus N

Business Registration No

33762593

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 13.05.2019

### **Chairman of the General Meeting**

---

Name: Lars Riis Damgaard

# Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018	7
Balance sheet at 31.12.2018	8
Statement of changes in equity for 2018	10
Notes	11
Accounting policies	16

## Entity details

### Entity

Unisense A/S

Tueager 1

8200 Aarhus N

Central Business Registration No (CVR): 33762593

Registered in: Aarhus

Financial year: 01.01.2018 - 31.12.2018

### Board of Directors

Carl Erik Skovgaard, chairman

Ole Pedersen

Michael Gustav Brock

Lars Rabe Tønnesen

Flemming Besenbacher

### Executive Board

Niels Christian Buur

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Unisense A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Aarhus, 02.04.2019

### Executive Board

Niels Christian Buur

### Board of Directors

Carl Erik Skovgaard  
chairman

Ole Pedersen

Michael Gustav Brock

Lars Rabe Tønnesen

Flemming Besenbacher

# Independent auditor's report

## To the shareholders of Unisense A/S

### Opinion

We have audited the financial statements of Unisense A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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:

## Independent auditor's report

- 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.

## Independent auditor's report

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.

Aarhus, 02.04.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR)  
33963556

Klaus Tvede-Jensen  
State Authorised Public Accountant  
Identification No (MNE) mne23304

Jens Lauridsen  
State Authorised Public Accountant  
Identification No (MNE) mne34323

## Management commentary

### Primary activities

The Company's primary activities are manufacturing of equipment for measurement, testing, navigation and control, as well as manufacturing of other electronic equipment and components.

### Development in activities and finances

Turnover from sale of sensor systems to university researchers increased by 12% in comparison with the year before. The operating profit from business activities before depreciation, amortization and impairment losses was DKK 2.937.023, and operating profit was DKK 514.044. These were all strong improvements in comparison with the year before. Loss from activities in daughter companies Unisense Environment A/S and Unisense Diagnostics ApS, were DKK (833.659), and this was mainly driven by depreciation and financial cost. Total loss of the year was DKK (683.493).

The company continued its focus on expanding its business from its strong market position in the scientific research sensor market and into the much larger and high-growth industrial sensor market. The management believes, that the new IMEC sensor range will be a key enabler of digitalization in sewer networks, at biogas facilities, at natural gas facilities and in numerous other areas.

An increased amount of effort was put into product refinement, protection of intellectual property, field demonstrations and certifications of the IMEC sensor range. Those activities were supported by large grants from Danish and EU funding bodies, which improved the cash balance of the company.

The business model of the IMEC sensor range has focus on partnership sales channels. The company made good progress in discussions with leading international providers of technology, solutions and chemicals during the year, and management expects to form partnerships in the coming years.

### 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 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
<b>Gross profit</b>		<b>14.229.779</b>	<b>11.865.246</b>
Staff costs	1	(11.292.756)	(10.129.167)
Depreciation, amortisation and impairment losses	2	<u>(2.422.979)</u>	<u>(2.338.036)</u>
<b>Operating profit/loss</b>		<b>514.044</b>	<b>(601.957)</b>
Income from investments in group enterprises		(833.659)	(998.070)
Other financial income	3	549.514	312.193
Financial expenses from group enterprises		(139.151)	(134.920)
Other financial expenses		<u>(265.241)</u>	<u>(245.782)</u>
<b>Profit/loss before tax</b>		<b>(174.493)</b>	<b>(1.668.536)</b>
Tax on profit/loss for the year	4	<u>(509.000)</u>	<u>(248.000)</u>
<b>Profit/loss for the year</b>		<b><u>(683.493)</u></b>	<b><u>(1.916.536)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(683.493)</u>	<u>(1.916.536)</u>
		<b><u>(683.493)</u></b>	<b><u>(1.916.536)</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Completed development projects		1.625.676	0
Acquired patents		1.829	10.325
Goodwill		3.595.927	5.393.892
Development projects in progress		16.072.842	7.956.132
<b>Intangible assets</b>	<b>5</b>	<b>21.296.274</b>	<b>13.360.349</b>
Plant and machinery		554.084	598.991
Other fixtures and fittings, tools and equipment		439.764	507.216
Leasehold improvements		285.953	199.869
<b>Property, plant and equipment</b>	<b>6</b>	<b>1.279.801</b>	<b>1.306.076</b>
Investments in group enterprises		0	0
Deposits		645.357	0
<b>Fixed asset investments</b>	<b>7</b>	<b>645.357</b>	<b>0</b>
<b>Fixed assets</b>		<b>23.221.432</b>	<b>14.666.425</b>
Raw materials and consumables		703.564	1.248.631
Manufactured goods and goods for resale		3.985.727	3.608.952
<b>Inventories</b>		<b>4.689.291</b>	<b>4.857.583</b>
Trade receivables		2.514.580	1.696.393
Receivables from group enterprises		599.398	658.809
Other receivables		1.420.731	1.257.833
Income tax receivable		618.000	0
Prepayments		315.929	150.955
<b>Receivables</b>		<b>5.468.638</b>	<b>3.763.990</b>
<b>Cash</b>		<b>4.105.047</b>	<b>158.399</b>
<b>Current assets</b>		<b>14.262.976</b>	<b>8.779.972</b>
<b>Assets</b>		<b>37.484.408</b>	<b>23.446.397</b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	8	2.158.300	2.158.300
Reserve for development expenditure		8.706.698	4.077.518
Retained earnings		(1.570.850)	3.741.823
<b>Equity</b>		<b>9.294.148</b>	<b>9.977.641</b>
Deferred tax		1.832.000	705.000
<b>Provisions</b>		<b>1.832.000</b>	<b>705.000</b>
Deferred income	9	11.826.669	1.122.291
<b>Non-current liabilities other than provisions</b>		<b>11.826.669</b>	<b>1.122.291</b>
Bank loans		2.044.641	1.127.372
Prepayments received from customers		2.107.470	1.470.051
Trade payables		1.545.824	1.545.757
Payables to group enterprises		4.925.824	4.639.449
Income tax payable		12.278	12.278
Other payables	10	3.895.554	2.846.558
<b>Current liabilities other than provisions</b>		<b>14.531.591</b>	<b>11.641.465</b>
<b>Liabilities other than provisions</b>		<b>26.358.260</b>	<b>12.763.756</b>
<b>Equity and liabilities</b>		<b>37.484.408</b>	<b>23.446.397</b>
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Assets charged and collateral	13		

## Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.158.300	4.077.518	3.741.823	9.977.641
Profit/loss for the year	0	4.629.180	(5.312.673)	(683.493)
<b>Equity end of year</b>	<b>2.158.300</b>	<b>8.706.698</b>	<b>(1.570.850)</b>	<b>9.294.148</b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	10.517.750	9.626.655
Pension costs	789.676	652.430
Other social security costs	237.463	179.893
Other staff costs	(252.133)	(329.811)
	<b>11.292.756</b>	<b>10.129.167</b>
 Average number of employees	 <b>33</b>	 <b>28</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	1.806.461	1.814.895
Depreciation of property, plant and equipment	616.518	543.141
Profit/loss from sale of intangible assets and property, plant and equipment	0	(20.000)
	<b>2.422.979</b>	<b>2.338.036</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	260.457	249.882
Other interest income	2.346	1.430
Exchange rate adjustments	286.711	60.881
	<b>549.514</b>	<b>312.193</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Tax on profit/loss for the year</b>		
Current tax	(618.000)	0
Change in deferred tax	1.127.000	248.000
	<b>509.000</b>	<b>248.000</b>

## Notes

	Completed develop- ment projects DKK	Acquired patents DKK	Goodwill DKK	Develop- ment projects in progress DKK
<b>5. Intangible assets</b>				
Cost beginning of year	0	208.628	17.979.643	7.956.132
Transfers	1.625.676	0	0	(1.625.676)
Additions	0	0	0	9.742.386
<b>Cost end of year</b>	<b>1.625.676</b>	<b>208.628</b>	<b>17.979.643</b>	<b>16.072.842</b>
Amortisation and impairment losses beginning of year	0	(198.303)	(12.585.751)	0
Amortisation for the year	0	(8.496)	(1.797.965)	0
<b>Amortisation and impairment losses end of year</b>	<b>0</b>	<b>(206.799)</b>	<b>(14.383.716)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1.625.676</b>	<b>1.829</b>	<b>3.595.927</b>	<b>16.072.842</b>

### Development projects

The Company continued its development, certification and demonstration of industrial microelectrochemical sensors (IMEC™). These sensors were targeting various industrial applications such as wastewater, biogas and natural gas applications, and they demonstrated similar high measurement performance as the Company's other electrochemical microsensors for scientific customers, but with superior robustness and user friendliness. The development was supported by grants from Denmark and from the EU. Integration of this novel and patented technology into a range of CE and ATEX certified industry products was initiated, and the first IMEC™ products were launched on the market.

## Notes

	<b>Plant and machinery DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>6. Property, plant and equipment</b>			
Cost beginning of year	1.485.655	1.474.168	557.600
Additions	245.139	187.651	174.495
Disposals	(23.596)	(150.570)	0
<b>Cost end of year</b>	<b>1.707.198</b>	<b>1.511.249</b>	<b>732.095</b>
Depreciation and impairment losses beginning of year	(886.664)	(966.952)	(357.731)
Depreciation for the year	(273.004)	(255.103)	(88.411)
Reversal regarding disposals	6.554	150.570	0
<b>Depreciation and impairment losses end of year</b>	<b>(1.153.114)</b>	<b>(1.071.485)</b>	<b>(446.142)</b>
<b>Carrying amount end of year</b>	<b>554.084</b>	<b>439.764</b>	<b>285.953</b>
		<b>Invest- ments in group enterprises DKK</b>	<b>Deposits DKK</b>
<b>7. Fixed asset investments</b>			
Cost beginning of year		2.100.000	0
Additions		0	645.357
<b>Cost end of year</b>		<b>2.100.000</b>	<b>645.357</b>
Impairment losses beginning of year		(2.100.000)	0
Share of profit/loss for the year		(833.659)	0
Investments with negative equity value depreciated over receivables		833.659	0
<b>Impairment losses end of year</b>		<b>(2.100.000)</b>	<b>0</b>
<b>Carrying amount end of year</b>		<b>0</b>	<b>645.357</b>

## Notes

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>
Investments in group enterprises comprise:			
Unisense Environment A/S	Aarhus	A/S	100,0
Unisense Diagnostics ApS	Aarhus	ApS	66,7

	<b>Number</b>	<b>Nominal value DKK</b>
<b>8. Contributed capital</b>		
Shares	215.830	2.158.300
	<b>215.830</b>	<b>2.158.300</b>

A share option scheme has been established according to which a right to subscribe for up to 10,790 new shares in the Company, a total of DKK 107,900 nominal, was earned in the period from 2013 to 2016 provided certain objectives were met.

On the presentation of the annual report for 2018, a total right of subscription for 9,712 shares was earned.

The exercise period runs from the vesting time until 31 December 2019.

### 9. Long-term deferred income

Long-term deferred income includes grants related to development project in progress.

	<b>2018 DKK</b>	<b>2017 DKK</b>
<b>10. Other payables</b>		
Wages and salaries, personal income taxes, social security costs, etc payable	76.913	46.249
Holiday pay obligation	2.841.734	2.362.294
Other costs payable	976.907	438.015
	<b>3.895.554</b>	<b>2.846.558</b>

	<b>2018 DKK</b>	<b>2017 DKK</b>
<b>11. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>6.038.110</b>	<b>1.258.106</b>



## Notes

### 12. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Unisense Holding 2 A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

### 13. Assets charged and collateral

Bank debt has been secured by a deposited all-monies mortgage providing security in a floating charge of DKK 4,500k on the Company's intangible assets, plant and equipment, inventories as well as receivables.

The Company has provided a guarantee of DKK 3,048k to the bank of a subsidiary and provided 10% of its shares in Unisense Environment A/S as security for the debt.

The carrying amount of the charged shares amounts to DKK 0k.

## 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 certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year, however, with some reclassifications.

### Consolidated financial statements

Referring to section 110 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.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

### 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.

## Accounting policies

### 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

### 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 write-downs 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 as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as 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 internal profits or losses.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

## Accounting policies

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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 Entity is jointly taxed with the parent. 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

#### Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually ten years. However, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights.

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 is taken to equity under 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 of the assets. The amortisation period is 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

## Accounting policies

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

### Property, plant and equipment

Plant and machinery as well as 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:

Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

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

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under 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 write-downs for bad and doubtful debts.

## Accounting policies

### **Income tax payable or receivable**

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

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Deferred tax**

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

### **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.

### **Deferred income**

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