DOMS ApS

Formervangen 28, 2600 Glostrup
CVR no. 76 47 47 10

Annual Report for 2023

This annual report has been adopted at the annual general meeting on 7th June 2024

Chairman of the meeting

Company information etc.

The company
Doms ApS
Formervangen 28
2600 Glostrup
Tel.: 43 29 94 00
Registered office: Glostrup
CVR no.: 76 47 47 10

Financial year: 01.01-31.12

Executive Board
James Benjamin Richard Gale

Board of Directors

James Benjamin Richard Gale Chairman
Tuomas Johannes Gustafsson
Stuart Linton Graham

Auditors
Christensen Kjærulff, Statsautoriseret Revisionsaktieselskab

Statement by the Executive Board and Board of Directors on the annual report.

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for DOMS ApS

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.
Glostrup, June 7 2024

Executive Board

James Benjamin Richard Gale

Board of Directors

James Benjamin Richard Gale Chairman	Stuart Linton Graham	Tuomas Johannes Gustafsson

Independent auditor's report

To the shareholder of DOMS ApS

Opinion
We have audited the financial statements of Doms ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

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

Management’s Responsibilities for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

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

Copenhagen, 7 June 2024
Christensen Kjærulff, Statsautoriseret Revisionsaktieselskab
CVR no. 15 91 56 41

Mads Kokholm
statsautoriseret revisor
Public Accountant
mne35395

Management's review

FINANCIAL HIGHLIGHTS

Key Figures

Key Figures in DKK '000	2023	2022	2021	2020	2019
Profit/loss					
Gross Profit	101,366	69,615	75,521	76,102	78,360
Index	129	89	96	97	100
Operating Profit	51,311	15,734	23,284	20,157	19,168
Index	268	82	121	105	100
Total net financials	2,662	-4,077	4,203	737	-680
Index	-392	600	-618	-108	100
					100
Profit before tax	53,973	11,657	27,487	20,894	15,302
Index	353	76	180	137	100
Profit for the year	42,059	8,290	21,406	16,127	11,808
Index	356	70	181	137	100
Balance					
Total assets	153,744	146,161	144,826	126,162	97,078
Investments in property, plant and equipment	0	0	0	0	0
Index					
Equity	114,612	116,554	109,669	88,263	61,433

Management's review

Ratios

	2023	2022	2021	2020	2019
Profitability					
Return on equity	37%	7%	22%	22%	21%
Equity Ratio					
Equity ratio	75%	80%	74%	67%	63%
Others					
Number of employees(average)	75	76	76	82	86

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on equity $\frac{\text{Profit/loss for the year x100}}{\text{Average equity}}$

Equity ratio $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Management's review

Primary activities

Doms ApS' ('the Company's') primary activities relate to the sale, installation and service of fuel retail equipment.
In Denmark, the Company's main activity consists of technical service and installations to customers in the fuel retail industry and the supply of related equipment.

Internationally, the company's main activity consists in the supply and sale of electronics systems for forecourt management at fuel retailers (PSS 5000).

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a gross profit of DKK 101,416 thousand against DKK 70,785 thousand for the period 01.01.22-31.12.22, an operating profit of DKK 49,508 thousand against 15,734 thousand for the period 01.01.22-31.12.22 and a profit of DKK 42,059 thousand against DKK 8,290 thousand for the period 01.01.22-31.12.22. The balance sheet shows equity of DKK 114,612 thousand.

Management consider the 2023 performance to be extraordinary and significantly above the expected gross profit of DKK 72-75 million and operating profit of DKK 20-22 million as communicated in the annual report for 2022. The extraordinary development is due to large order backlog going into 2023 and increased production capacity enabling us to fulfil this large backlog and additional orders taken in 2023. In particular we see strong sales into Western Europe region for customer projects and additionally increase sales volume in South East Asia.

Outlook

Management expects the company in 2024 will be generating an expected gross profit of 36-40m DKK and operating profit of 20-25m DKK. Business model for PSS selling activity has changed since December 2023 where the distribution has now moved to Gilbarco GmbH in Germany. The impact of this change has reduced the overall revenue in DOMS ApS for PSS products however the lost of sales will be compensated via royalty payments from Germany.

Knowledge resources

It is essential to the company's continued development that it can attract and retain highly qualified staff, including engineers and technicians with expertise in the area of hardware and software development as well as project management.

The introduction of new regulations and executive orders in the industry calls for ongoing staff training. Therefore, the company currently arranges a number of training sessions for the employees.

Financial risks

The company is not exposed to risks beyond those risks that are common in the Company's business sector.

External environment

The company is eco-concious and is making an ongoing effort to reduce the environmental impact of its operations. Also, though regular training and dissemination of information to all employees, the company seeks to foster a responsible and reasonable attitude to the environment as well as security issues.

Research and development activities

The company has no R&D expenses which fulfil the criteria for capitalisation were incurred in the year under review.

Subsequent events

No important events have occurred after the end of the financial year.

Note		2023 DKK' 000	2022 DKK '000
	Gross Profit	**101,366**	**69,615**
1	Staff costs	-49,956	-54,922
	Profit before depreciation, amortisation writedowns and impairment losses	**51,410**	**15,862**
	Depreciation and impairment losses of property, plant and equipment.	-99	-128
	Other operating expenses	**0**	0
	Operating profit	**51,311**	**15,734**
	Impairment of investments in group enterprises	-273	-3,567
2	Financial income	3,553	2,737
3	Financial Expenses	-617	-3,247
	Profit before tax	**53,973**	**11,657**
4	Tax on profit for the year	-11,915	-3,368
	Profit for the year	**42,059**	**8,290**
5	Proposed appropriation account		

Note	ASSETS	31.12.23 DKK' 000	31.12.22 DKK '000
	Other fixtures and fittings tools and equipment	0	99
6	**Total property plant and equipment**	**0**	**99**
7	Equity investements in group enterprises	6,863	7,136
8	Recieveables from group enterprises	53,309	53,897
	Total investments	**60,172**	**61,033**
	Total non-current assets	**60,172**	**61,132**
	Raw materials and consumables	4,581	3,086
	Manufactured good and goods for resale	1,462	2,220
	Total inventories	**6,043**	**5,306**
	Trade recievables	24,463	24,756
9	Recieveables from group enterprises	61,290	44,190
	Other receievables	0	307
10	Prepayments	1,776	10,470
	Total recieveables	**87,529**	**79,724**
	Total current assets	**93,573**	**85,030**
	Total Assets	**153,744**	**146,161**

Balance sheet

Note	EQUITY AND LIABILITIES	31.12.23 DKK' 000	31.12.22 DKK '000
	Share capital	5,000	5,000
	Retained earnings	109,612	111,554
	Total equity	**114,612**	**116,554**
11	Provisions for deferred tax	45	64
	Total provisions	**45**	**64**
	Prepayments received from customers	105	159
	Trade payables	12,843	14,727
	Payables to group enterprises	9,428	2,587
	Income taxes	9,273	4,401
	Other payables	7,438	7,669
	Total short-term payables	**39,087**	**29,543**
	Total payables	**39,087**	**29,543**
	Total equity and liabilities	**153,744**	**146,161**

12 Contingent liabilities

13 Charges and security

14 Related parties

15 Events after the balance sheet date

Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.22- 31-12.22			
Balance as at 01.01.22	5,000	103,264	108,264
Net profit/loss for the year	0	8,290	8,290
Balance as at 31.12.22	5,000	111,554	116,554
Statement of changes in equity for 01.01.23- 31-12.23			
Balance as at 01.01.23	5,000	111,554	116,554
Extraordinary dividend adopted during the financial year		44,000	44,000
Distributed extraordinary dividend adopted during the financial year		-44,000	-44,000
Net profit/loss for the year	0	42,059	42,059
Balance as at 31.12.23	5,000	153,612	158,612

The share capital comprises 5000 shares of a nominal value of DKK 1000 each.
All shares rank equally.

	2023 DKK' 000	2022 DKK '000
1. Staff costs		
Wages and salaries	44,618	48,606
Pension	3,464	3,349
Other social security	1,874	1,798
Total	49,956	53,753
Average number of employees during the year	75	76
Salaries for the executive board	993	616

The executive board and the board of directors are not salaried from DOMS Aps and are employees under contracts in Sweden, Finland and UK. Their salaries are recharged proportionately based on the split of their time between the entities they are responsible for.

	2023	2022
2. Financial income		
Interest, group enterprises	1,595	1,603
Foreign currency translation adjustments	75	
Foreign exchange gains	340	839
Other financial income	1,543	295
Total	3,553	2,737

	2023	2022
3. Financial expenses		
Interest, group enterprises	0	38
Other interest expenses	202	1,068
Foreign exchange losses	416	2,141
Other financial expenses	617	3,209
Total	617	3,247

	2023 DKK' 000	2022 DKK '000

4. Tax on profit for the year

	2023	2022
Current tax for the year	11,977	3,327
Adjustment of tax for previous years	-43	0
Adjustment of deferred tax for the year	-19	41
Total	11,915	3,368

5. Distribution of net profit

	2023	2022
Extraordinary dividend distributed during the financial year	44,000	
Retained earnings	-1,941	8,290

6. Property , plant and equipment

Figures in DKK '000	Leasehold improvements	Plant and Machinery	Other fixtures and fittings tools and equipment
Cost as at 01.01.23	1,436	1,620	3,450
Cost as at 31.12.23	1,436	1,620	3,450
Depreciation and impairment losses as at 01.01.23	-1,436	-1,620	-3,351
Depreciation during the year	0	0	-99
Depreciation and impairment losses as at 31.12.23	-1,436	-1,620	-3,450
Carrying amount as at 31.12.23	0	0	0

7. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Cost as at 01.01.23	50,344
Cost as at 31.12.23	50,344
Impairment as at 01.01.23	-43,208
Impairment during the year	-273
Impairment as at 31.12.23	-43,481
Carrying amount as at 31.12.23	6,863

Name and registered office	Ownership Intrest	Equity DKK '000	Net profit loss for the year DKK '000	Recognised value DKK '000
Subsidiaries				
Doms Metrology ApS Glostrup	100%	989	642	0
Odysii Tecnologies Ltd Tel Aviv. Isreal	100%	0	0	6,863

Odysii Technologies Ltd.: The statutory financial statements are not made available to the public, hence the company does not disclose result and equity of the investment in accordance with section 97a(3) of the Danish Financial Statements Act.

The company has issued a letter of financial support to its fully owned subsidiary, Doms Metrology ApS, wherein the company has committed itself to satisfy upon written request of Doms Metrology ApS all of the company's liabilities upon maturity to the extent necessary in order to eliminate any over-indebtness or to avoid insolvency of the subsidiary, at least through 31 December 2025.

Management has as applicable for investment where impairment indicators are present, prepared an impairment test and thereby calculated the recoverable amount of the Company's respective investment.

The impairment method used is based on the expected net cash flows, which are based on the historical average annual cash flow for 2019-2023, and a discount factor of financial reporting as of 11.9%.

The impairment test resulted in an impairment of DKK 273 thousand.

8. Recievables from group enterprises

The Company is part of the cash-pool corporate scheme. Consequently the cash position of DKK 25,104,053 held by the Company at 31 December 2023 (2022: 20,038,217) is reflected within receivables from group enterprises.

Figures in DKK '000	Recievables from group enterprises
Cost as at 01.01.23	51,751
Currency translation adjustment	1,558
Cost as at 31.12.23	53,309
Carrying amount as at 31.12.23	53,309

Recieveables from group enterprises are due after 5 years from the balance sheet date.

9. Recievables from group enterprises

The Company is part of the cash-pool corporate scheme. Consequently the cash position of DKK 25,104,053 held by the Company at 31 December 2023 (2022: 20,038,217) is reflected within receivables from group enterprises.

10. Prepayments	31.12.23 DKK '000	31.12.22 DKK '000
Prepaid lease payments	392	443
Other prepayments	1,385	10,027
Total	1,777	10,470

Other prepayments include supplier deposits, prepaid expenses relating to rent, subscriptions and membership dues.

11. Deferred tax	31.12.23 DKK '000	31.12.22 DKK '000
Deferred tax as as 01.01.23	64	23
Deferred tax recognised in the income statement	-19	41
Deferred tax as at 31.12.23	45	64

12. Contingent liabilities

Lease commitments

Rent and lease liabilities include a rent obligation totalling DKK 3,668 thousand (2022 DKK 5,284 thousand) in non terminable rent agreements. Furthermore the company has liabilities under operating leases for cars and contingent liabilities, totalling DKK 8,154 thousand (2022 DKK 2,213 thousand)

Other contingent liabilities

Joint taxation

At 31 December 2023, the company is jointly taxed with Doms Metrology ApS. Doms ApS is the ‘tax administration' company (Administrationsselskab) for the Danish joint taxation.
The company is jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. 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.

13. Charges and security

The company has not provided any security over assets

14. Related parties

Controlling influence	Basis of influence
GGC International III Ltd. USA	Ownership of shares

Transactions	Relation	2023 DKK'000
Sales to related parties, included in gross profit	Group companies	48,883
Purchases from related parties, included in gross profit	Group companies	39,191
Net interests included in Financial income/expenses	Group companies	1,595

Remuneration for the management and board of directors is specified in note 1. Staff costs

Balances	31.12.23 DKK '000
Recievables from group enterprises	114,599
Payables to group enterprises	9,428

The company is included in the consolidated financial statements of Vontier, Raleigh, North Carolina, United States. Requisition of the patents consolidated financial statements at: https://s23.q4cdn.com/176362927/files/doc_financials/2023/ar/2023-12-31-10k-vf-002.pdf

15. Events after the balance sheet date.

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

16. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for medium-sized enterprises in reporting class C.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of GGC International III Ltd, USA, CVR no. 12 15 70 79, which prepares consolidated financial statements.

The item “Staff costs” has been reclassified so that certain types of expenses previously recognised under “Staff costs” will, in the future, be recognised under the item “Other external charges”.
The change in classification has no effect on the net profit or loss for the year, nor on the statement of financial position, neither for the current financial year, nor the previous financial year. The comparative figures have been adjusted in accordance with the reclassification.

Except for the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

Currency
The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement.

Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

Leases
The company has chosen IAS 17 as interpretation for classification and recognition of leases.

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

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

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

Income statement

Gross profit
Gross profit comprises revenue, change in inventories of finished goods and work in progress, other operating income, raw materials and consumables and cost of sales and other external expenses.

Revenue
The company has chosen IAS 11/ IAS 18 as interpretation for revenue recognition.
Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid.

Income from the sale of services, which include service contracts, is recognised in revenue on a straight-line basis as the services are rendered, as the services are provided in the form of an indefinite number of actions over a specified period of time

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Change in inventories of finished goods and work in progress
Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Other operating income
Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, and gains on the sale of intangible assets and property, plant and equipment

Costs of raw materials and consumables
Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage. Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Cost of sales
Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal writedowns.

Other external expenses
Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal writedowns.

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

Depreciation and impairment losses
The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives years	Residual value per cent
Leasehold improvements	3-10	0
Plant and machinery	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises

Dividends from equity investments in group enterprises, which are measured at cost, are recognised in the income statement in the financial year when the dividends are declared.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Impairment of investments in group enterprises and reversal of prior year's impairment of investments in group entities are accounted for in the income statement line item 'Financial income/expenses'

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

Balance Sheet

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.
Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the ‘Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in group enterprises are measured at cost. Cost includes the consideration measured at fair value plus direct acquisition costs. Where cost exceeds the recoverable amount, write-down is made to this lower value. An impairment test is prepared if the dividends received exceed the proportionate share of the profit/loss for the year or if the carrying amount of the equity investments exceeds the proportionate share of the net assets in the underlying entity.

Impairment losses on fixed assets

The carrying amount of property, plant and equipment, receivables from group enterprises as well as equity investments in group enterprises is tested annually for evidence of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

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

Receivables

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

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

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

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

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years

Cash and cash equivalents

Cash-pool deposits are, based on the characteristics of the cash-pool, not considered a part of the cash balance, but as part of receivables from group enterprises.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management’s intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings. Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

Fair value

Fair value is determined based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value of similar assets/liabilities in an active market.

Level 2: Value based on generally accepted valuation methods on the basis of observable market information.

Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

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