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# *SwipBox International A/S*

Ellegårdvej 7, DK-6400 Sønderborg

## Annual Report for 2023

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CVR No. 36 47 85 51

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 14/3 2024

Bent Kristensen  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SwipBox International A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Sønderborg, 14 March 2024

## Executive Board

Jens Rom  
CEO

## Board of Directors

Jan Chresten Rantzau von  
Backhaus  
Chairman

Erik Balck Sørensen

Bent Kristensen

Peter Johan Mads Clausen

Allan Krogsgaard Jakobsen

# Independent Auditor's report

To the shareholder of SwipBox International A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SwipBox International A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's 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 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.

# Independent Auditor's report

## 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aarhus C, 14 March 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Henrik Kragh  
State Authorised Public Accountant  
mne26783

Jeppe Smed Sørensen  
State Authorised Public Accountant  
mne40041

## Company information

<b>The Company</b>	SwipBox International A/S Ellegårdvej 7 DK-6400 Sønderborg  CVR No: 36 47 85 51 Financial period: 1 January - 31 December Incorporated: 23 December 2014 Financial year: 9th financial year Municipality of reg. office: Sønderborg
<b>Board of Directors</b>	Jan Chresten Rantzau von Backhaus, chairman Erik Balck Sørensen Bent Kristensen Peter Johan Mads Clausen Allan Krogsgaard Jakobsen
<b>Executive Board</b>	Jens Rom
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

## Financial Highlights

Seen over a 3-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021
	TDKK	TDKK	TDKK
<b>Key figures</b>			
<b>Profit/loss</b>			
Gross profit	84,567	125,120	92,496
Profit/loss of primary operations	37,660	82,023	56,686
Profit/loss of financial income and expenses	9,493	9,798	112
Net profit/loss for the year	38,410	74,151	57,139
<b>Balance sheet</b>			
Balance sheet total	209,341	217,201	141,979
Investment in property, plant and equipment	4,454	3,964	0
Equity	140,586	140,947	66,713
Number of employees	59	55	42
<b>Ratios</b>			
Return on assets	18.0%	37.8%	39.9%
Solvency ratio	67.2%	64.9%	47.0%
Return on equity	27.3%	71.4%	173.8%

The Financial Highlights overview has only been a requirement since the annual report for 2022, which is why the overview only includes figures from and including 2021.

# Management's review

## Key activities

The purpose of the Company is to develop and sell innovative parcel locker systems and related software-based solutions to logistics providers globally.

## Development in the year

The income statement of the Company for 2023 shows a profit of TDKK 38,410, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 140,586.

The result for 2023 has been affected by the macroeconomic development with high inflation and high interest rates which, together with general uncertainties in the world, has delayed the decision-making of our customers. Consequently, demand has slowed down and the realized result for the year is lower than anticipated at the beginning of the year. However, the continued growth in online shopping and increased focus on sustainable first and last mile solutions is still expected to boost demand for parcel locker systems, where the group focuses on delivering parcel locker networks rather than operating distribution networks ourselves.

There is still good traction on the roll-out of parcel locker networks to strategic customers. During 2023 new pilots have been successfully implemented.

## The past year and follow-up on development expectations from last year

The result for 2023 has not met the expectations at the beginning of the year where an expected profit before tax for 2023 was in the interval MDKK 100 to 165. The Group expected further growth, but both turnover and profit were lower than 2022 which is due to the conditions mentioned under Development in the year. However, in accordance with expectations the group managed to secure new pilots and customers in new markets.

## Targets and expectations for the year ahead

The Group expects to be back on the growth trajectory in 2024 and will continue to roll out the Infinity solution in both existing and new markets around the world. The expected profit before tax for 2024 is in the interval MDKK 60 to 90.

## Research and development

In 2023, the company has purchased the Circuit project from the subsidiary Pero Solutions ApS in order to streamline the assets in the Group. The Circuit project consist of the development of digital label solutions that supports circular packaging.

## External environment

The Group works towards reducing its environmental footprint through an ongoing optimization of the energy and resources used for the daily operation and in the products.

## Intellectual capital resources

To offer innovative solutions, the Group is dependent on both human and technological resources. Thus, the ability to recruit and retain highly qualified employees remains a key priority.

## Branches abroad

SwipBox Polska sp. z o.o. is a 100% owned subsidiary based in Warsaw, Poland. Sales and customer service for Polish customers is handled through this company.

SwipBox Pakistan Ltd is a 99.8% owned subsidiary based in Islamabad, Pakistan. Software development and parts of IT for the Group is handled through this company.

SwipBox Pty Ltd is a 100% owned subsidiary based in Brisbane, Australia. Sales and customer service



# Management's review

## Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

## Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

## Subsequent events

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

## Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
<b>Gross profit</b>		<b>84,567</b>	<b>125,120</b>
Staff expenses	1	-43,552	-41,655
Depreciation and impairment losses of property, plant and equipment		-3,355	-1,442
<b>Profit/loss before financial income and expenses</b>		<b>37,660</b>	<b>82,023</b>
Income from investments in subsidiaries		7,381	12,025
Financial income	2	2,628	41
Financial expenses	3	-516	-2,268
<b>Profit/loss before tax</b>		<b>47,153</b>	<b>91,821</b>
Tax on profit/loss for the year	4	-8,743	-17,670
<b>Net profit/loss for the year</b>	5	<b>38,410</b>	<b>74,151</b>

## Balance sheet 31 December

### Assets

	Note	2023 TDKK	2022 TDKK
Development projects in progress		6,790	0
<b>Intangible assets</b>	6	<b>6,790</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		5,981	4,882
<b>Property, plant and equipment</b>	7	<b>5,981</b>	<b>4,882</b>
Investments in subsidiaries	8	34,138	38,512
<b>Fixed asset investments</b>		<b>34,138</b>	<b>38,512</b>
<b>Fixed assets</b>		<b>46,909</b>	<b>43,394</b>
Raw materials and consumables		15,811	15,971
Finished goods and goods for resale		17,415	9,407
Prepayments for goods		3,205	10,067
<b>Inventories</b>		<b>36,431</b>	<b>35,445</b>
Trade receivables		27,530	54,929
Receivables from group enterprises		41,456	62,981
Other receivables		9,575	8,755
Deferred tax asset	9	3,720	5,655
Prepayments	10	393	250
<b>Receivables</b>		<b>82,674</b>	<b>132,570</b>
<b>Cash at bank and in hand</b>		<b>43,327</b>	<b>5,791</b>
<b>Current assets</b>		<b>162,432</b>	<b>173,806</b>
<b>Assets</b>		<b>209,341</b>	<b>217,200</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		500	500
Reserve for net revaluation under the equity method		9,764	12,155
Reserve for development costs		5,296	0
Retained earnings		125,026	90,292
Proposed dividend for the year		0	38,000
<b>Equity</b>		<b>140,586</b>	<b>140,947</b>
Provisions relating to investments in group enterprises		0	1,983
Other provisions	11	7,163	13,046
<b>Provisions</b>		<b>7,163</b>	<b>15,029</b>
Prepayments received from customers		2,401	568
Trade payables		11,997	24,003
Payables to group enterprises		32,489	29,020
Payables to group enterprises relating to corporation tax		6,808	1,226
Other payables		7,897	6,407
<b>Short-term debt</b>		<b>61,592</b>	<b>61,224</b>
<b>Debt</b>		<b>61,592</b>	<b>61,224</b>
<b>Liabilities and equity</b>		<b>209,341</b>	<b>217,200</b>
Contingent assets, liabilities and other financial obligations	12		
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## Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	500	12,155	0	90,292	38,000	140,947
Exchange adjustments	0	-772	0	0	0	-772
Ordinary dividend paid	0	0	0	0	-38,000	-38,000
Development costs for the year	0	0	5,296	-5,296	0	0
Net profit/loss for the year	0	-1,619	0	40,030	0	38,411
<b>Equity at 31 December</b>	<b>500</b>	<b>9,764</b>	<b>5,296</b>	<b>125,026</b>	<b>0</b>	<b>140,586</b>

# Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>1. Staff Expenses</b>		
Wages and salaries	39,499	37,913
Pensions	2,618	2,323
Other social security expenses	506	475
Other staff expenses	929	944
	<u>43,552</u>	<u>41,655</u>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<u>3,944</u>	<u>4,137</u>
<b>Average number of employees</b>	<u>59</u>	<u>55</u>

Salaries to the executive board has not been disclosed separately and is included in the salaries for the board of directors in accordance with section 98 B(3) of the Danish Financial Statements Act.

	2023	2022
	TDKK	TDKK
<b>2. Financial income</b>		
Interest received from group enterprises	971	41
Other financial income	1,657	0
	<u>2,628</u>	<u>41</u>

	2023	2022
	TDKK	TDKK
<b>3. Financial expenses</b>		
Interest paid to group enterprises	98	473
Other financial expenses	418	1,795
	<u>516</u>	<u>2,268</u>

## Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>4. Income tax expense</b>		
Current tax for the year	6,808	14,726
Deferred tax for the year	1,935	2,944
	<b>8,743</b>	<b>17,670</b>

	2023	2022
	TDKK	TDKK
<b>5. Profit allocation</b>		
Proposed dividend for the year	0	38,000
Reserve for net revaluation under the equity method	-1,620	11,763
Retained earnings	40,030	24,388
	<b>38,410</b>	<b>74,151</b>

### 6. Intangible fixed assets

	Develop- ment projects in progress
	TDKK
Cost at 1. January	0
Additions for the year	6,790
Cost at 31. December	6,790
<b>Carrying amount at 31. December</b>	<b>6,790</b>

Development projects in progress consist of the development of a digital label solution that supports circular packaging. It's expected that the development of the solution will be finalized over the next 5 years, and when completed, it will positively impact Swipbox's activities.

# Notes to the Financial Statements

## 7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	<u>TDKK</u>
Cost at 1. January	14,024
Additions for the year	4,454
Disposals for the year	<u>-234</u>
Cost at 31. December	<u>18,244</u>
Impairment losses and depreciation at 1. January	9,141
Depreciation for the year	<u>3,122</u>
Impairment losses and depreciation at 31. December	<u>12,263</u>
<b>Carrying amount at 31. December</b>	<u><b>5,981</b></u>



## Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>8. Investments in subsidiaries</b>		
Cost at 1 January	24,374	19,383
Additions for the year	0	5,000
Disposals for the year	0	-9
Cost at 31 December	<u>24,374</u>	<u>24,374</u>
Value adjustments at 1 January	12,155	38
Exchange adjustment	-772	82
Net profit/loss for the year	11,773	12,226
Dividend to the Parent Company	-9,000	0
Amortisation of goodwill	-4,392	-191
Value adjustments at 31 December	<u>9,764</u>	<u>12,155</u>
Equity investments with negative net asset value transferred to provisions	<u>0</u>	<u>1,983</u>
<b>Carrying amount at 31 December</b>	<b><u>34,138</u></b>	<b><u>38,512</u></b>
Positive differences arising on initial measurement of subsidiaries at net asset value	<u>0</u>	<u>4,583</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Swipbox Development ApS	Denmark	DKK 2.300k	100%
Swipbox Pakistan PvT <sup>^</sup>	Pakistan	RS 500k	99,8%
Swipbox Polen sp. z o.o.	Polen	PLN 65k	100%
Swipbox Australien Ltd	Australia	AUD 1	100%
Pero Solutions ApS	Denmark	DKK 71k	100%

<sup>^</sup>) Subsidiary of Swipbox Development ApS

## Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>9. Deferred tax asset</b>		
Deferred tax asset at 1 January	5,655	8,599
Amounts recognised in the income statement for the year	-1,935	-2,944
<b>Deferred tax asset at 31 December</b>	<b>3,720</b>	<b>5,655</b>

The recognised tax asset comprises tax depreciations based assets expected to be utilised within the next three to four years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Groups expected growth the coming years and expected profit before tax.

## 10. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

	2023	2022
	TDKK	TDKK
<b>11. Other provisions</b>		
Other provisions	7,163	13,046
	<b>7,163</b>	<b>13,046</b>

The provisions are expected to mature as follows:

Provisions falling due after 5 years	450	370
	<b>450</b>	<b>370</b>

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of TDKK 7,163 (2022: TDKK 13,046) have been recognised for expected warranty claims.

	2023	2022
	TDKK	TDKK
<b>12. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	920	931
Between 1 and 5 years	244	1,331
	<b>1,164</b>	<b>2,262</b>

# Notes to the Financial Statements

2023	2022
TDKK	TDKK

## 12. Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of INPS A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Bank guarantees for DKK 743k (EUR 100k) toward clients.

## 13. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
INPS A/S, CVR-nr: 3473 3228	Parent company

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest group:

<u>Name</u>	<u>Place of registered office</u>
INPS A/S, CVR-nr. 3473 3228	Ellegårdvej 7 6400 Sønderborg

The Group Annual Report of INPS A/S, CVR-nr. 3473 3228 may be obtained at the following address:  
[www.cvr.dk](http://www.cvr.dk)

## 14. Subsequent events

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

# Notes to the Financial Statements

## 15. Accounting policies

The Annual Report of SwipBox International A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of INPS A/S, the Company has not prepared consolidated financial statements.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of INPS A/S, the Company has not prepared a cash flow statement.

### Recognition and measurement

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

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

The accounting policies applied remain unchanged from last year.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

# Notes to the Financial Statements

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

## **Expenses for raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

## **Other external expenses**

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

## **Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

## **Staff expenses**

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

## **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

## **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

## **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with INPS A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

#### *Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 7 year.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-8 years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

# Notes to the Financial Statements

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## **Inventories**

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

## **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## **Equity**

### **Dividend**

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

### **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-10 years. Provisions are measured and recognised based on experience with guarantee work.

### **Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

# Notes to the Financial Statements

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$