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PR electronics A/S

Lerbakken 10
8410 Rønde
CVR No. 73438411

Annual report 01.07.2021 - 30.06.2022

The Annual General Meeting adopted the annual report on 25.10.2022

Claus Berner Nielsen
Chairman of the General Meeting

Contents

Entity details

Entity

PR electronics A/S

Lerbakken 10

8410 Rønde

Business Registration No.: 73438411

Registered office: Syddjurs

Financial year: 01.07.2021 - 30.06.2022

Board of Directors

Claus Berner Nielsen

Kim Thomas Rasmussen

Knud Valdemar Mørk Krægpøth

Executive Board

Stig Alnøe Lindemann

Simon Bisbo

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PR electronics A/S for the financial year 01.07.2021 - 30.06.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.07.2021 - 30.06.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Rønde, 25.10.2022

Executive Board

Stig Alnøe Lindemann **Simon Bisbo**

Board of Directors

Claus Berner Nielsen **Kim Thomas Rasmussen**

Knud Valdemar Mørk Krægpøth

Independent auditor's report

To the shareholders of PR electronics A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of PR electronics A/S for the financial year 01.07.2021 - 30.06.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.07.2021 - 30.06.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity’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 consolidated financial statements and the parent 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 Group's and the Entity’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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Aarhus, 25.10.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz
State Authorised Public Accountant
Identification No (MNE) mne34145

Henrik Brorsbøl Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne33233

Management commentary

Financial highlights

	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000
Key figures					
Revenue	368,056	337,579	327,914	322,140	305,233
Gross profit/loss	196,131	204,263	191,718	181,251	174,602
Operating profit/loss	52,758	63,905	51,497	47,663	49,302
Net financials	(2,335)	79	(1,050)	(1,562)	(1,007)
Profit/loss for the year	41,063	51,802	41,077	35,990	37,525
Balance sheet total	343,612	302,889	296,686	308,498	295,878
Investments in property, plant and equipment	10,009	6,037	5,918	14,200	4,888
Equity	186,737	196,857	184,753	173,726	197,701
Cash flows from operating activities	1,356	70,390	69,947	58,602	47,952
Investments in intangible assets	3,563	5,564	7,560	12,966	16,450
Average number of employees	194	200	201	203	199
Ratios					
EBIT margin (%)	14.33	18.93	15.70	14.80	16.15
Return on equity (%)	21.41	27.15	22.92	19.38	19.72
Equity ratio (%)	54.35	64.99	62.27	56.31	66.82

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

EBIT margin (%):
$$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$$

Return on equity (%):
$$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$$

Equity ratio (%):
$$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$$

Primary activities
The Group develops, produces, and sells electronic components. Development and production take place in PR electronics A/S, whereas the Group's products are sold through its foreign sales subsidiaries and independent distributors as well as from PR electronics A/S directly.

Development in activities and finances
Revenue for the year amounts to DKK 368,056k against DKK 337,579k last year, which corresponds to a growth of 9.0%.

Other external expenses and staff costs increased combined by 6.9% reflecting mainly higher sales and marketing activities due to less restrictive Covid-19 environment globally and lower capitalization of wages in R&D, partly offset by increased efficacy in production and back-office functions.

The profit for the year decreased from DKK 51,802k in 2020/2021 to DKK 41,063k in 2021/2022. The decrease in profit for the year mainly reflects a decrease in gross profit due to a significant shortage of raw materials resulting in a sharp inbound price increase, and higher sales and marketing expenses.

Profit/loss for the year in relation to expected developments
The profit for the year is regarded as satisfactory in particular in light of challenging circumstances throughout the fiscal year caused by shortages of raw materials. Despite the widespread shortage, the Group managed to grow revenue by using brokers for sourcing of components and redesign of products to accommodate alternative components, and the Group experienced a continued strong demand for its products and services throughout the fiscal year resulting in an order backlog of approx. DKK 150m at the end of the fiscal year.

Outlook
Founded in a continuously wider high-quality product range, increased activities to create market awareness and a larger sales force, the Group expects to continue its growth path. Increased profitability is expected through continued optimization of the Group's internal value chains, including purchasing and production optimizations, and an ease of the shortage situation.

The shortage situation is expected to ease towards the end of 2022, thereby facilitating a partly unwinding of the significant order backlog, which combined with an expected continued strong growth in order intake, is expected to result in a revenue of DKK 440-450m for 2022/2023 and a profit before tax of DKK 100-110m.

Research and development activities
Research and development activities are carried out in PR electronics A/S. The activities primarily comprise development of modules for electronic signal conditioning and related products.

Approx. 5,4% of revenue for the year is spent on research and development activities of which DKK 3.6m has been recognized under intangible assets.

For the next financial year, the Group expects that resources used for research and development activities will increase to approximately 10% of revenue.

Other financial matters
The Group is strongly focused on financial management, including continuous assessment and hedging of the Group's trading risks and financial risks, etc.

Business risks
The markets, in which the Group operates, are mainly product-driven. Therefore, the Group's efforts in the research and development area contribute to securing the Group's long-term market position. Consequently, it is important to retain and further enhance the Group's innovative potential and to be able to attract the best-qualified candidates.

Product risks mainly relate to delays in launch of new products. The Group has focus on all parts of the product development and launch processes to minimize this risk. The Group's supply chain is constantly monitored, and policies ensure availability of minimum inventory levels to avoid adverse consequences of short and medium-term interruptions of the supply chain. Finally, significant resources are spent to protect inventions through patents and the Group continuously develop and maintain its competences in this area.

Financial risks
As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group manages the financial risks centrally and has a central coordination of the Group's cash management, including capital procurement and investment of excess liquidity.

Foreign exchange risks
Foreign exchange risks are primarily hedged by means of matching of payments received and made in the same currency and by means of forward exchange contracts.

Credit risks
Credit risks related to financial assets correspond to the values recognized in the balance sheet. The Group does not have any material risks relating to a single customer or cooperative partner. According to the Group's policy for assuming credit risks, all major customers and other cooperative partners are credit rated on an ongoing basis.

According to the Group's policy, capital procurement as well as investment of surplus liquidity shall be managed centrally by PR electronics A/S.

Interest risks
It is the Group's policy to hedge interest rate risks on Group loans if it is assessed that such interest payments can be ensured at a satisfactory level compared to the related costs. At present, the Group has limited debt compared to its activity level.

Liquidity risks
The Group has policies stipulating availability of minimum cash resources, which the Group must have at its disposal at any time.

Management and employees
The average number of employees (converted into full-time employees) was 194 in 2021/2022 (200 in 2020/2021).

Knowledge resources
The Group's strategic objective of continued growth in revenue and profit requires maintenance of a high level of innovation through a flexible and knowledge-based organization. This is a sustained process, which is facilitated through the implementation of educational plans, encouragement to cooperation and by inspiring employees to take responsibility.

Maintenance of the Group's leading technology edge requires core competencies amongst others within effective project management, hardware design of analogue and digital electronics, design of solid and high-efficient embedded software as well as development of advanced signal conditioning algorithms. Furthermore, outstanding product quality and productivity of new products requires core competencies within development of high-precision calibration equipment and end test equipment with high production efficiency.

To maintain a leading edge in the development of new innovative technologies and products, the Group cooperates with a number of external consultants as well as design and development companies.

Statutory report on corporate social responsibility

The Group has focus on corporate social responsibility in relation to its activities and the following section describes policies, activities and results in relation hereto.

Environmental performance

The risk of negative impact on the external environment is low for the Group as only small quantities of dangerous substances is used in the production process. The Group is certified according to the DS/EN ISO 14001:2015 standard and has continuous focus on minimizing our environmental footprint. Specifically, the standard is used in setting procedures for daily work routines, and therefore new and existing employees are constantly made aware of and trained to live up to the specified standard.

Management concludes that the Group's activities have contributed to minimizing its impact on environment as well as the climate in general in the fiscal year 2021/2022, and the Group will continue to improve its environmental footprint in 2022/2023.

Health and safety at work

The Group takes responsibility for the working environment and focus on the health of its employees. Therefore, the Group is focusing on any potential risks related to work-related accidents and the employee's general wellbeing. The working environment complies with the highest national standards, and the Group focuses on being a healthy workplace for the well-being of its employees.

Health and safety at work is closely monitored amongst others through health and safety related questions in the yearly employee satisfactory survey as well as real time recording of work-related accidents and near-accidents.

Management concludes that the Group's activities have contributed to maintaining a work environment compliant with the highest national standards in the fiscal year 2021/2022, and the Group will maintain the highest national standards also in 2022/2023.

Society & Human rights

The Group consents with the 10 UN Global Compact Principles in its day-to-day business operations and has particular focus on maintaining compliance with human rights and labor rights and hereby mitigating any risk of employees feeling discriminated or not treated equally. The Group has a zero tolerance in relation to discrimination of employees and any breaches concerning human and labor rights. To ensure focus amongst employees, the policy is part of the employee handbook, which has been distributed to all employees.

During fiscal year 2021/2022, the management is not aware of any breaches of human rights in the Group.

Anti-corruption & Bribery

The Group has a zero tolerance in relation to corruption and bribery and has strong values and a shared vision of professional business acumen. Additionally, internal controls and implemented authority matrix aim at ensuring and enhancing adherence.

Furthermore, the Group's Code of Conduct policy is an integrated part of the employee handbook and employees are made aware through their introductory training which also includes a Code of Conduct test and the employee's signature on the Code of Conduct to certify adherence.

During the fiscal year 2021/2022, the management is not aware of any breaches regarding corruption and bribery in the Group.

Statutory report on the underrepresented gender

The Group has always and will also in the future strive to recruit the most competent and best suited human capital for any position irrespective of gender. Currently, the generally elected members of the board consist of three male members. The Group has set a target of 1 female member of the generally elected members of the board by 2023. The target was not achieved in the financial year, as there has not been an election for the board.

In the fiscal year 2021/2022, 22% of the members of the Group's enhanced executive management team belongs to the underrepresented gender, which is slightly below target.

Statutory report on data ethics policy

The Group has updated all relevant policies, including employee and data privacy policies, to ensure compliance with the GDPR regulations introduced in 2018. The Group has appointed a GDPR responsible individual per main GDPR area as well as a Group GDPR responsible person embedded with the task to maintain our group-wide GDPR documentations and compliance and to perform internal reviews. We have provided training to our employees – based on a risk-based approach – to ensure awareness and compliance with GDPR in their day-to-day work and on what actions are required in case a breach of sensitive data is detected.

Consolidated income statement for 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
Revenue	2	368,056	337,579
Other operating income	3	565	1,737
Cost of sales		(124,236)	(95,231)
Other external expenses	4	(48,254)	(39,822)
Gross profit/loss		**196,131**	**204,263**
Staff costs	5	(120,830)	(118,392)
Depreciation, amortisation and impairment losses	6	(22,543)	(21,966)
Operating profit/loss		**52,758**	**63,905**
Other financial income	7	24	452
Other financial expenses	8	(2,359)	(373)
Profit/loss before tax		**50,423**	**63,984**
Tax on profit/loss for the year	9	(9,360)	(12,182)
Profit/loss for the year	10	**41,063**	**51,802**

Consolidated balance sheet at 30.06.2022

Assets

	Notes	2021/22 DKK'000	2020/21 DKK'000
Completed development projects	12	29,815	35,089
Acquired patents		1,483	1,603
Development projects in progress	12	6,989	11,946
Intangible assets	11	**38,287**	**48,638**
Land and buildings		69,533	70,940
Plant and machinery		19,572	16,443
Other fixtures and fittings, tools and equipment		2,819	3,160
Property, plant and equipment	13	**91,924**	**90,543**
Other investments		35	23
Deposits		584	529
Financial assets		**619**	**552**
Fixed assets		**130,830**	**139,733**
Raw materials and consumables		81,514	29,032
Work in progress		11,457	5,316
Manufactured goods and goods for resale		9,563	5,133
Inventories		**102,534**	**39,481**
Trade receivables		50,299	54,632
Other receivables		9,393	8,295
Prepayments	14	5,222	4,406
Receivables		**64,914**	**67,333**
Cash		**45,334**	**56,342**
Current assets		**212,782**	**163,156**
Assets		**343,612**	**302,889**

Equity and liabilities

	Notes	2021/22 DKK'000	2020/21 DKK'000
Contributed capital		1,248	1,248
Retained earnings		185,489	143,556
Proposed dividend for the financial year		0	52,053
Equity		**186,737**	**196,857**
Deferred tax	15	16,413	18,120
Provisions		**16,413**	**18,120**
Mortgage debt		10,710	12,370
Non-current liabilities other than provisions	16	**10,710**	**12,370**
Current portion of non-current liabilities other than provisions	16	1,744	1,744
Bank loans		54,921	0
Prepayments received from customers		581	208
Trade payables		37,389	25,047
Payables to group enterprises		223	237
Tax payable		8,227	11,188
Other payables	17	26,226	36,686
Deferred income	18	441	432
Current liabilities other than provisions		**129,752**	**75,542**
Liabilities other than provisions		**140,462**	**87,912**
Equity and liabilities		**343,612**	**302,889**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	20		
Subsidiaries	21		

Consolidated statement of changes in equity for 2021/22

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Total DKK'000
Equity beginning of year	1,248	143,556	52,053	196,857
Ordinary dividend paid	0	0	(52,053)	(52,053)
Exchange rate adjustments	0	870	0	870
Profit/loss for the year	0	41,063	0	41,063
Equity end of year	**1,248**	**185,489**	**0**	**186,737**

Consolidated cash flow statement for 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
Operating profit/loss		52,758	63,905
Amortisation, depreciation and impairment losses		22,544	21,966
Working capital changes	19	(57,166)	(4,184)
Cash flow from ordinary operating activities		**18,136**	**81,687**
Financial income received		24	680
Financial expenses paid		(2,776)	(964)
Taxes refunded/(paid)		(14,028)	(11,013)
Cash flows from operating activities		**1,356**	**70,390**
Acquisition etc. of intangible assets		(3,563)	(5,564)
Acquisition etc. of property, plant and equipment		(10,009)	(5,977)
Cash flows from investing activities		**(13,572)**	**(11,541)**
Free cash flows generated from operations and investments before financing		**(12,216)**	**58,849**
Repayments of loans etc.		(1,660)	(1,659)
Dividend paid		(52,053)	(40,000)
Cash flows from financing activities		**(53,713)**	**(41,659)**
Increase/decrease in cash and cash equivalents		**(65,929)**	**17,190**
Cash and cash equivalents beginning of year		56,342	39,152
Cash and cash equivalents end of year		**(9,587)**	**56,342**
Cash and cash equivalents at year-end are composed of:			
Cash		45,334	56,342
Short-term bank loans		(54,921)	0
Cash and cash equivalents end of year		**(9,587)**	**56,342**

Notes to consolidated financial statements

1 Events after the balance sheet date
No events have occured after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Revenue

	2021/22 DKK'000	2020/21 DKK'000
Denmark	43,060	28,588
Other EU-countries	178,300	194,733
Other countries	146,696	114,258
Total revenue by geographical market	**368,056**	**337,579**

All revenue relates to sale of electronical components. There are no separate business segment in terms of risk and return.

3 Other operating income

	2021/22 DKK'000	2020/21 DKK'000
Property rent	565	671
COVID-19 Help package	0	1,066
	565	**1,737**

4 Fees to the auditor appointed by the Annual General Meeting

	2021/22 DKK'000	2020/21 DKK'000
Statutory audit services	150	150
Other services	125	150
	275	**300**

5 Staff costs

	2021/22 DKK'000	2020/21 DKK'000
Wages and salaries	102,857	105,237
Pension costs	6,571	6,239
Other social security costs	10,070	9,518
Other staff costs	4,485	2,148
	123,983	**123,142**
Staff costs classified as assets	(3,153)	(4,750)
	120,830	**118,392**

Average number of full-time employees	**194**	**200**

	Remuneration of management 2021/22 DKK'000	Remuneration of management 2020/21 DKK'000
Executive Board	6,678	7,170
Board of Directors	50	45
	6,728	**7,215**

6 Depreciation, amortisation and impairment losses

	2021/22 DKK'000	2020/21 DKK'000
Amortisation of intangible assets	13,914	13,561
Depreciation on property, plant and equipment	8,591	8,527
Profit/loss from sale of intangible assets and property, plant and equipment	38	(122)
	22,543	**21,966**

7 Other financial income

	2021/22 DKK'000	2020/21 DKK'000
Other interest income	24	452
	24	**452**

8 Other financial expenses

	2021/22 DKK'000	2020/21 DKK'000
Other interest expenses	38	82
Other financial expenses	2,321	291
	2,359	**373**

9 Tax on profit/loss for the year

	2021/22 DKK'000	2020/21 DKK'000
Current tax	11,067	13,629
Change in deferred tax	(1,707)	(1,447)
	9,360	**12,182**

10 Proposed distribution of profit/loss

	2021/22 DKK'000	2020/21 DKK'000
Ordinary dividend for the financial year	0	52,053
Retained earnings	41,063	(251)
	41,063	**51,802**

11 Intangible assets

	Completed development projects DKK'000	Acquired patents DKK'000	Development projects in progress DKK'000
Cost beginning of year	158,976	2,636	11,946
Transfers	8,397	0	(8,397)
Additions	0	123	3,440
Cost end of year	**167,373**	**2,759**	**6,989**
Amortisation and impairment losses beginning of year	(123,887)	(1,033)	0
Amortisation for the year	(13,671)	(243)	0
Amortisation and impairment losses end of year	**(137,558)**	**(1,276)**	**0**
Carrying amount end of year	**29,815**	**1,483**	**6,989**

12 Development projects

The Company's development projects relate to development of new products to be used in industrial applications and control systems within the process industry, among others. Development of new products is made on the basis of an identified market need, a commercial long-term need for new technology or an identified need for production optimisation. All projects are assessed on the basis of a business case before they are initiated. Development projects are recognised in the balance sheet when it is assessed that the products derived from the project will yield a future financial benefit. The projects and their values are assessed on a continuous basis, and no indication of impairment of the carrying amount is found to exist.

13 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	98,483	70,857	21,657
Exchange rate adjustments	2	0	27
Additions	334	8,594	1,081
Disposals	0	(466)	(588)
Cost end of year	**98,819**	**78,985**	**22,177**
Depreciation and impairment losses beginning of year	(27,543)	(54,414)	(18,497)
Exchange rate adjustments	(1)	0	(26)
Depreciation for the year	(1,742)	(5,465)	(1,384)
Reversal regarding disposals	0	466	549
Depreciation and impairment losses end of year	**(29,286)**	**(59,413)**	**(19,358)**
Carrying amount end of year	**69,533**	**19,572**	**2,819**

14 Prepayments

Prepayments cover substantially prepaid insurance, licenses, lease payments, etc.

15 Deferred tax

Changes during the year	**2021/22 DKK'000**
Beginning of year	18,120
Recognised in the income statement	(1,707)
End of year	**16,413**

16 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK'000	Due within 12 months 2020/21 DKK'000	Due after more than 12 months 2021/22 DKK'000	Outstanding after 5 years 2021/22 DKK'000
Mortgage debt	1,744	1,744	10,710	4,359
	1,744	**1,744**	**10,710**	**4,359**

17 Other payables

	2021/22 DKK'000	2020/21 DKK'000
VAT and duties	8,479	7,632
Wages and salaries, personal income taxes, social security costs, etc. payable	14,048	25,317
Other costs payable	3,699	3,737
	26,226	**36,686**

18 Deferred income

Deferred income cover prepaid rental.

19 Changes in working capital

	2021/22 DKK'000	2020/21 DKK'000
Increase/decrease in inventories	(63,053)	4,248
Increase/decrease in receivables	3,654	(13,048)
Increase/decrease in trade payables etc.	12,981	5,077
Other changes	(10,748)	(461)
	(57,166)	**(4,184)**

20 Unrecognised rental and lease commitments

The Group has entered into a number of operating leases. The leases have an average remaining term of 30 months and a total residual lease payment of DKK 8.819k (2020/21:DKK 6.346k).

21 Subsidiaries

	Registered in	Corporate form	Ownership %
PR electronics Sarl	France	Sarl	100
PR electronics AB	Sweden	AB	100
PR electronics Srl	Italy	Srl	100
PR electronics GmbH	Germany	GmbH	100
PR electronics S.L.	Spain	S.L.	100
PR electronics Inc.	USA	Inc.	100
PR electronics Ltd	China	Ltd.	100
PR electronics UK	Scotland	Ltd.	100
PR electronics Lyon Sci	France	Sci	100
PR electronics BVBA	Belgium	BVBA	100

Parent income statement for 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
Revenue	2	281,360	259,268
Other operating income		345	408
Costs of raw materials and consumables		(103,507)	(76,959)
Other external expenses	3	(31,446)	(26,390)
Gross profit/loss		**146,752**	**156,327**
Staff costs	4	(76,612)	(75,960)
Depreciation, amortisation and impairment losses	5	(22,059)	(21,332)
Operating profit/loss		**48,081**	**59,035**
Income from investments in group enterprises		3,637	3,908
Other financial income	6	209	922
Other financial expenses	7	(2,068)	(442)
Profit/loss before tax		**49,859**	**63,423**
Tax on profit/loss for the year	8	(8,796)	(11,621)
Profit/loss for the year	9	**41,063**	**51,802**

Parent balance sheet at 30.06.2022

Assets

	Notes	2021/22 DKK'000	2020/21 DKK'000
Completed development projects	11	29,815	35,089
Acquired patents		1,483	1,603
Development projects in progress	11	6,989	11,946
Intangible assets	10	**38,287**	**48,638**
Land and buildings		68,454	69,806
Plant and machinery		19,572	16,443
Other fixtures and fittings, tools and equipment		2,005	2,283
Property, plant and equipment	12	**90,031**	**88,532**
Investments in group enterprises		33,079	28,702
Deposits		23	23
Financial assets	13	**33,102**	**28,725**
Fixed assets		**161,420**	**165,895**
Raw materials and consumables		81,511	29,031
Work in progress		11,457	5,316
Manufactured goods and goods for resale		6,641	3,245
Inventories		**99,609**	**37,592**
Trade receivables		21,371	19,321
Receivables from group enterprises		35,392	38,441
Other receivables		7,085	5,861
Prepayments	14	4,016	3,142
Receivables		**67,864**	**66,765**
Other investments		35	23
Investments		**35**	**23**

Cash	**1,897**	**18,503**
Current assets	**169,405**	**122,883**
Assets	**330,825**	**288,778**

Equity and liabilities

	Notes	2021/22 DKK'000	2020/21 DKK'000
Contributed capital		1,248	1,248
Reserve for development costs		28,707	36,687
Retained earnings		156,782	106,869
Proposed dividend for the financial year		0	52,053
Equity		**186,737**	**196,857**
Deferred tax	15	16,413	18,120
Provisions		**16,413**	**18,120**
Mortgage debt		10,710	12,370
Non-current liabilities other than provisions	16	**10,710**	**12,370**
Current portion of non-current liabilities other than provisions	16	1,744	1,744
Bank loans		54,920	0
Prepayments received from customers		581	208
Trade payables		36,177	23,661
Payables to group enterprises		223	237
Tax payable		8,171	10,891
Other payables	17	14,708	24,258
Deferred income	18	441	432
Current liabilities other than provisions		**116,965**	**61,431**
Liabilities other than provisions		**127,675**	**73,801**
Equity and liabilities		**330,825**	**288,778**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Related parties with controlling interest	21		

Parent statement of changes in equity for 2021/22

	Contributed capital DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	1,248	36,687	106,869	52,053	196,857
Ordinary dividend paid	0	0	0	(52,053)	(52,053)
Exchange rate adjustments	0	0	870	0	870
Transfer to reserves	0	(7,980)	7,980	0	0
Profit/loss for the year	0	0	41,063	0	41,063
Equity end of year	**1,248**	**28,707**	**156,782**	**0**	**186,737**

Notes to parent financial statements

1 Events after the balance sheet date

No events have occured after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Revenue

	2021/22 DKK'000	2020/21 DKK'000
Denmark	27,625	28,587
Other EU-countries	138,644	141,769
Other countries	115,091	88,912
Total revenue by geographical market	**281,360**	**259,268**

All revenue relates to sale of electronics components. There are no separate business segments in terms of risk and return.

3 Fees to the auditor appointed by the Annual General Meeting

	2021/22 DKK'000	2020/21 DKK'000
Statutory audit services	150	150
Other services	125	150
	275	**300**

4 Staff costs

	2021/22 DKK'000	2020/21 DKK'000
Wages and salaries	69,716	72,715
Pension costs	4,799	4,826
Other social security costs	1,617	1,345
Other staff costs	3,633	1,824
	79,765	**80,710**
Staff costs classified as assets	(3,153)	(4,750)
	76,612	**75,960**
Average number of full-time employees	**124**	**130**

	Remuneration of Management 2021/22 DKK'000	Remuneration of Management 2020/21 DKK'000
Executive Board	6,678	7,170
Board of Directors	50	45
	6,728	**7,215**

5 Depreciation, amortisation and impairment losses

	2021/22 DKK'000	2020/21 DKK'000
Amortisation of intangible assets	13,914	13,561
Depreciation on property, plant and equipment	8,107	7,879
Profit/loss from sale of intangible assets and property, plant and equipment	38	(108)
	22,059	**21,332**

6 Other financial income

	2021/22 DKK'000	2020/21 DKK'000
Financial income from group enterprises	206	220
Other interest income	3	702
	209	**922**

7 Other financial expenses

	2021/22 DKK'000	2020/21 DKK'000
Other interest expenses	7	79
Other financial expenses	2,061	363
	2,068	**442**

8 Tax on profit/loss for the year

	2021/22 DKK'000	2020/21 DKK'000
Current tax	10,503	13,068
Change in deferred tax	(1,707)	(1,447)
	8,796	**11,621**

9 Proposed distribution of profit and loss

	2021/22 DKK'000	2020/21 DKK'000
Ordinary dividend for the financial year	0	52,053
Retained earnings	41,063	(251)
	41,063	**51,802**

10 Intangible assets

	Completed development projects DKK'000	Acquired patents DKK'000	Development projects in progress DKK'000
Cost beginning of year	158,976	2,636	11,946
Transfers	8,397	0	(8,397)
Additions	0	123	3,440
Cost end of year	**167,373**	**2,759**	**6,989**
Amortisation and impairment losses beginning of year	(123,887)	(1,033)	0
Amortisation for the year	(13,671)	(243)	0
Amortisation and impairment losses end of year	**(137,558)**	**(1,276)**	**0**
Carrying amount end of year	**29,815**	**1,483**	**6,989**

11 Development projects

The Company’s development projects relate to development of new products to be used in industrial applications and control systems within the process industry, among others. Development of new products is made on the basis of an identified market need, a commercial long-term need for new technology or an identified need for production optimisation. All projects are assessed on the basis of a business case before they are initiated. Development projects are recognised in the balance sheet when it is assessed that the products derived from the project will yield a future financial benefit. The projects and their values are assessed on a continuous basis, and no indication of impairment of the carrying amount is found to exist.

12 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	95,462	70,857	17,257
Additions	334	8,594	717
Disposals	0	(466)	(588)
Cost end of year	**95,796**	**78,985**	**17,386**
Depreciation and impairment losses beginning of year	(25,656)	(54,414)	(14,974)
Depreciation for the year	(1,686)	(5,465)	(956)
Reversal regarding disposals	0	466	549
Depreciation and impairment losses end of year	**(27,342)**	**(59,413)**	**(15,381)**
Carrying amount end of year	**68,454**	**19,572**	**2,005**

13 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	57,141
Cost end of year	**57,141**
Impairment losses beginning of year	(28,439)
Exchange rate adjustments	870
Share of profit/loss for the year	3,638
Investments with negative equity value depreciated over receivables	(131)
Impairment losses end of year	**(24,062)**
Carrying amount end of year	**33,079**

Fixed asset investment other than investment in group enterprises consist primarily of deposits on leases (other receivables)

14 Prepayments

Prepayments cover substantially prepaid insurance, licenses, lease payments etc.

15 Deferred tax

Changes during the year	2021/22 DKK'000
Beginning of year	18,120
Recognised in the income statement	(1,707)
End of year	**16,413**

16 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK'000	Due within 12 months 2020/21 DKK'000	Due after more than 12 months 2021/22 DKK'000	Outstanding after 5 years 2021/22 DKK'000
Mortgage debt	1,744	1,744	10,710	4,359
	1,744	**1,744**	**10,710**	**4,359**

17 Other payables

	2021/22 DKK'000	2020/21 DKK'000
VAT and duties	4,191	3,646
Wages and salaries, personal income taxes, social security costs, etc. payable	8,470	19,336
Other costs payable	2,047	1,276
	14,708	**24,258**

18 Deferred income

Deferred income cover prepaid rental.

19 Unrecognised rental and lease commitments

The company have entered into a number of operating leases. The leases have an average remaining term of 18 months and a total residual lease payment of DKK 1.478k (2020/21: DKK 1.174k).

20 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

21 Related parties with controlling interest

Rasmussen Holding AG, Chamerstrasse 172, 6301 Zug, Switzerland (principal shareholder)
PR Invest, Rønde ApS, Lerbakken 10, 8410 Rønde

Accounting policies

Reporting class

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Costs of raw materials and consumables

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

Other external expenses

Other external expenses include expenses of distribution, sales, advertising, administration, premises, bad debts, etc.

Other external expenses also include development costs settled (including license) for the use of the right to market products.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.
The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid taxes.

Deferred tax is recognised and measured according to the balance-sheet liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with refund concerning tax losses).

The Parent is jointly taxed with all of its Danish group enterprises and other Danish consolidated companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life Years
Buildings	50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

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

Cost consists of purchase price plus delivery costs.
Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments (current assets)
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt and payment of dividends.

Cash and cash equivalents comprise cash less short-term bank debt.