

---

# *SwipBox International A/S*

Ellegårdvej 7, DK-6400 Sønderborg

## Annual Report for 2022

---

CVR No. 36 47 85 51

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 13/3 2023

Bent Kristensen  
Chairman of the  
general meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's statement	1
Independent Auditor's report	2
<b>Management's Review</b>	
Company information	4
Financial Highlights	5
Management's review	6
<b>Financial Statements</b>	
Income statement 1 January - 31 December	8
Balance sheet 31 December	9
Statement of changes in equity	11
Notes to the Financial Statements	12

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of SwipBox International A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Sønderborg, 13 March 2023

## Executive Board

Jens Rom  
CEO

## Board of Directors

Lars-Christian Brask  
Chairman

Erik Balck Sørensen

Jan C. von Backhaus

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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, 13 March 2023

**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: 8th financial year Municipality of reg. office: Sønderborg
<b>Board of Directors</b>	Lars-Christian Brask, chairman Erik Balck Sørensen Jan C. von Backhaus 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 8000 Aarhus C

# Financial Highlights

Seen over a 2-year period, the development of the Company is described by the following financial highlights:

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>Key figures</b>		
<b>Profit/loss</b>		
Gross profit/loss	125,120	92,499
Profit/loss before financial income and expenses	82,023	56,686
Profit/loss of financial income and expenses	9,798	112
Net profit/loss	74,151	57,139
<b>Balance sheet</b>		
Balance sheet total	217,200	141,979
Equity	140,947	66,713
Number of employees	55	42
<b>Ratios</b>		
Return on assets	37.8%	39.9%
Solvency ratio	64.9%	47.0%
Return on equity	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 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 2022 shows a profit of TDKK 74,151, and at 31 December 2022 the balance sheet of the Company shows positive equity of TDKK 140,947.

The continued growth in online shopping and increased focus on sustainable first and last mile solutions boosts demand for parcel locker systems, where the group focuses on delivering parcel lockers rather than operating distribution networks itself. There is still good traction on the roll-out of parcel locker networks to strategic customers. During 2022 new pilots have been successfully implemented and resulted in new customers in the roll-out phase.

The result for 2022 has been affected by higher raw material and component prices because of the war in Ukraine. Raw material and component prices and availability normalized towards the end of 2022.

As per 1 July 2022 the Group acquired Pero Solutions ApS. Pero has developed a smart labeling solution to support reuse of packaging materials.

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

The result of 2022 is considered satisfactory and is as expected at the beginning of the year.

## Targets and expectations for the year ahead

The Group expects continued significant turnover growth in 2023 and will continue to roll out the Infinity solution in both existing and new markets around the world. The expected profit before tax for 2023 is in the interval MDKK 100 to 165.

## Research and development

In 2022 no research and development costs have been capitalized, since costs primarily consist of maintenance of existing software and products.

## External environment

The Group works towards reducing its environmental footprint through an ongoing optimization of the energy and resources used for the daily operation. Considerations to minimize consumption of energy and resources are an integral part of our mindset, which is also reflected in our 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 Warszawa, 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 maintenance for the Group is handled through this company.

SwipBox Pty Ltd is a 100% owned subsidiary based in Brisbane, Australia. Sales and customer service for Australian customers is handled through this company.



# 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 2022 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022 have not been affected by any unusual events, except as mentioned under "Development in the year" regarding the war in Ukraine

## 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	2022 TDKK	2021 TDKK
<b>Gross profit</b>		<b>125,120</b>	<b>92,499</b>
Staff expenses	1	-41,655	-33,232
Depreciation and impairment losses of property, plant and equipment		-1,442	-2,581
<b>Profit/loss before financial income and expenses</b>		<b>82,023</b>	<b>56,686</b>
Income from investments in subsidiaries		12,025	2,171
Financial income	2	41	567
Financial expenses	3	-2,268	-2,626
<b>Profit/loss before tax</b>		<b>91,821</b>	<b>56,798</b>
Tax on profit/loss for the year	4	-17,670	341
<b>Net profit/loss for the year</b>	5	<b>74,151</b>	<b>57,139</b>

# Balance sheet 31 December

## Assets

	Note	2022 TDKK	2021 TDKK
Other fixtures and fittings, tools and equipment		4,882	2,772
<b>Property, plant and equipment</b>	6	<b>4,882</b>	<b>2,772</b>
Investments in subsidiaries	7	38,512	24,548
<b>Fixed asset investments</b>		<b>38,512</b>	<b>24,548</b>
<b>Fixed assets</b>		<b>43,394</b>	<b>27,320</b>
Raw materials and consumables		15,971	14,070
Finished goods and goods for resale		9,407	3,360
Prepayments for goods		10,067	0
<b>Inventories</b>		<b>35,445</b>	<b>17,430</b>
Trade receivables		54,929	24,923
Receivables from group enterprises		62,981	9,365
Other receivables		8,755	25,764
Deferred tax asset	8	5,655	8,599
Prepayments	9	250	987
<b>Receivables</b>		<b>132,570</b>	<b>69,638</b>
<b>Cash at bank and in hand</b>		<b>5,791</b>	<b>27,591</b>
<b>Current assets</b>		<b>173,806</b>	<b>114,659</b>
<b>Assets</b>		<b>217,200</b>	<b>141,979</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital		500	500
Reserve for net revaluation under the equity method		12,155	0
Other reserves		0	310
Retained earnings		90,292	65,903
Proposed dividend for the year		38,000	0
<b>Equity</b>		<b>140,947</b>	<b>66,713</b>
Provisions relating to investments in group enterprises		1,983	5,128
Other provisions	10	13,046	9,062
<b>Provisions</b>		<b>15,029</b>	<b>14,190</b>
Prepayments received from customers		568	6,679
Trade payables		24,003	15,202
Payables to group enterprises		29,020	23,170
Payables to group enterprises relating to corporation tax		1,226	8,258
Other payables		6,407	7,767
<b>Short-term debt</b>		<b>61,224</b>	<b>61,076</b>
<b>Debt</b>		<b>61,224</b>	<b>61,076</b>
<b>Liabilities and equity</b>		<b>217,200</b>	<b>141,979</b>
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Subsequent events	13		
Accounting Policies	14		

## Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Other statutory reserves	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	500	0	310	65,904	0	66,714
Exchange adjustments	0	82	0	0	0	82
Transfers, reserves	0	310	-310	0	0	0
Net profit/loss for the year	0	11,763	0	24,388	38,000	74,151
<b>Equity at 31 December</b>	<b>500</b>	<b>12,155</b>	<b>0</b>	<b>90,292</b>	<b>38,000</b>	<b>140,947</b>

# Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>1. Staff Expenses</b>		
Wages and salaries	37,913	30,903
Pensions	2,323	1,662
Other social security expenses	475	340
Other staff expenses	944	327
	<u>41,655</u>	<u>33,232</u>
Including remuneration to the Board of Directors:		
Board of directors	4,137	4,339
	<u>4,137</u>	<u>4,339</u>
Average number of employees	<u>55</u>	<u>42</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.

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>2. Financial income</b>		
Interest received from group enterprises	41	524
Other financial income	0	43
	<u>41</u>	<u>567</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>3. Financial expenses</b>		
Interest paid to group enterprises	473	1,058
Other financial expenses	1,795	1,568
	<u>2,268</u>	<u>2,626</u>

## Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
<b>4. Income tax expense</b>		
Current tax for the year	14,726	8,258
Deferred tax for the year	2,944	-8,599
	<u>17,670</u>	<u>-341</u>

	2022	2021
	TDKK	TDKK
<b>5. Profit allocation</b>		
Proposed dividend for the year	38,000	0
Reserve for net revaluation under the equity method	11,763	0
Retained earnings	<u>24,388</u>	<u>57,139</u>
	<u>74,151</u>	<u>57,139</u>

## 6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	10,843
Additions for the year	3,964
Disposals for the year	-784
Cost at 31 December	<u>14,023</u>
Impairment losses and depreciation at 1 January	8,072
Depreciation for the year	1,602
Reversal of impairment and depreciation of sold assets	-533
Impairment losses and depreciation at 31 December	<u>9,141</u>
Carrying amount at 31 December	<u>4,882</u>

## Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
<b>7. Investments in subsidiaries</b>		
Cost at 1 January	19,383	19,382
Additions for the year	5,000	0
Disposals for the year	-9	0
Cost at 31 December	<u>24,374</u>	<u>19,382</u>
Value adjustments at 1 January	38	-2,178
Exchange adjustment	82	46
Net profit/loss for the year	12,226	2,170
Amortisation of goodwill	-191	0
Value adjustments at 31 December	<u>12,155</u>	<u>38</u>
Equity investments with negative net asset value transferred to provisions	<u>1,983</u>	<u>5,128</u>
<b>Carrying amount at 31 December</b>	<u><b>38,512</b></u>	<u><b>24,548</b></u>
Positive differences arising on initial measurement of subsidiaries at net asset value	<u>4,583</u>	<u>0</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

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>8. Deferred tax asset</b>		
Deferred tax asset at 1 January	8,599	0
Amounts recognised in the income statement for the year	<u>-2,944</u>	<u>8,599</u>
<b>Deferred tax asset at 31 December</b>	<u><b>5,655</b></u>	<u><b>8,599</b></u>

The recognised tax asset comprises tax depreciationsbased 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.

## 9. Prepayments

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

## 10. Other provisions

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Other provisions	<u>13,046</u>	<u>9,062</u>
	<u><b>13,046</b></u>	<u><b>9,062</b></u>

The provisions are expected to mature as follows:

Provisions falling due after 5 years	<u>370</u>	<u>170</u>
--------------------------------------	------------	------------

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. In recognition of the significantly higher locker installment base, the Company has increased other provisions to DKK 13.046 (2021: DKK 9.062k) to cover expected warranty claims.

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK

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

### Charges and security

The following assets have been placed as security with mortgage credit institutes:

The following assets have been placed as security with owners and bank::

Mortgage deeds registered to the mortgagor totalling DKK 25,000k providing security on intangible assets, property, plant and equipment, inventory and trade receivables with a total carrying amount of	95,256	45,125
--	--------	--------

# Notes to the Financial Statements

## Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	931	1,035
Between 1 and 5 years	460	1,331
	<u>1,391</u>	<u>2,366</u>

## 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.

The company has stated they will support SwipBox Polska sp. z o.o. with liquidity to ensure continued operations.

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

## 12. 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)

## 13. Subsequent events

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

# Notes to the Financial Statements

## 14. Accounting policies

The Annual Report of SwipBox International A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2022 are presented in TDKK.

### Changes in accounting policies

The company has changed accounting class from accounting class B to accounting class Medium C. Presentation from accounting class Medium C has been adapted. The change has not affected recognition and measurement.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 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

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, 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.

### Business combinations

#### Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

# Notes to the Financial Statements

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

### Net sales

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.

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

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. The item is net of refunds made by public authorities.

### 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.

# Notes to the Financial Statements

## 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.

## Balance sheet

### 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
--	-----------

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.

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.

# Notes to the Financial Statements

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.

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 debts

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

# Notes to the Financial Statements

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$