Doms ApS

Formervangen 28, 2600 Glostrup

CVR no. 76 47 47 10

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 26.05.22

Jason Paul Lund
Dirigent

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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

Jason Paul Lund, chairman
Stuart Linton Graham
James Benjamin Richard Gale

Auditors

EY Godkendt Revisionspartnerselskab

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 01.01.21 - 31.12.21 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 31.12.21 and of the results of the company's activities for the financial year 01.01.21 - 31.12.21.

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, May 26, 2022

Executive Board

James Benjamin Richard Gale

Board of Directors

Jason Paul Lund Chairman	Stuart Linton Graham	James Benjamin Richard Gale

To the capital owner of Doms ApS

Opinion

We have audited the financial statements of Doms ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Statement regarding the management’s review financial statements” section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibility 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 financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events 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 regarding the management's review financial statements

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 Statements Acts. We did not identify any material misstatement of Management's review.

Copenhagen, May 26, 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30700228

Henrik Kronborg Iversen	Rasmus Bloch Jespersen
State Authorized Public Accountant	State Authorized Public Accountant
MNE-no. mne24687	MNE-no. mne35503

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2021	2020	2019	2018	2017
Profit/loss					
Gross profit	75,521	76,102	78,360	75,088	66,361
Index	114	115	118	113	100
Operating profit	23,284	20,157	19,168	14,041	7,587
Index	307	266	253	185	100
Total net financials	4,203	737	-680	-6,518	-20,056
Index	-21	-4	3	32	100
Profit before tax	27,487	20,894	15,302	7,523	-12,472
Index	-220	-168	-123	-60	100
Profit for the year	21,406	16,127	11,808	4,620	-13,787
Index	-155	-117	-86	-34	100
Balance					
Total assets	144,826	126,162	97,078	78,969	70,516
Investments in property, plant and equipment	0	0	0	716	41
Index	-	-	-	1,746	100
Equity	109,669	88,263	61,433	49,010	44,390

Ratios

	2021	2020	2019	2018	2017
Profitability					
Return on equity	22%	22%	21%	10%	-66%
Equity ratio					
Equity interest	74%	67%	63%	62%	63%
Others					
Number of employees (average)	76	82	86	89	90

Key figures and ratios for 2019, 2018, and 2017 have not been adjusted following change in accounting principles in 2021.

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

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

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).

Exceptional conditions

Change in accounting policy

Effective from 1 January 2020, the Company changed its accounting policies regarding equity investments in group entreprises, so that these are measured at cost and adjusted for impairment, while dividends received are recognised as income. In previous years, equity investments in group entreprises were initially measured at cost and subsequently at the proportionate share of the entities' net asset values (equity method).

The changes in the accounting policies were made, as Management considers it more relevant to present the direct impact of the equity investments in group entreprises in the company’s financial statements by presenting the received dividends, with the purpose to align the accounting policies and enhance the comparability with other international group entities.

The changes in the accounting policies have not affected profit/loss or taxes for 2021 and 2020, but have solely led to reclassifications within the income statement. The balance sheet has increased by DKK 10.703 thousand at 31. December 2020 and remained unchanged at 31. December 2021. At the beginning 2020, equity was affected by DKK 10,703 thousand. Comparative figures for 2020 have been restated to reflect the policy changes. Key figures and ratios for 2019, 2018, and 2017 have not been restated.

Apart from the above changes, the accounting policies have been applied consistently with previous years.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a profit/loss of DKK'000 21,406 against DKK'000 16,127 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK'000 109,669.

Management consider the 2021 performance to be satisfactory and significantly above the expected profit before financial items of DKK'000 6,500 due to a higher volume of sales of the PSS Product into the SouthEast Asia and Middle East and Africa regions, significantly above prior years. The service business also showed stronger and more rapid growth after COVID than anticipated, particularly in the contract and installation business areas, so overall COVID had no real impact on the financial results of 2021 and we recovered to pre-covid levels.

Outlook

Management expects the company in 2022 will continue recent levels of profit, generating an expected gross profit of 75-80 mDKK and operating profit of 22-24 mDKK. The only assumption this includes is that of the impact of the events in Russia and Ukraine, where we expect there to be no significant impact on the financials.

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.

Income statement

Note		2021 DKK '000	2020 DKK '000
	Gross profit	**75,521**	**76,102**
1	Staff costs	-51,211	-54,477
	Profit before depreciation, amortisation, write-downs and impairment losses	**24,310**	**21,625**
	Depreciation and impairments losses of property, plant and equipment	-143	-143
	Other operating expenses	-883	-1,325
	Operating profit	**23,284**	**20,157**
2	Financial income	5,020	1,400
3	Financial expenses	-817	-663
	Profit before tax	**27,487**	**20,894**
4	Tax on profit for the year	-6,081	-4,767
	Profit for the year	**21,406**	**16,127**

5 Proposed appropriation account

Balance sheet

ASSETS

Note		31.12.21 DKK '000	31.12.20 DKK '000
	Other fixtures and fittings, tools and equipment	227	371
6	**Total property, plant and equipment**	**227**	**371**
7	Equity investments in group enterprises	10,703	10,703
8	Receivables from group enterprises	54,953	51,751
	Total investments	**65,656**	**62,454**
	Total non-current assets	**65,883**	**62,825**
	Raw materials and consumables	3,473	2,589
	Manufactured goods and goods for resale	4,577	3,485
	Total inventories	**8,050**	**6,074**
	Trade receivables	23,173	18,683
	Receivables from group enterprises	28,479	35,929
	Other receivables	0	359
9	Prepayments	19,241	2,292
	Total receivables	**70,893**	**57,263**
	Total current assets	**78,943**	**63,337**
	Total assets	**144,826**	**126,162**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.21 DKK '000	31.12.20 DKK '000
	Share capital	5,000	5,000
	Retained earnings	104,669	83,263
	Total equity	**109,669**	**88,263**
10	Provisions for deferred tax	23	151
	Total provisions	**23**	**151**
11	Other payables	0	3,181
	Total long-term payables	**0**	**3,181**
	Prepayments received from customers	172	769
	Trade payables	8,527	11,939
	Payables to group enterprises	10,883	7,737
	Income taxes	6,415	3,203
	Other payables	9,137	10,919
	Total short-term payables	**35,134**	**34,567**
	Total payables	**35,134**	**37,748**
	Total equity and liabilities	**144,826**	**126,162**

12 Contingent liabilities
13 Charges and security
14 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.20 - 31.12.20			
Balance as at 01.01.20	5,000	53,411	58,411
Net effect of changed accounting policies	0	10,703	10,703
Net effect of correction of material errors	0	3,022	3,022
Adjusted balance as at 01.01.20	5,000	67,136	72,136
Net profit/loss for the year	0	16,127	16,127
Balance as at 31.12.20	5,000	83,263	88,263
Statement of changes in equity for 01.01.21 - 31.12.21			
Balance as at 01.01.21	5,000	83,263	88,263
Net profit/loss for the year	0	21,406	21,406
Balance as at 31.12.21	5,000	104,669	109,669

	2021 DKK '000	2020 DKK '000

1. Staff costs

Wages and salaries	45,546	47,902
Pensions	4,441	4,788
Other social security costs	206	217
Other staff costs	1,018	1,570
Total	51,211	54,477
Average number of employees during the year	76	82

Remuneration for the management:

Salaries for the Executive Board	1,887	2,040

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

2. Financial income

Interest, group enterprises	1,589	1,241
Foreign currency translation adjustments	3,094	0
Foreign exchange gains	248	157
Other financial income	89	2
Total	5,020	1,400

	2021 DKK '000	2020 DKK '000

3. Financial expenses

Interest, group enterprises	71	19
Other interest expenses	297	0
Foreign exchange losses	449	416
Other financial expenses	0	228
Other financial expenses	746	644
Total	817	663

4. Tax on profit for the year

Current tax for the year	6,209	4,870
Adjustment of deferred tax for the year	-128	-103
Total	6,081	4,767

5. Distribution of net profit

Retained earnings	21,406	16,127

6. Property, plant and equipment

Figures in DKK '000	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost as at 01.01.21	1,436	1,620	3,450
Cost as at 31.12.21	1,436	1,620	3,450
Depreciation and impairment losses as at 01.01.21	-1,436	-1,620	-3,080
Depreciation during the year	0	0	-143
Depreciation and impairment losses as at 31.12.21	-1,436	-1,620	-3,223
Carrying amount as at 31.12.21	0	0	227

7. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Cost as at 01.01.21	50,344
Cost as at 31.12.21	50,344
Impairment as at 01.01.21	-39,641
Impairment as at 31.12.21	-39,641
Carrying amount as at 31.12.21	10,703

Name and registered office:	Ownership interest	Equity DKK '000	Net profit/loss for the year DKK '000	Recognised value DKK '000
Subsidiaries:				
Doms Metrology ApS, Glostrup	100%	-167	286	0
Odysii Technologies Ltd., Tel Aviv, Isreal	100%	0	0	10,703

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 the over-indebtness or to avoid insolvency of the subsidiary, at least through December 31. 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 groups standard internal valuation methodology. This method is based on the financial reporting as of 31 December 2021, and representative EBITDA multiplied by an assessed multiplicator based on a peer-group analysis, adjusted for control premiums if and non-operating assets/liabilities, as applicable.

The impairment test did not result in need for impairment. Based on the impairment test, prior years impairment charge remains applicable.

8. Other non-current financial assets

Figures in DKK '000	Receivables from group enterprises
Cost as at 01.01.21	51,751
Currency translation adjustment	3,202
Cost as at 31.12.21	54,953
Carrying amount as at 31.12.21	54,953

Receivables from group enterprices are due after 5 years from the balance sheet date.

	31.12.21 DKK '000	31.12.20 DKK '000

9. Prepayments

	31.12.21 DKK '000	31.12.20 DKK '000
Prepaid lease payments	293	0
Other prepayments	18,948	2,292
Total	19,241	2,292

Other prepayments relate primarily to prepaid costs to Group IT-systems and support paid to group enterprises. Other prepayments also include prepaid expenses relating to rent, subscriptions and membership dues.

	31.12.21 DKK '000	31.12.20 DKK '000

10. Deferred tax

Deferred tax as at 01.01.21	151	254
Deferred tax recognised in the income statement	-128	-103
Deferred tax as at 31.12.21	23	151

11. Long-term payables

Figures in DKK '000	Outstanding debt after 5 years	Total payables at 31.12.21	Total payables at 31.12.20
Other payables	0	0	3,181
Total	0	0	3,181

12. Contingent liabilities

Lease commitments

Rent and lease liabilities include a rent obligation totalling DKK 5.841 thousand (2020 DKK 2,070 thousand) in non terminable rent agreements. Furthermore the company has liabilities under operating leases for cars and contingent liabilities, totalling DKK 3,832 thousand (2020 DKK 4,930 thousand)

Other contingent liabilities

Joint taxation
At 31 December 2021, 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	2021 DKK '000
Sales to related parties, included in Gross profit	Group companies	47,281
Purchases from related parties, included in Gross profit	Group companies	27,880
Net interests, included in Financial income/expenses	Group companies	1,518

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

Balances	31.12.21 DKK '000
Receivables from group enterprises	83,432
Payables to group enterprises	-10,883
Prepaid business license	18,180

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://d18rn0p25nwr6d.cloudfront.net/CIK-0001786842/55d43363-220d-4501-8239-d87e805bad00.pdf

15. 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 with application of provisions for a higher reporting class.

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.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Effective from 1 January 2020, the Company changed its accounting policies regarding equity investments in group entreprises, so that these are measured at cost and adjusted for impairment, while dividends received are recognised as income. In previous years, equity investments in group entreprises were initially measured at cost and subsequently at the proportionate share of the entities' net asset values (equity method).

The changes in the accounting policies were made, as Management considers it more relevant to present the direct impact of the equity investments in group entreprises in the company's financial statements by presenting the received dividends, with the purpose to align the accounting policies and enhance the comparability with other international group entities.

The changes in the accounting policies have not affected profit/loss or taxes for 2021 and 2020, but have solely led to reclassifications within the income statement. The balance sheet has increased by DKK 10.703 thousand at 31. December 2020 and remained unchanged at 31. December 2021. At the beginning 2020, equity was affected by DKK 10,703 thousand. Comparative figures for 2020 have been restated to reflect the policy changes. Key figures and ratios for 2019, 2018, and 2017 have not been restated.

Apart from the above changes, the accounting policies have been applied consistently with previous years.

15. Accounting policies - continued -

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. Leases that do not transfer substantially all risks and rewards incident to the ownership of the company are classified as operational leases.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

15. Accounting policies - continued -

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

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

15. Accounting policies - continued -

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, negative goodwill 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 write-downs.

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 write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

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:

15. Accounting policies - continued -

	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

15. Accounting policies - continued -

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.

Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred to extensive structuring of processes and basic structural adjustments, as well as any relating disposal gains and losses, and which over time have a material impact. Special items further comprise other substantial, non-recurring amounts.

15. Accounting policies - continued -

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.

15. Accounting policies - continued -

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 the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

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

15. Accounting policies - continued -

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.

15. Accounting policies - continued -

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.