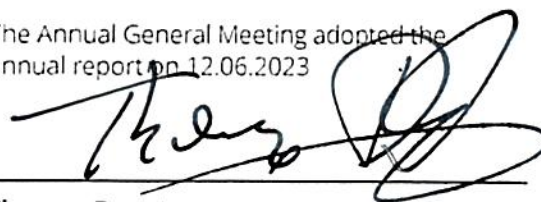


BOSCH REXROTH A/S

Telegrafvej 1
2750 Ballerup
CVR No. 82104313

Annual report 2022

The Annual General Meeting adopted the
annual report on 12.06.2023

A handwritten signature in black ink, appearing to read 'Thomas Donato', written over a horizontal line.

Thomas Donato
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: 01.01.2022 - 31.12.2022

Board of Directors

Karl Frederik Nilner

Martino Domenico Francesco Nogara

Mette Bach Bøegh-Nielsen

Thore Pedersen

Thomas Donato

Executive Board

Karl Frederik Nilner

Auditors

EY Godkendt Revisionspartnerselskab

Bavnehøjvej 5

6700 Esbjerg

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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 12.06.2023

Executive Board



Karl Frederik Nilner

Board of Directors



Karl Frederik Nilner



Martino Domenico Francesco Nogara



Mette Bach Bøegh-Nielsen



Thore Pedersen



Thomas Donato

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

Esbjerg, 12.06.2023

EY Godkendt Revisionspartnerselskab

CVR No. 30700228



Dan Mose Andersen

State Authorized Public Accountant

Identification No (MNE) mne35406

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	364,636	328,048	308,924	412,167	355,573
Gross profit/loss	65,119	63,555	76,140	65,632	63,516
Operating profit/loss	7,718	8,351	8,457	10,176	9,413
Net financials	23	(15)	(3)	(208)	(185)
Profit/loss for the year	4,916	6,488	19,855	8,102	7,185
Total assets	85,714	79,306	94,083	103,701	95,966
Investments in property, plant and equipment	0	0	0	0	14
Equity	33,350	34,922	48,289	28,433	27,516
Average number of employees	74	69	67	75	74
Ratios					
Operating margin	2.12	2.55	8.20	2.47	2.65
Return on assets	9.35	9.63	8.55	10.19	9.75
Return on equity (%)	14.40	15.59	51.76	28.96	27.38
Equity ratio (%)	38.91	44.03	51.33	27.42	28.67

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 (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

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

Unusual matters having affected the financial statements

The company could continue to profit in the year 2022 of the sales initiatives put in places and from the overall positive market development reaching an order intake value of 383 Mio DKK.

Despite some uncertainties at the beginning of the year due to the persistence of the Covid-19 pandemic no significant impact affected the company result in 2022.

The high demand of components 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 2022 shows a profit of DKK 4.916.141 against a profit of DKK 6.488.343 last year, and the balance sheet on 31 December 2022 shows equity of DKK 33.349.350.

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

The overall market development in 2022 was positive. The increased raw material demand due to the positive dynamic cycle together with political tensions, among others Ukraine war, draw to restrictions in the supply chain and increased inflation. In this uncertain climate the company was able to achieve an order intake value of 383 Mio DKK (increase of 5,8% compared to previous year). This was possible due to the sales initiatives put in place by the company and, in particular, new projects are supporting the growth of the mobile application area of the company.

During the year we experienced an increase of the lead time of our products and challenges in the supply chain. The turnover of the year increased with 11,2% compared to 2021. The overall EBIT was 7,7 Mio DKK which is in line with the dominant nature of the business as low risk distributor of Bosch Rexroth products in the Danish market.

Uncertainty relating to recognition and measurement

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

Outlook

The outlook for 2023 is characterized by high uncertainties due to the political tensions and possible changes in the economic cycle. Based on the macroeconomic forecast the company expect a slowdown of inflation and of the rise of the energy cost. Despite the before mentioned factors the company does not foresee at the moment reductions in sales volume compared to 2022.

Generally speaking, the company expect to continue the development of 2022. Both profiting from the high level of orders on hand 149 Mio DKK achieved in 2022 and additional sales initiatives.

Turnover is currently forecasted 352 Mio DKK - a decrease of 3,4%.

Result 2023 is expected to be in line level with 2022.

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.

Statutory report on data ethics policy

Bosch Rexroth A/S observes the corporate policies that apply within the Bosch Group. These policies include data ethics, data protection and information security.

The Bosch Group company values require us to act prudently and responsibly for the benefit of society and to respect and observe the law in all our business transactions. Consequently, the protection of privacy throughout the course of processing personal data as well as the security of all business data are important concerns to Bosch.

The Bosch Code of Business Conduct requires us to ensure that privacy is safeguarded, personal data is protected, and all business information is kept secure. Technically and organizationally, and especially with regard to protection against unauthorized access and loss, we apply an appropriate standard that reflects the state of the art and takes account of the associated risks. When developing Bosch products and new business models, we ensure that the legal requirements governing data protection and information security are taken into account at an early stage. The primary contact for questions regarding how to handle data properly is the data security officer.

The Bosch IoT (Internet of Things) Principles ensure our commitment to high ethical standards where our customers' data is concerned. Data sovereignty is a key tool for fulfilling this obligation while offering cutting-edge, data-driven solutions that are competitive in a connected world.

The internal directives of the Bosch Group align us closely with the principles of the ISO/IEC 27001 international standard regarding Information Security Management Systems. Our work with information security and privacy is deeply rooted throughout all organizational levels of the Bosch Group, from the central group DPO (Data Protection Officer - C/ISP) function, to the regional Data Protection and Information Security Officers

and local Data Protection & Information Security Partners. Finally, our adherence to a Plan-Do-Check-Act cycle ensures continuous focus on and improvement of information security as well as regular, internal audits of business units.

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 2022

	Notes	2022 DKK	2021 DKK
Revenue		364,636,392	328,048,477
Other operating income	2	0	111,842
Cost of sales		(279,426,798)	(246,602,177)
Other external expenses		(20,091,012)	(18,003,564)
Gross profit/loss		65,118,582	63,554,578
Staff costs	3	(57,374,429)	(55,173,482)
Depreciation, amortisation and impairment losses	4	(26,637)	(29,693)
Operating profit/loss		7,717,516	8,351,403
Other financial income	5	229,926	125,393
Other financial expenses	6	(207,167)	(140,128)
Profit/loss before tax		7,740,275	8,336,668
Tax on profit/loss for the year	7	(2,824,134)	(1,848,325)
Profit/loss for the year	8	4,916,141	6,488,343

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Other fixtures and fittings, tools and equipment		35,510	62,147
Property, plant and equipment	9	35,510	62,147
Fixed assets		35,510	62,147
Manufactured goods and goods for resale		12,795,977	10,417,197
Inventories		12,795,977	10,417,197
Trade receivables		68,488,819	65,774,518
Contract assets		480,697	1,424,998
Receivables from group enterprises		2,205,169	345,722
Deferred tax	10	0	415,156
Other receivables		564,240	693,088
Tax receivable		1,143,123	172,806
Receivables		72,882,048	68,826,288
Current assets		85,678,025	79,243,485
Assets		85,713,535	79,305,632

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital	11	3,500,000	3,500,000
Retained earnings		24,933,409	24,933,409
Proposed dividend		4,916,141	6,488,343
Equity		33,349,550	34,921,752
Deferred tax	10	552,101	0
Other provisions	12	1,531,211	1,725,739
Provisions		2,083,312	1,725,739
Trade payables		2,746,752	3,666,500
Payables to group enterprises		30,851,802	22,054,790
Other payables		16,682,119	16,936,851
Current liabilities other than provisions		50,280,673	42,658,141
Liabilities other than provisions		50,280,673	42,658,141
Equity and liabilities		85,713,535	79,305,632
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		
Transactions with related parties	16		
Group relations	17		

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3,500,000	24,933,409	6,488,343	34,921,752
Ordinary dividend paid	0	0	(6,488,343)	(6,488,343)
Profit/loss for the year	0	0	4,916,141	4,916,141
Equity end of year	3,500,000	24,933,409	4,916,141	33,349,550

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

	2022 DKK	2021 DKK
Salary compensation in connection with Covid-19 lock-down	0	37,742
Gain on the sale of property	0	74,100
	0	111,842

3 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	51,837,554	49,932,208
Pension costs	4,990,066	4,714,460
Other social security costs	564,432	506,956
Other staff costs	(17,623)	19,858
	57,374,429	55,173,482
Average number of full-time employees	74	69

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

	2022 DKK	2021 DKK
Depreciation of property, plant and equipment	26,637	29,693
	26,637	29,693

5 Other financial income

	2022 DKK	2021 DKK
Financial income from group enterprises	39,517	0
Other interest income	369	3,435
Exchange rate adjustments	190,040	121,958
	229,926	125,393

6 Other financial expenses

	2022	2021
	DKK	DKK
Financial expenses from group enterprises	0	2,679
Other interest expenses	11,974	3,048
Exchange rate adjustments	195,193	134,401
	207,167	140,128

7 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	1,856,877	1,837,790
Change in deferred tax	967,257	10,535
	2,824,134	1,848,325

8 Proposed distribution of profit and loss

	2022	2021
	DKK	DKK
Ordinary dividend for the financial year	4,916,141	6,488,343
	4,916,141	6,488,343

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	2,731,854
Cost end of year	2,731,854
Depreciation and impairment losses beginning of year	(2,669,707)
Depreciation for the year	(26,637)
Depreciation and impairment losses end of year	(2,696,344)
Carrying amount end of year	35,510

10 Deferred tax

	2022	2021
	DKK	DKK
Property, plant and equipment	(280,715)	111,479
Receivables	(130,035)	100,209
Provisions	(141,351)	203,468
Deferred tax	(552,101)	415,156

	2022	2021
Changes during the year	DKK	DKK
Beginning of year	415,156	404,621
Recognised in the income statement	(967,257)	10,535
End of year	(552,101)	415,156

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 1.531.211 (2021: 1.639.812)

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

	2022	2021
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	42,428,179	4,176,886

The company has entered into operating leases on cars, which expire in 2023-2025. The total commitments amounts to DKK 3,351,676 (2021: DKK 2,876,991).

The Company has entered into rent obligations, with a period of nonterminability of 3-6 months the total commitments amount to DKK 1,617,172 (2021: DKK 1,299,895).

The company has also entered another rent obligation that expires 30.09.2028. The total commitment amounts to DKK 37.459.331 (2021: DKK 0).

14 Contingent liabilities

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

	DKK
Sale of goods to group entities	995,608
Purchase of goods from group entities	259,539,107
Purchase of services from group entities	8,473,922
Interest expenses to group entities	39,517
Dividend paid	6,488,343
Receivables	2,205,169
Liabilities other than provisions	30,851,802

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. consistent with last year.

Recognition and measurement

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

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

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 operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

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.

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	$\frac{\text{Årets resultat efter skat x 100}}{\text{Gennemsnitlig egenkapital}}$	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$