Beritech A/S

Kystvejen 58, 9400 Nørresundby

Company reg. no. 42 46 49 88

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 18 April 2024.

Thomas Christian Pedersen
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 A/S for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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.

Nørresundby, 18 April 2024

Managing Director

Bent Larsen

Board of directors

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

Independent auditor's report

To the Shareholders of Beritech A/S

Opinion

We have audited the financial statements of Beritech A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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, 18 April 2024

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

Marian Fruergaard	Michael Vestergaard Jensen
State Authorised Public Accountant	State Authorised Public Accountant
mne24699	mne50619

Company information

The company	Beritech A/S Kystvejen 58 9400 Nørresundby	
	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 Rune Märcher Skov	
Managing Director	Bent Larsen	
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Parent company	Beritech Group ApS	

Financial highlights

DKK in thousands.	2023	2022	2021
Income statement:			
Gross profit	183.957	26.855	6.287
Profit from operating activities	113.039	763	130
Net financials	-2.084	-1.812	-1.000
Net profit or loss for the year	86.564	-780	-680
Statement of financial position:			
Balance sheet total	312.827	151.531	54.851
Investments in property, plant and equipment	33.784	17.931	8.103
Equity	101.104	14.540	15.320
Employees:			
Average number of full-time employees	82	32	13
Key figures in %:			
Acid test ratio	142,4	102,1	145,8
Solvency ratio	32,3	9,6	27,9
Return on equity	149,7	-5,2	-8,9

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The financial highlights for 2021 solely comprise the period 01.07.2021 to 31.12.2021.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio $\dfrac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$

Solvency ratio $\dfrac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$

Return on equity $\dfrac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$

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 for pharma and food industries.

Development in activities and financial matters

The gross profit for the year totals mDKK 184.0 against mDKK 26.9 last year. Income from ordinary activities after tax totals mDKK 86.6 against mDKK -0.8 last year. The management finds the financial result of the year satisfactory and is consistent with the expectations.

The company is included in the consolidated accounts for Beritech Group ApS, and reference is made here for further information for the group.

Expected developments

There is an expectation of continued growth and a positive result in 2024 comparable to 2023.

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 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**183.957.316**	**26.854.853**
1	Staff costs	-62.358.229	-21.048.186
	Depreciation, amortisation, and impairment	-8.559.765	-5.043.478
	Operating profit	**113.039.322**	**763.189**
	Other financial income from group enterprises	-46.935	29.877
	Other financial income	0	16.817
2	Other financial expenses	-2.037.132	-1.859.078
	Pre-tax net profit or loss	**110.955.255**	**-1.049.195**
	Tax on net profit or loss for the year	-24.390.839	269.438
3	**Net profit or loss for the year**	**86.564.416**	**-779.757**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
4	Goodwill	20.046.032	22.718.836
5	Development projects in progress and prepayments for intangible assets	777.649	0
	Total intangible assets	20.823.681	22.718.836
6	Plant and machinery	15.191.711	9.317.656
7	Other fixtures, fittings, tools and equipment	33.479.597	11.478.098
	Total property, plant, and equipment	48.671.308	20.795.754
	Total non-current assets	**69.494.989**	**43.514.590**
	Current assets		
	Raw materials and consumables	20.766.307	6.983.280
	Total inventories	20.766.307	6.983.280
	Trade receivables	117.167.178	31.978.786
8	Contract work in progress	15.079.943	8.887.453
	Receivables from group enterprises	39.107.631	40.184.737
9	Deferred tax assets	0	458.849
	Other receivables	2.587.968	560.923
10	Prepayments	6.917.460	113.472
	Total receivables	180.860.180	82.184.220
	Cash and cash equivalents	41.705.581	18.848.541
	Total current assets	**243.332.068**	**108.016.041**
	Total assets	**312.827.057**	**151.530.631**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	501.000	501.000
	Reserve for development costs	606.566	0
	Retained earnings	99.996.723	14.038.873
	Total equity	**101.104.289**	**14.539.873**
	Provisions		
11	Provisions for deferred tax	23.931.990	0
12	Other provisions	565.908	336.131
	Total provisions	**24.497.898**	**336.131**
	Liabilities other than provisions		
	Bank loans	12.836.641	12.372.066
	Lease liabilities	3.498.455	3.165.087
	Payables to group enterprises	0	15.350.900
13	Total long term liabilities other than provisions	16.335.096	30.888.053
13	Current portion of long term liabilities	1.540.550	1.670.436
	Bank loans	147.542	102.757
8	Prepayments received from customers for contract work in progress	660.000	0
8	Contract work in progress	17.596.340	49.459.258
	Trade payables	119.467.616	10.039.731
	Payables to group enterprises	18.342.587	7.102.768
	Other payables	13.135.139	37.391.624
	Total short term liabilities other than provisions	170.889.774	105.766.574
	Total liabilities other than provisions	**187.224.870**	**136.654.627**
	Total equity and liabilities	**312.827.057**	**151.530.631**

14 Charges and security

15 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	501.000	0	14.818.630	15.319.630
Retained earnings for the year	0	0	-779.757	-779.757
Equity 1 January 2023	501.000	0	14.038.873	14.539.873
Retained earnings for the year	0	0	86.564.416	86.564.416
Transferred from retained earnings	0	606.566	-606.566	0
	501.000	**606.566**	**99.996.723**	**101.104.289**

Notes

All amounts in DKK.

		2023	2022
1.	**Staff costs**		
	Salaries and wages	56.557.758	18.452.066
	Pension costs	4.902.274	2.252.287
	Other costs for social security	792.893	343.833
	Other staff costs	105.304	0
		62.358.229	**21.048.186**
	Average number of employees	82	32

According to Section 98 B subsection of the Annual Accounts Act. 3, the remuneration to the executive board is omitted.

		2023	2022
2.	**Other financial expenses**		
	Financial costs, group enterprises	-1	736.238
	Other financial costs	2.037.133	1.122.840
		2.037.132	**1.859.078**

		2023	2022
3.	**Proposed distribution of net profit**		
	Transferred to retained earnings	86.564.416	0
	Allocated from retained earnings	0	-779.757
	Total allocations and transfers	**86.564.416**	**-779.757**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
4.	**Goodwill**		
	Cost 1 January 2023	26.728.042	26.728.042
	Cost 31 December 2023	**26.728.042**	**26.728.042**
	Amortisation and write-down 1 January 2023	-4.009.206	-1.336.402
	Amortisation and depreciation for the year	-2.672.804	-2.672.804
	Amortisation and write-down 31 December 2023	**-6.682.010**	**-4.009.206**
	Carrying amount, 31 December 2023	**20.046.032**	**22.718.836**

5.	**Development projects in progress and prepayments for intangible assets**		
	Additions during the year	777.649	0
	Cost 31 December 2023	**777.649**	**0**
	Carrying amount, 31 December 2023	**777.649**	**0**

The development projets concer concerns the development of new types af products for fishing plants on ships. The projects proceed as planned and are expected to be completed within 1-2 years.

6.	**Plant and machinery**		
	Cost 1 January 2023	11.207.555	6.602.234
	Additions during the year	9.000.921	4.605.321
	Cost 31 December 2023	**20.208.476**	**11.207.555**
	Depreciation and write-down 1 January 2023	-1.889.899	-473.902
	Amortisation and depreciation for the year	-3.126.866	-1.415.997
	Depreciation and write-down 31 December 2023	**-5.016.765**	**-1.889.899**
	Carrying amount, 31 December 2023	**15.191.711**	**9.317.656**
	Lease assets are recognised at a carrying amount of	4.464.025	3.755.110

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
7.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	12.414.739	1.280.041
	Additions during the year	24.783.356	13.325.263
	Disposals during the year	-22.132	-2.190.566
	Cost 31 December 2023	**37.175.963**	**12.414.738**
	Depreciation and write-down 1 January 2023	-936.640	-39.001
	Amortisation and depreciation for the year	-2.760.095	-954.677
	Depreciation, amortisation and impairment loss for the year, assets disposed of	369	57.038
	Depreciation and write-down 31 December 2023	**-3.696.366**	**-936.640**
	Carrying amount, 31 December 2023	**33.479.597**	**11.478.098**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
8.	**Contract work in progress**		
	Selling price of the production for the period	460.922.186	52.895.160
	Progress billings	-464.098.583	-93.466.965
	Contract work in progress, net	**-3.176.397**	**-40.571.805**
	The following is recognised:		
	Contract work in progress (current assets)	15.079.943	8.887.453
	Contract work in progress (prepayments received on account)	-660.000	0
	Contract work in progress (short-term liabilities other than provision)	-17.596.340	-49.459.258
		-3.176.397	**-40.571.805**
9.	**Deferred tax assets**		
	Deferred tax assets 1 January 2023	0	189.411
	Deferred tax of the net profit or loss for the year	0	269.438
		0	**458.849**
10.	**Prepayments**		
	Other prepayments to suppliers	6.917.460	113.472
		6.917.460	**113.472**
11.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2023	-458.849	-189.411
	Deferred tax of the net profit or loss for the year	24.390.839	-269.438
		23.931.990	**-458.849**
12.	**Other provisions**		
	Other provisions 1 January 2023	274.754	61.377
	Change in other provisions for the year	291.154	274.754
		565.908	**336.131**

Notes

All amounts in DKK.

13. Long term liabilities other than provisions

	Total payables 31 Dec 2023	Current portion of long term payables	Long term payables 31 Dec 2023	Outstanding payables after 5 years
Bank loans	13.620.641	784.000	12.836.641	9.700.641
Lease liabilities	4.255.005	756.550	3.498.455	608.781
	17.875.646	**1.540.550**	**16.335.096**	**10.309.422**

14. Charges and security

As collateral for bank loans, t.DKK 13.621, the company has provided security in company assets representing a nominal value of t.DKK 206.650. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	20.766
Trade receivables	117.167
Goodwill	20.046
Other fixtures, fittings, tools and equipment	48.671

Fixtures, fittings, tools, and equipment representing a carrying amount of DKK 4.464 at 31 December 2023 have been financed by means of finance leases. At 31 December 2023, this lease liability totals t.DKK 4.255.

15. 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 3.050. per year incl. joint contribution.

Operating leases:
The company has entered into operational leasing agreements with a term of up to 3 years. The yearly liability is a total of t.DKK 1.220.

Notes

All amounts in DKK.

15. Contingencies (continued)

Joint taxation

With Vilde ApS, company reg. no 44638460 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 A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

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

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Beritech Group ApS.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

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.

Accounting policies

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

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

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	5-10 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.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

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.

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.

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.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

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.

Accounting policies

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.