Beritech Tank A/S

Svendborgvej 5, 9220 Aalborg Øst

Company reg. no. 42 46 49 88

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 11 May 2023.

Bent Larsen
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Beritech Tank A/S for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and 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.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Aalborg Øst, 11 May 2023

Managing Director

Bent Larsen

Board of directors

Thomas Christian Pedersen Chairman of the board	Allan Klæstrup Styrishave	Bent Larsen

Independent auditor's report

To the Shareholders of Beritech Tank A/S

Opinion

We have audited the financial statements of Beritech Tank A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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.

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.

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.

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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

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.

Independent auditor's report

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, we conclude that Management's Review 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 Management's Review.

Aalborg, 11 May 2023

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Marian Fruergaard
State Authorised Public Accountant
mne24699

Company information

The company	Beritech Tank A/S Svendborgvej 5 9220 Aalborg Øst	
	Phone	98777979
	Company reg. no.	42 46 49 88
	Financial year:	1 January - 31 December
Board of directors	Thomas Christian Pedersen, Chairman of the board Allan Klæstrup Styrishave Bent Larsen	
Managing Director	Bent Larsen	
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Parent company	Beritech Group ApS	

Management´s review

Description of key activities of the company

The company's main activities consist of sales, development, design and production of tanks and tank systems in stainless steel.

Development in activities and financial matters

The gross profit for the year totals DKK 26.855.000 against DKK 6.287.000 last year. Income or loss from ordinary activities after tax totals DKK -780.000 against DKK -680.000 last year. The year's result is in line with the management's expectations.

Expected developments

There is still an expectation of growth and in 2022 a further 17,9 MDKK has been invested in improved machines and facilities. Further investments are expected in the coming year in robotic technology, digitization and general expansion of production capacity. The management expects significantly higher turnover in 2023, with consequent improved utilization of capacity and results.

Events occurring after the end of the financial year

No events of significant importance have occurred after the end of the financial year.

Income statement

All amounts in DKK.

Note		1/1 - 31/12 2022	15/6 - 31/12 2021
	Gross profit	**26.854.853**	**6.287.064**
1	Staff costs	-21.048.186	-4.296.207
	Depreciation, amortisation, and impairment	-5.043.478	-1.860.735
	Operating profit	**763.189**	**130.122**
	Other financial income from group enterprises	29.877	25.626
	Other financial income	16.817	0
2	Other financial expenses	-1.859.078	-1.025.528
	Pre-tax net profit or loss	**-1.049.195**	**-869.780**
	Tax on net profit or loss for the year	269.438	189.411
	Net profit or loss for the year	**-779.757**	**-680.369**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-779.757	-680.369
	Total allocations and transfers	**-779.757**	**-680.369**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
3	Goodwill	22.718.836	25.391.640
	Total intangible assets	22.718.836	25.391.640
4	Plant and machinery	9.317.656	6.128.332
5	Other fixtures, fittings, tools and equipment	11.478.098	1.241.040
	Total property, plant, and equipment	20.795.754	7.369.372
	Total non-current assets	**43.514.590**	**32.761.012**
	Current assets		
	Raw materials and consumables	6.983.280	6.806.036
	Total inventories	6.983.280	6.806.036
	Trade receivables	31.978.786	10.455.787
6	Contract work in progress	8.887.453	4.181.861
	Receivables from group enterprises	40.184.737	0
	Deferred tax assets	458.849	189.411
	Other receivables	560.923	375.277
	Prepayments	113.472	0
	Total receivables	82.184.220	15.202.336
	Cash and cash equivalents	18.848.541	81.247
	Total current assets	**108.016.041**	**22.089.619**
	Total assets	**151.530.631**	**54.850.631**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	501.000	501.000
	Retained earnings	14.038.874	14.818.631
	Total equity	**14.539.874**	**15.319.631**
	Provisions		
	Other provisions	336.131	61.377
	Total provisions	**336.131**	**61.377**
	Long term labilities other than provisions		
	Bank loans	12.372.066	8.707.671
	Lease liabilities	3.165.087	996.868
	Payables to group enterprises	15.350.900	14.614.662
7	Total long term liabilities other than provisions	30.888.053	24.319.201
7	Current portion of long term liabilities	1.670.436	1.115.932
	Bank loans	102.757	36.359
6	Prepayments received from customers for contract work in progress	0	4.043.110
6	Contract work in progress	49.459.258	1.427.136
	Trade payables	10.039.731	6.645.340
	Payables to group enterprises	7.102.768	271.610
	Other payables	37.391.623	1.610.935
	Total short term liabilities other than provisions	105.766.573	15.150.422
	Total liabilities other than provisions	**136.654.626**	**39.469.623**
	Total equity and liabilities	**151.530.631**	**54.850.631**

8 Charges and security

9 Contingencies

Notes

All amounts in DKK.

		1/1 - 31/12 2022	15/6 - 31/12 2021
1.	**Staff costs**		
	Salaries and wages	18.452.066	3.768.052
	Pension costs	2.252.287	475.029
	Other costs for social security	343.833	53.126
		21.048.186	**4.296.207**
	Average number of employees	32	13
2.	**Other financial expenses**		
	Financial costs, group enterprises	736.238	696.148
	Other financial costs	1.122.840	329.380
		1.859.078	**1.025.528**

		31/12 2022	31/12 2021
3.	**Goodwill**		
	Cost 1 January 2022	26.728.042	0
	Additions during the year	0	26.728.042
	Cost 31 December 2022	**26.728.042**	**26.728.042**
	Amortisation and write-down 1 January 2022	-1.336.402	0
	Amortisation and depreciation for the year	-2.672.804	-1.336.402
	Amortisation and write-down 31 December 2022	**-4.009.206**	**-1.336.402**
	Carrying amount, 31 December 2022	**22.718.836**	**25.391.640**

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
4.	**Plant and machinery**		
	Cost 1 January 2022	6.602.234	0
	Additions during the year	4.605.321	6.602.234
	Cost 31 December 2022	**11.207.555**	**6.602.234**
	Depreciation and write-down 1 January 2022	-473.902	0
	Amortisation and depreciation for the year	-1.415.997	-473.902
	Depreciation and write-down 31 December 2022	**-1.889.899**	**-473.902**
	Carrying amount, 31 December 2022	**9.317.656**	**6.128.332**
	Lease assets are recognised at a carrying amount of	3.755.110	1.247.645
5.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2022	1.280.041	0
	Additions during the year	13.325.263	1.501.041
	Disposals during the year	-2.190.566	-221.000
	Cost 31 December 2022	**12.414.738**	**1.280.041**
	Depreciation and write-down 1 January 2022	-39.001	0
	Amortisation and depreciation for the year	-954.677	-50.431
	Depreciation, amortisation and impairment loss for the year, assets disposed of	57.038	11.430
	Depreciation and write-down 31 December 2022	**-936.640**	**-39.001**
	Carrying amount, 31 December 2022	**11.478.098**	**1.241.040**

Notes

All amounts in DKK.

	31/12 2022	31/12 2021
6. Contract work in progress		
Selling price of the production for the period	52.895.160	15.491.472
Progress billings	-93.466.965	-16.779.857
Contract work in progress, net	**-40.571.805**	**-1.288.385**
The following is recognised:		
Contract work in progress (current assets)	8.887.453	4.181.861
Contract work in progress (prepayments received on account)	0	-4.043.110
Contract work in progress (short-term liabilities other than provision)	-49.459.258	-1.427.136
	-40.571.805	**-1.288.385**

7. Long term liabilities other than provisions

	Total payables 31 Dec 2022	**Current portion of long term payables**	**Long term payables 31 Dec 2022**	**Outstanding payables after 5 years**
Bank loans	13.595.153	1.223.087	12.372.066	7.958.832
Lease liabilities	3.612.436	447.349	3.165.087	301.839
Payables to group enterprises	15.350.900	0	15.350.900	0
	32.558.489	**1.670.436**	**30.888.053**	**8.260.671**

8. Charges and security

For bank loans, t.DKK 0, the company has provided security in company assets representing a nominal value of t.DKK 76.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	6.983
Trade receivables	31.979
Goodwill	22.719
Fixtures, fittings, tools, and equipment	20.796

Notes

All amounts in DKK.

8. Charges and security (continued)

Fixtures, fittings, tools, and equipment representing a carrying amount of t.DKK 3.755 at 31 December 2022, have been financed by means of finance leases. At 31 December 2022, this lease liability totals t.DKK 3.612.

9. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into irrevocable leases with a term of up to 9 years. The yearly obligation is calculated at t.DKK 1,274. per year incl. joint contribution.

Operating leases:
The company has entered into operational leasing agreements with a term of up to 3 years. The remaining liability is a total of t.DKK 349.

Joint taxation

With Beritech Holding ApS, company reg. no 26377102 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Beritech Tank A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

When the results of a contract cannot be reliably validated, the revenue is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Property, plant, and equipment

Plant and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories
Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables
Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Accounting policies

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.