
HBN-Teknik A/S

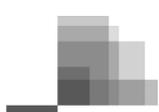
Bragesvej 16, DK-4100 Ringsted

Annual Report for 1 January - 31 December 2021

CVR No 51 50 26 12

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
10/5 2022

Axel Kierkegaard
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of HBN-Teknik A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

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

Ringsted, 10 May 2022

Executive Board

Oscar William Gunner
Executive Officer

Board of Directors

Markus Schell
Chairman

Tobias Wiedeking

Axel Kierkegaard

Independent Auditor's Report

To the Shareholder of HBN-Teknik A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of HBN-Teknik A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

Independent Auditor's Report

ment, 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

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.

Trekantområdet, 10 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Madsen
statsautoriseret revisor
mne10745

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Company Information

The Company

HBN-Teknik A/S
Bragesvej 16
DK-4100 Ringsted

Telephone: + 45 5761 1700
Website: www.hbn.dk

CVR No: 51 50 26 12
Financial period: 1 January - 31 December
Municipality of reg. office: Ringsted

Board of Directors

Markus Schell, Chairman
Tobias Wiedeking
Axel Kierkegaard

Executive Board

Oscar William Gunner

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Financial Highlights

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

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Gross profit/loss	18.936	23.782	34.417	34.583	32.519
Operating profit/loss	-16.472	-3.442	4.151	5.357	6.840
Net financials	-1.521	-995	-1.510	-1.446	-1.498
Net profit/loss for the year	-14.159	-2.767	2.499	3.462	4.216
Balance sheet					
Balance sheet total	105.220	90.911	100.755	100.338	95.732
Equity	14.949	29.108	31.874	29.375	25.913
Investment in property, plant and equipment	-15.601	-7.292	-2.636	-5.566	-6.258
Ratios					
Return on assets	-15,9%	-2,9%	4,5%	5,8%	7,2%
Solvency ratio	14,2%	32,0%	31,6%	29,3%	27,1%
Return on equity	-64,3%	-9,1%	8,2%	12,5%	17,7%

For definitions, see under accounting policies.

Management's Review

Key activities

The main activities of the company are the production and sale of plastic / composite components, spare parts, and accessories for trailers, semi-trailers, busses, and heavy vehicles.

Development in the year

It is the view of the management that all-important statements for judging the financial position of the company and the result of the year appear from the annual report and this statement.

In the financial year, there has been a loss after taxes of TDKK 14.159 in 2021. The equity at the end of 2021 is TDKK 14.949, corresponding to a solidity degree of 14,2 %.

The general market conditions have been strongly influenced by recovery from Covid-19. This has created a large growth in volume and led to capacity shortages throughout the supply chain, and long delivery times.

Rapid growth in raw material prices, electricity costs, labor shortages, and capacity constraints, has had a negative impact on the yearly result due to contractual constraints in adjusting sales prices promptly and finding alternative means for supply.

Moreover, one-off depreciations and changes in the inventory valuation of plastic scrap impact the result negatively by TDKK 2.161. Issues with the valuation of the inventory for previous financial years have also been discovered. Therefore the comparative figures for 2020 have been adjusted to match the negative impact of TDKK 3.481.

The result of the year does not meet the expectations, and actions are taken to secure financial results going forward.

Market risks

The company is a supplier to the transport industry and thus sensitive towards the development within this industry. The aftermath of COVID-19 and high fluctuations in raw materials and energy prices, as well as general inflation, remains a financial risk to the company.

Targets and expectations for the year ahead

The development in 2022 is expected to be like 2021 in volume, with raw material prices and the general market conditions largely being determining the results. The result is expected to be at a profitable level compared to 2020.

Management's Review

Research and development

Production for the automotive industry makes demands to knowledge resources concerning development, production, quality control, and business processes. The company is certified according to the IATF standards and thus fulfills many of the demands, which this industry works by. There is a growing need for knowledge within construction in plastic and components being exposed to dynamic impacts. The company endeavors to meet the demands for instance using current updating and education of the staff and by estimating this increased need by employing new employees.

External environment

The company is certified according to ISO 14001 and strategies for the environmental work in the company have been made. In the company mainly plastic types, which can be recirculated, are being used. No PVC material is used.

Intellectual capital resources

Production for the automotive industry makes demands to knowledge resources concerning development, production, quality control, and business processes. The company is certified according to the IATF standards and thus fulfills many of the demands, which this industry works by. There is a growing need for knowledge within construction in plastic and components being exposed to dynamic impacts. The company endeavors to meet the demands for instance using current updating and education of the staff and by estimating this increased need by employing new employees.

Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Gross profit/loss		18.936	23.782
Staff expenses	1	-28.703	-19.893
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-6.705	-6.561
Other operating expenses		-279	0
Profit/loss before financial income and expenses		-16.751	-2.672
Financial income	2	1	176
Financial expenses	3	-1.522	-1.171
Profit/loss before tax		-18.272	-3.667
Tax on profit/loss for the year	4	4.113	900
Net profit/loss for the year		-14.159	-2.767

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Acquired licenses		46	126
Development projects in progress		2.472	1.199
Intangible assets	5	2.518	1.325
Land and buildings		19.120	19.667
Plant and machinery		13.860	17.517
Other fixtures and fittings, tools and equipment		1.339	374
Property, plant and equipment in progress		12.337	0
Property, plant and equipment	6	46.656	37.558
Fixed assets		49.174	38.883
Raw materials and consumables		16.550	8.632
Work in progress		865	1.051
Finished goods and goods for resale		3.794	7.039
Inventories		21.209	16.722
Trade receivables		26.388	27.927
Receivables from group enterprises		1.879	1.603
Other receivables		6.175	4.439
Deferred tax asset	9	74	1.085
Prepayments	7	321	252
Receivables		34.837	35.306
Currents assets		56.046	52.028
Assets		105.220	90.911

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		8.000	8.000
Reserve for development costs		1.947	935
Retained earnings		5.002	20.173
Equity		14.949	29.108
Other provisions		400	400
Provisions		400	400
Lease obligations		4.396	5.317
Other payables		0	1.083
Long-term debt	10	4.396	6.400
Lease obligations	10	1.080	1.000
Trade payables		17.304	11.612
Payables to group enterprises		61.694	37.710
Other payables	10	5.397	4.681
Short-term debt		85.475	55.003
Debt		89.871	61.403
Liabilities and equity		105.220	90.911
Distribution of profit	8		
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Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	8.000	935	23.654	32.589
Net effect of correction of material misstatements	0	0	-3.481	-3.481
Adjusted equity at 1 January	8.000	935	20.173	29.108
Development costs for the year	0	1.012	-1.012	0
Net profit/loss for the year	0	0	-14.159	-14.159
Equity at 31 December	8.000	1.947	5.002	14.949

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
1 Staff expenses		
Wages and salaries	18.409	14.798
Pensions	2.833	2.260
Other social security expenses	628	283
Other staff expenses	<u>6.833</u>	<u>2.552</u>
	<u>28.703</u>	<u>19.893</u>
Including remuneration to the Executive Board and Board of Directors	<u>2.634</u>	<u>2.348</u>
Average number of employees	<u>57</u>	<u>49</u>
2 Financial income		
Other financial income	1	2
Exchange gains	<u>0</u>	<u>174</u>
	<u>1</u>	<u>176</u>
3 Financial expenses		
Interest paid to group enterprises	1.317	751
Other financial expenses	175	420
Exchange loss	<u>30</u>	<u>0</u>
	<u>1.522</u>	<u>1.171</u>
4 Tax on profit/loss for the year		
Current tax for the year	-3.956	0
Deferred tax for the year	<u>-157</u>	<u>-900</u>
	<u>-4.113</u>	<u>-900</u>

Notes to the Financial Statements

5 Intangible assets

	Acquired licenses <u>TDKK</u>	Development projects in progress <u>TDKK</u>
Cost at 1 January	4.669	1.199
Additions for the year	<u>24</u>	<u>1.273</u>
Cost at 31 December	<u>4.693</u>	<u>2.472</u>
Impairment losses and amortisation at 1 January	4.543	0
Amortisation for the year	<u>104</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>4.647</u>	<u>0</u>
Carrying amount at 31 December	<u>46</u>	<u>2.472</u>

Development projects relate to the development and testing of new products for the Company's existing markets. It is management's assessment that there is a growing need for products that are lighter and more durable. These new products ensure the this optimization. The projects proceed as planned and are expected to be completed within one to two years.

Notes to the Financial Statements

6 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	60.066	113.953	2.568	0
Additions for the year	991	1.149	1.124	12.337
Disposals for the year	0	-997	0	0
Cost at 31 December	<u>61.057</u>	<u>114.105</u>	<u>3.692</u>	<u>12.337</u>
Impairment losses and depreciation at 1 January	40.400	96.437	2.194	0
Depreciation for the year	1.537	4.526	159	0
Reversal of impairment and depreciation of sold assets	0	-718	0	0
Impairment losses and depreciation at 31 December	<u>41.937</u>	<u>100.245</u>	<u>2.353</u>	<u>0</u>
Carrying amount at 31 December	<u>19.120</u>	<u>13.860</u>	<u>1.339</u>	<u>12.337</u>
Including assets under finance leases amounting to	<u>0</u>	<u>5.252</u>	<u>0</u>	<u>0</u>

7 Prepayments

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

8 Distribution of profit

	2021 TDKK	2020 TDKK
Retained earnings	<u>-14.159</u>	<u>-2.767</u>
	<u>-14.159</u>	<u>-2.767</u>

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
9 Deferred tax asset		
Deferred tax asset at 1 January	1.085	185
Amounts recognised in the income statement for the year	157	900
Amounts utilized of tax losses in joint taxation	<u>-1.168</u>	<u>0</u>
Deferred tax asset at 31 December	<u>74</u>	<u>1.085</u>

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next two to four years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company having implemented efficiency measures which are expected to have an effect in the coming years.

10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
Lease obligations		
After 5 years	400	1.400
Between 1 and 5 years	<u>3.996</u>	<u>3.917</u>
Long-term part	4.396	5.317
Within 1 year	<u>1.080</u>	<u>1.000</u>
	<u>5.476</u>	<u>6.317</u>
Other payables		
Between 1 and 5 years	<u>0</u>	<u>1.083</u>
Long-term part	0	1.083
Other short-term payables	<u>5.397</u>	<u>4.681</u>
	<u>5.397</u>	<u>5.764</u>

Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
11 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Future lease and rent commitments until expiration	<u>845</u>	<u>1.080</u>

Other contingent liabilities

Owner mortgage deeds nom. TDKK 7,800 with a mortgage on the property Bragesvej 16, Ringsted, lies within the company.

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

Notes to the Financial Statements

12 Related parties

	<u>Basis</u>
Controlling interest	
BPW Bergische Achsen, Wiehl, Germany	Ultimate parent
Other related parties	
Markus Schell	Board member
Tobias Wiedeking	Board member
Axel Kierkegaard	Board member

Transactions

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

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
BPW Finans A/S	Kolding, Denmark

The Group Annual Report of BPW Finans A/S may be obtained at the following address:

BPW Finans A/S, Vranderupvej 2, 6000 Kolding, CVR-nr. 19 20 11 12

13 Subsequent events

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

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of HBN-Teknik A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in TDKK.

Correction of material misstatements

In connection with of preparing the financial statements for 2021, management realized that valuation of inventory was not true and fair in the financial statements for 2020. This is corrected in the annual report of 2021. The correction lead to changes in the following items in the comparative figures: Inventory (reduced TDKK 4.463), deferred tax assets (increased TDKK 982) and equity (reduced TDKK 3.481).

Cash flow statement

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

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the

Notes to the Financial Statements

14 Accounting Policies (continued)

balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Income Statement

Revenue

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

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

Notes to the Financial Statements

14 Accounting Policies (continued)

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with danish group entities. The tax effect of the joint taxation is allocated to

Notes to the Financial Statements

14 Accounting Policies (continued)

Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

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

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

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

Other buildings	25 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the

Notes to the Financial Statements

14 Accounting Policies (continued)

inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

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

Prepayments

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

Provisions

Other provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial debts

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

Financial Highlights

Explanation of financial ratios

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