

## **ABB Power Grids Denmark A/S**

Meterbuen 33  
2740 Skovlunde  
CVR No. 39856638

### **Annual report 12.09.2018 - 31.12.2019**

The Annual General Meeting adopted the  
annual report on 11.06.2020

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**Frank Johan Söderström**  
Chairman

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# Entity details

## Entity

ABB Power Grids Denmark A/S

Meterbuen 33

2740 Skovlunde

CVR No.: 39856638

Date of foundation: 12.09.2018

Registered office: Ballerup

Financial year: 12.09.2018 - 31.12.2019

## Board of Directors

Frank Johan Söderström, Chairman

Carl Peter Jansson

Claus Madsen

## Executive Board

Claus Madsen

## Auditors

KPMG P/S

Dampfærgevej 28

2100 København Ø

CVR No.: 25578198

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of ABB Power Grids Denmark A/S for the financial year 12.09.2018 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 12.09.2018 - 31.12.2019.

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.

Skovlunde, 11.06.2020

## Executive Board

**Claus Madsen**

## Board of Directors

**Frank Johan Söderström**  
Chairman

**Carl Peter Jansson**

**Claus Madsen**

# Independent auditor's report

## To the shareholder of ABB Power Grids Denmark A/S

### Opinion

We have audited the financial statements of ABB Power Grids Denmark A/S for the financial year 12.09.2018 - 31.12.2019 comprising 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 Company's assets, liabilities and financial position at 31.12.2019 and of the results of the Company's operations for the financial year 12.09.2018 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### 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' 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 rules and 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, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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.

#### **Statement on the management commentary**

Management is responsible for the Management's commentary.

Our opinion on the financial statements does not cover the Management's 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's commentary and, in doing so, consider whether the Management's commentary 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 the Management's commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's commentary.

Copenhagen, 11.06.2020

**KPMG Statsautoriseret Revisionspartnerselskab**

CVR No. 25578198

**Jon Beck**

State Authorised Public Accountant

Identification No (MNE) mne32169

# Management commentary

## Financial highlights

	<b>2018/19</b>
	<b>DKK'000</b>
<b>Key figures</b>	
Revenue	171,909
Gross profit/loss	2,988
Operating profit/loss	(2,702)
Net financials	(191)
Profit/loss for the year	(2,265)
Total assets	594,372
Investments in property, plant and equipment	360
Equity	112,735
<b>Ratios</b>	
Gross margin (%)	1.74
EBIT margin (%)	(1.57)
Net margin (%)	(1.32)
Equity ratio (%)	18.97

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

### **Gross margin (%):**

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Revenue

### **EBIT margin (%):**

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Revenue

### **Net margin (%):**

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

Revenue

### **Equity ratio (%):**

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

Total assets



### Primary activities

ABB Power Grids Denmark A/S is part of the ABB Group. On 17.12.2018 ABB Group announced that Hitachi will acquire ABB's Power Grids business. Consequently the activities in the Power Grids Division in ABB A/S was sold to ABB Power Grids Denmark A/S as of 01.11.2019 to enable the ABB Group to finalize the sale to Hitachi in 2020.

The Power Grids business provides product, system, software and services solutions across the power value chain that are designed to meet the growing demand for electricity with minimum environmental impact.

ABB Power Grids Denmark A/S will primary serve the Industry, the Energy sector and the Transportation & Infrastructure sector with Power technology equipment as well as Control, Scada and Digital solutions, helping the planning, delivering and servicing the Assets throughout the life cycle.

### Development in activities and finances

The financial result of 2018/19, covering the 2 months of activities from the acquired Power Grids division from 01.11.2019 to 31.12.2019, was a loss of 2,265 DKK'000, mainly due to the transition of the business. The result is thus considered to be satisfactory and in line with the expectations.

### Outlook

ABB A/S expects an increase in level of activities despite challenging market terms.

Since the establishment of ABB Power Grids Denmark A/S, we have expanded our front end sales activities aiming solely at the ABB PG scope, and separate from the, to some extent, common sales approach with ABB A/S. With this dedication as well as a growing Total Market within Wind, solar and infrastructure we expect to see an increase in sales over time. Our relatively new Grid Integration business as well as a new PG service setup will support this.

On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organization, and most governments are taking restrictive measures to contain its further spread affecting free movement of people and goods. While no material effects on the Company's financial position or results of operations have yet been identified at the date of these financial statements, management will continue monitoring and evaluating them during the 2020 financial year.

### Particular risks

Business risks:

The company has no particular risk apart from the usual risk within the business.

Financial risks:

As a result of the business, the company is exposed to changes in the currency exchange rates and the level of interest. The parent group controls the financial risks in the group centrally and coordinates the cash management of the group.

### Intellectual capital resources

It is the company's objective to possess the latest knowledge. To meet this end, it is crucial that the company continues to be able to recruit and retain highly qualified employees. Therefore we continuously invest in personal and professional development of our employees.

### **Environmental performance**

We seek to minimize ABB's environmental footprint and to conduct our business in a socially responsible manner. Both the working environment and the external environment are monitored.

### **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 2018/19

	Notes	2018/19 DKK'000
Revenue		171,909
Costs of raw materials and consumables		(164,197)
Other external expenses		(4,724)
<b>Gross profit/loss</b>		<b>2,988</b>
Staff costs	1	(4,538)
Depreciation, amortisation and impairment losses	2	(1,152)
<b>Operating profit/loss</b>		<b>(2,702)</b>
Other financial expenses	3	(191)
<b>Profit/loss before tax</b>		<b>(2,893)</b>
Tax on profit/loss for the year	4	628
<b>Profit/loss for the year</b>	5	<b>(2,265)</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2018/19 DKK'000
Goodwill		66,670
<b>Intangible assets</b>	6	<b>66,670</b>
Other fixtures and fittings, tools and equipment		331
Leasehold improvements		8
<b>Property, plant and equipment</b>	7	<b>339</b>
<b>Fixed assets</b>		<b>67,009</b>
Manufactured goods and goods for resale		3,154
<b>Inventories</b>		<b>3,154</b>
Trade receivables		62,860
Contract work in progress	8	395,871
Receivables from group enterprises	9	46,898
Joint taxation contribution receivable		3,077
<b>Receivables</b>		<b>508,706</b>
<b>Cash</b>	10	<b>15,503</b>
<b>Current assets</b>		<b>527,363</b>
<b>Assets</b>		<b>594,372</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2018/19 DKK'000</b>
Contributed capital		1,000
Retained earnings		111,735
<b>Equity</b>		<b>112,735</b>
Deferred tax	11	2,449
Other provisions	12	4,679
<b>Provisions</b>		<b>7,128</b>
Prepayments received from customers		9,746
Contract work in progress	8	45,514
Trade payables		9,095
Payables to group enterprises		395,950
Other payables	13	14,204
<b>Current liabilities other than provisions</b>		<b>474,509</b>
<b>Liabilities other than provisions</b>		<b>474,509</b>
<b>Equity and liabilities</b>		<b>594,372</b>
Contingent liabilities	14	
Related parties with controlling interest	15	
Transactions with related parties	16	

# Statement of changes in equity for 2018/19

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon formation	400	0	400
Increase of capital	600	114,000	114,600
Profit/loss for the year	0	(2,265)	(2,265)
<b>Equity end of year</b>	<b>1,000</b>	<b>111,735</b>	<b>112,735</b>

19.08.2019 an extraordinary general meeting was held and the company's share capital was raised from 400 tDKK to 500 tDKK by cash payment of 29,600 tDKK.

05.12.2019 an extraordinary general meeting was held and the company's share capital was raised from 500 tDKK to 1,000 tDKK by cash payment of 85,000 tDKK

# Notes

## 1 Staff costs

	<b>2018/19</b>
	<b>DKK'000</b>
Wages and salaries	4,167
Pension costs	312
Other social security costs	59
	<b>4,538</b>
Average number of full-time employees	<b>38</b>

Average number of full time employees is calculated on the basis of the 2 months with activity from the acquisition of the Power Grids Business.

No fee has been paid to the board of directors. With reference to section 98B (3) of the danish financial statement act remuneration to management is not disclosed.

## 2 Depreciation, amortisation and impairment losses

	<b>2018/19</b>
	<b>DKK'000</b>
Amortisation of intangible assets	1,130
Depreciation of property, plant and equipment	22
	<b>1,152</b>

## 3 Other financial expenses

	<b>2018/19</b>
	<b>DKK'000</b>
Financial expenses from group enterprises	28
Other financial expenses	163
	<b>191</b>

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

	<b>2018/19</b>
	<b>DKK'000</b>
Current tax	(3,077)
Change in deferred tax	2,449
	<b>(628)</b>

**5 Proposed distribution of profit and loss**

	<b>2018/19</b>
	<b>DKK'000</b>
Retained earnings	(2,265)
	<b>(2,265)</b>

**6 Intangible assets**

	<b>Goodwill</b>
	<b>DKK'000</b>
Additions	67,800
<b>Cost end of year</b>	<b>67,800</b>
Amortisation for the year	(1,130)
<b>Amortisation and impairment losses end of year</b>	<b>(1,130)</b>
<b>Carrying amount end of year</b>	<b>66,670</b>

**7 Property, plant and equipment**

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improvements DKK'000</b>
Additions	351	9
<b>Cost end of year</b>	<b>351</b>	<b>9</b>
Depreciation for the year	(20)	(1)
<b>Depreciation and impairment losses end of year</b>	<b>(20)</b>	<b>(1)</b>
<b>Carrying amount end of year</b>	<b>331</b>	<b>8</b>

**8 Contract work in progress**

	<b>2018/19</b>
	<b>DKK'000</b>
Contract work in progress	595,198
Progress billings regarding contract work in progress	(244,841)
Transferred to liabilities other than provisions	45,514
	<b>395,871</b>



## 9 Receivables from group enterprises

Receivables from group enterprises include 35,000 tDKK, cash deposited within the group.

## 10 Cash

As at 31.12.2019, 35,000 t DKK is deposited within the group and included in receivables from group enterprises.

## 11 Deferred tax

	<b>2018/19</b>
	<b>DKK'000</b>
Intangible assets	1,883
Other taxable temporary differences	566
<b>Deferred tax</b>	<b>2,449</b>

	<b>2018/19</b>
	<b>DKK'000</b>
<b>Changes during the year</b>	
Adjustment of the deferred tax charge for the year	2,449
<b>End of year</b>	<b>2,449</b>

## 12 Other provisions

	<b>2018/19</b>
	<b>DKK'000</b>
Warranty provisions	1,376
Provisions for contracts in progress	833
Other provisions	2,470
	<b>4,679</b>
Provision due to acquisition of activity	4,383
Used during the year	(184)
Provision for the year	480
	<b>4,679</b>
Provision are expected to mature within	
0-1 year	3,523
2-4 years	1,016
> 5 years	140
	<b>4,679</b>

### 13 Other payables

	<b>2018/19</b>
	<b>DKK'000</b>
VAT and duties	7,562
Wages and salaries, personal income taxes, social security costs, etc payable	6,642
	<b>14,204</b>

### 14 Contingent liabilities

ABB Power Grids Denmark A/S is jointly taxed with other Danish group companies. As a group company, the company has unlimited and joint liability with other group companies for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit.

#### Operational lease liabilities

	<b>2018/19</b>
	<b>DKK'000</b>
Obligations under operating lease concern cars and land and buildings	
The total payments in the remaining term of the lease are	4,222
Of which falls due for payment within 5 years	4,222

### 15 Related parties with controlling interest

ABB Management Holding AG, Affolternstrasse 44, Zürich, Switzerland holds 100% of the contributed capital in ABB Power Grids Denmark A/S.

ABB Power Grids Denmark A/S is part of the consolidated financial statements of ABB Ltd., Affolternstrasse 44, Zürich, Switzerland which is both the smallest and largest group, which prepares consolidated financial statements, in which ABB Power Grids Denmark A/S is include as a subsidiary.

The consolidated financial statements of ABB Ltd. Can be obtained by contacting the company at the above address.

## 16 Transactions with related parties

	<b>Parent</b>	<b>Other related</b>
	<b>DKK'000</b>	<b>parties</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Sales of goods and service to group companies		120
Purchase of goods services from group companies		115,824
Capital injection from parent entity	114,600	

Interest expenses to the group are disclosed in note 4 to the financial statements. Payables and receivables to the group are disclosed in the balance sheet.

No remuneration has been paid to the Board of Directors. By reference to section 98b(3), (ii) of the Danish Financial Statement Act, remuneration to management is not disclosed.

Besides capital from capital increase , no other transactions with shareholder was carried out during the financial year.

# Accounting policies

## Reporting class

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

As this is the company's first year no comparative figures are presented.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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

### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

### Other external expenses

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

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant, equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

**Financial expenses**

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses, payables and transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Goodwill**

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised over the expected useful life, measured by reference to an assessment of, among other factors, the nature and market position of the business, the stability of the industry and the dependence on key staff.

Considering the market position and long-term earnings effect of the acquisition, the useful life is estimated to be 10 years.

Each year, the assumptions on which the goodwill amount and the useful life are based are assessed. In case of permanent impairment, write-downs will be made in the income statement, as required.

**Property, plant and equipment**

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any.

The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

### **Inventories**

Inventories are measured at cost in accordance with the weighted average method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and production overheads. Production overheads include the indirect cost of material and labour.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### **Contract work in progress**

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

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

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

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

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

### **Joint taxation contributions receivable or payable**

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Cash**

Cash comprises cash in hand and bank deposits.

**Deferred tax**

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

**Other provisions**

Provisions comprise anticipated costs related to warranty commitments etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

**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.

**Cash flow statement**

The Company's cash flows are reflected in the consolidated cash flow statement for the parent company ABB Ltd., Zürich, Switzerland, according to section 86(4) of the Danish Financial Statement Act.