

## **BOSCH REXROTH A/S**

Telegrafvej 1  
2750 Ballerup  
CVR No. 82104313

### **Annual report 2023**

The Annual General Meeting adopted the annual report on 12.06.2024

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**Roland Bittenauer**

Chairman of the General Meeting

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# Entity details

## Entity

BOSCH REXROTH A/S

Telegrafvej 1

2750 Ballerup

Business Registration No.: 82104313

Registered office: Ballerup

Financial year: 01.01.2023 - 31.12.2023

## Board of Directors

Karl Frederik Nilner

Martino Domenico Francesco Nogara

Mette Bach Bøegh-Nielsen

Thore Pedersen

Roland Bittenauer

## Executive Board

Karl Frederik Nilner

## Auditors

EY Godkendt Revisionspartnerselskab

Nørre Havnegade 43

6400 Sønderborg

CVR No.: 30700228

# Statement by Management

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Bosch Rexroth A/S for the financial year BOSCH REXROTH A/S 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Ballerup, 12.06.2024

## Executive Board

**Karl Frederik Nilner**

## Board of Directors

**Karl Frederik Nilner**

**Martino Domenico Francesco Nogara**

**Mette Bach Bøegh-Nielsen**

**Thore Pedersen**

**Roland Bittenauer**

# Independent auditor's report

## To the shareholders of BOSCH REXROTH A/S

### Opinion

We have audited the financial statements of BOSCH REXROTH A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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' 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 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 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 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 the financial statements.

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

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

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Sønderborg, 12.06.2024

**EY Godkendt Revisionspartnerselskab**

CVR No. 30700228

**Karen Jørgensen**

State Authorized Public Accountant

Identification No (MNE) mne40029

# Management commentary

## Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	350,596	364,636	328,048	308,924	412,167
Gross profit/loss	81,763	65,119	63,555	76,140	65,632
Operating profit/loss	20,121	7,718	8,351	25,477	10,176
Net financials	(342)	23	(15)	(3)	(208)
Profit/loss from operating activities	19,618	7,718	8,240	8,457	10,176
Profit/loss for the year	13,703	4,916	6,488	19,855	8,102
Total assets	82,709	85,714	79,306	94,083	103,701
Investments in property, plant and equipment	189	0	0	0	0
Equity	42,137	33,350	34,922	48,289	28,433
Average number of employees	76	74	69	67	75
<b>Ratios</b>					
Operating margin	5.74	2.12	2.55	8.20	2.47
Return on assets	23.89	9.35	9.63	8.55	10.19
Return on equity (%)	36.31	14.40	15.59	51.76	28.96
Equity ratio (%)	50.95	38.91	44.03	51.33	27.42

For terms and definitions, please see the accounting policies.

### Operating margin (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

### Return on assets (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Average assets}}$

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

**Equity ratio (%):**

Equity \* 100

Total assets

### Primary activities

The Company mainly carries on sale of Rexroth products and systems within the areas of: Mobile- and Industrial Hydraulics, Linear Motion and Assembly Technologies and Electric Drives and Controls.

### Development in activities and finances

2023 was characterized by uncertainties due to existing geopolitical tensions. The overall DCDK development has been characterized by a positive development by the mobile application area due to the numerous sales initiatives started in the past years, contributed to the increase of the customer projects awarded, and a positive market trend. Differently, in the industrial application area, the company has been negatively impacted by volume reduction in the major customer for systems (ETO solutions) and delocation/uncertainties in the wind industry sector. Far from more major discussions about possible future projects has been running in the factory automation area where major orders are expected in year 2024.

The high demand of components, mainly from order backlog of 2022 and first half of 2023 together with limitations of the supply chain determined a new increase of the lead-time of the product sold by Bosch Rexroth and draw to some challenges in fulfilling deliveries as scheduled. The measures put in place by the delivering plants mitigated the effects of the restrictions in the supply chain.

The negative impact raised by the inflation and increased energy costs was partially covered by efficiency increasing measures and changes in the pricing policies.

### Strategi and objectives

#### Strategi

Bosch Rexroth A/S offers control solutions through the combination of peak technical performance with our global and local experience – as well as our strong sense of responsibility.

#### Impact on the external environment

Protection of the environment is a major objective for the Company. Our environmental policy stands for an environmental sound assembly, and we aim with our work environment policy to create continuous improvements in relation to our employee's security and health.

### Profit/loss for the year in relation to expected developments

The income statement for 2023 shows a profit of Mio DKK 13,7 against a profit of Mio DKK 4,9 last year, and the balance sheet on 31 December 2023 shows equity of Mio DKK 42,1.

#### The past year and follow-up on development expectations from last year.

The overall market development in 2023 was characterized by uncertainties due to the overall political situation in the global context and a low down of the economic cycle in the second half of the year. Furthermore, some structural changes in some of the markets the company operates, mainly in the area of industrial applications impacted the turnover development compared to previous year. In this uncertain climate, the company closed the year with an order intake of 297 Mio DKK below the level of previous year. The turnover was also impacted by the structural changes and overall economical uncertainties previously mentioned. Despite this overall development we see the company has been able to work on new projects especially in the area of factory automation and mobile applications.

The overall profit was DKK 13,7 Mio DKK which is in line with the dominant nature of the business as a low risk distributor of Bosch Rexroth products in the Danish market. The company could improve the overall result compared to 2022 through an improved steering of the value-added business, and better gross margin driven by

the sales strategy put in place.

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Outlook**

The outlook for 2024 is characterized by high uncertainties due to the political tensions. The slowdown in the economic cycle which already impacted the second half of 2023 is expected to continue in 2024. Despite this challenging economic climate we currently expect an improvement in order intake compared to 2023 due to the numerous sales initiatives put in place in some of the market segments the company operates. We expect an heterogeneous development in the different market segments Bosch Rexroth operates. The turnover development will suffer from the order on hand level of 2023 and the persisting economic downturn of the first half year 2024.

Turnover is currently forecasted 322 Mio. DKK  
- a decrease of 4,5%.

Result 2024 is expected to be at around 14 Mio DKK but high uncertainty persists due to the current overall economic cycle. Furthermore there result will be steered in line with the requirements as low risk distributor.

The company will continue in its policy of rapidly adapting to new market conditions during the full year.

### **Environmental performance**

Protection of the environment is a major objective for the Company. Our environmental policy stands for an environmental sound assembly and we aim with our work environment policy to create continuous improvements in relation to our employees security and health.

### **Events after the balance sheet date**

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

# Income statement for 2023

	Notes	2023 DKK	2022 DKK
Revenue		350,596,444	364,636,392
Other operating income	2	503,609	0
Cost of sales		(245,184,631)	(279,426,798)
Other external expenses		(24,152,323)	(20,091,012)
<b>Gross profit/loss</b>		<b>81,763,099</b>	<b>65,118,582</b>
Staff costs	3	(61,609,942)	(57,374,429)
Depreciation, amortisation and impairment losses	4	(31,892)	(26,637)
<b>Operating profit/loss</b>		<b>20,121,265</b>	<b>7,717,516</b>
Other financial income	5	706,916	229,926
Other financial expenses	6	(1,048,920)	(207,167)
<b>Profit/loss before tax</b>		<b>19,779,261</b>	<b>7,740,275</b>
Tax on profit/loss for the year	7	(6,076,056)	(2,824,134)
<b>Profit/loss for the year</b>	8	<b>13,703,205</b>	<b>4,916,141</b>

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK	2022 DKK
Other fixtures and fittings, tools and equipment		192,630	35,510
<b>Property, plant and equipment</b>	9	<b>192,630</b>	<b>35,510</b>
<b>Fixed assets</b>		<b>192,630</b>	<b>35,510</b>
Manufactured goods and goods for resale		9,168,310	12,795,977
<b>Inventories</b>		<b>9,168,310</b>	<b>12,795,977</b>
Trade receivables		46,548,043	68,488,819
Contract assets		440,611	480,697
Receivables from group enterprises		22,411,685	2,205,169
Deferred tax	10	226,925	0
Other receivables		3,720,902	564,240
Tax receivable		0	1,143,123
<b>Receivables</b>		<b>73,348,166</b>	<b>72,882,048</b>
<b>Current assets</b>		<b>82,516,476</b>	<b>85,678,025</b>
<b>Assets</b>		<b>82,709,106</b>	<b>85,713,535</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023 DKK</b>	<b>2022 DKK</b>
Contributed capital	11	3,500,000	3,500,000
Retained earnings		24,933,409	24,933,409
Proposed dividend		13,703,205	4,916,141
<b>Equity</b>		<b>42,136,614</b>	<b>33,349,550</b>
Deferred tax	10	0	552,101
Other provisions	12	633,810	1,531,211
<b>Provisions</b>		<b>633,810</b>	<b>2,083,312</b>
Trade payables		4,119,966	2,746,752
Payables to group enterprises		17,033,433	30,851,802
Tax payable		2,675,988	0
Other payables		16,109,295	16,682,119
<b>Current liabilities other than provisions</b>		<b>39,938,682</b>	<b>50,280,673</b>
<b>Liabilities other than provisions</b>		<b>39,938,682</b>	<b>50,280,673</b>
<b>Equity and liabilities</b>		<b>82,709,106</b>	<b>85,713,535</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	13		
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# Statement of changes in equity for 2023

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	3,500,000	24,933,409	4,916,141	33,349,550
Ordinary dividend paid	0	0	(4,916,141)	(4,916,141)
Profit/loss for the year	0	0	13,703,205	13,703,205
<b>Equity end of year</b>	<b>3,500,000</b>	<b>24,933,409</b>	<b>13,703,205</b>	<b>42,136,614</b>

# Notes

## 1 Events after the balance sheet date

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

## 2 Other operating income

Other operation income consists of service to other group companies.

## 3 Staff costs

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	55,657,147	51,837,554
Pension costs	5,197,497	4,990,066
Other social security costs	552,645	564,432
Other staff costs	202,653	(17,623)
	<b>61,609,942</b>	<b>57,374,429</b>
Average number of full-time employees	<b>76</b>	<b>74</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## 4 Depreciation, amortisation and impairment losses

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	31,892	26,637
	<b>31,892</b>	<b>26,637</b>

## 5 Other financial income

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	0	39,517
Other interest income	482,029	369
Exchange rate adjustments	224,887	190,040
	<b>706,916</b>	<b>229,926</b>

## 6 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	123,327	0
Other interest expenses	697,818	11,974
Exchange rate adjustments	227,775	195,193
	<b>1,048,920</b>	<b>207,167</b>

## 7 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	4,523,498	1,856,877
Change in deferred tax	(779,026)	967,257
Adjustment concerning previous years	2,331,584	0
	<b>6,076,056</b>	<b>2,824,134</b>

## 8 Proposed distribution of profit and loss

	2023 DKK	2022 DKK
Ordinary dividend for the financial year	13,703,205	4,916,141
	<b>13,703,205</b>	<b>4,916,141</b>

## 9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	2,731,854
Additions	189,012
<b>Cost end of year</b>	<b>2,920,866</b>
Depreciation and impairment losses beginning of year	(2,696,344)
Depreciation for the year	(31,892)
<b>Depreciation and impairment losses end of year</b>	<b>(2,728,236)</b>
<b>Carrying amount end of year</b>	<b>192,630</b>

## 10 Deferred tax

	2023 DKK	2022 DKK
Property, plant and equipment	105,425	(280,715)
Receivables	121,500	(130,035)
Provisions	0	(141,351)
<b>Deferred tax</b>	<b>226,925</b>	<b>(552,101)</b>

	<b>2023</b>	<b>2022</b>
<b>Changes during the year</b>	<b>DKK</b>	<b>DKK</b>
Beginning of year	(552,101)	415,156
Recognised in the income statement	779,026	(967,257)
<b>End of year</b>	<b>226,925</b>	<b>(552,101)</b>

### Deferred tax assets

As of December 31, 2023, the Company has recognized deferred tax assets totaling 226,925 kr. Deferred tax asset relates to temporary differences in fixed assets and receivables. Management deems it likely that future taxable profit will be available in which unused tax credits can be utilized.

### 11 Share capital

The Company's share capital has remained DKK 3,500,000 in the past year.

### 12 Other provisions

The provisions expected to be payable within 1 year is 633.810 (2022: 1.531.211)

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims.

### 13 Unrecognised rental and lease commitments

	<b>2023</b>	<b>2022</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>42,105,787</b>	<b>42,428,179</b>

The company has entered into operating leases on cars, which expire in 2024-2029. The total commitments amounts to DKK 5.469.594 (2022: DKK 3.351.676).

The Company has entered into rent obligations, with a period of nonterminability of 3-6 months the total commitments amount to DKK 1.653.512 (2022: DKK 1.617.172).

The company has also entered another rent obligation that expires 30.09.2028. The total commitment amounts to DKK 34.982.681 (2022: DKK 37.459.331).

Furthermore, the Company has established work- and deliverable guarantees amounting to DKK 859.529 (2022: DKK 0) towards clients.

### 14 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Robert Bosch A/S serves as the administration company.

The Company is jointly taxed with the other Danish group entities. As a group entity, the Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the joint taxation group.

Otherwise, the Company has not other contingent liabilities.

### 15 Related parties with controlling interest

Parent company:

Robert Bosch Holding Nederland B. V.,  
Kruisbroeksestraat 1,  
NL-5281 RV Boxtel,  
Netherlands

### 16 Transactions with related parties

	<b>DKK</b>
Sale of goods to group entities	601,521
Purchase of goods from group entities	222,678,505
Purchase of services from group entities	9,273,730
Interest expenses to group entities	123,327
Dividend paid	4,916,141
Receivables	22,411,685
Payables	17,093,688

### 17 Group relations

Copies of the consolidated financial statements of Robert Bosch GmbH may be ordered at the following address:

Robert Bosch GmbH  
Postfach 10 60 50  
70049 Stuttgart  
Germany  
Bosch.com

# Accounting policies

## Reporting class

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

## Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

## Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

## Income statement

### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### Other operating income

Other operation income consists of service to other group companies.

### Cost of sales

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

### Depreciation, amortisation and impairment losses

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment: 3-15 years

#### **Other financial income**

Financial income are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### **Other financial expenses**

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### **Tax on profit/loss for the year**

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

### **Balance sheet**

#### **Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

#### **Leases**

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

#### **Impairment of fixed assets**

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (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

and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

### **Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

### **Receivables**

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Cashpool is classified under intercompany receivables or payables.

### **Contract assets**

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

**Deferred tax**

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

**Tax payable or receivable**

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

### Dividend

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

### Other provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

### Other financial liabilities

Other liabilities are measured at net realisable value. The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

### Financial ratios

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

Resultat af primær drift Operating profit/loss	Resultat før finansielle poster reguleret for andre driftsindtægter og andre driftsomkostninger	Profit/loss before financial items adjusted for other operating income and other operating expenses
Overskudsgrad Operating margin	$\frac{\text{Driftsresultat (EBIT) x 100}}{\text{Nettoomsætning}}$	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Afkastningsgrad Return on assets	$\frac{\text{Resultat af primær drift x 100}}{\text{Gennemsnitlige aktiver}}$	$\frac{\text{Profit/loss from operating activities x 100}}{\text{Average assets}}$
Soliditetsgrad Equity ratio	$\frac{\text{Egenkapital ultimo x 100}}{\text{Passiver i alt, ultimo}}$	$\frac{\text{Equity at year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Egenkapitalforrentning Return on equity	$\frac{\text{Årets resultat efter skat x 100}}{\text{Gennemsnitlig egenkapital}}$	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$