



Procom A/S

Smedetoften 12
3600 Frederikssund
CVR No. 87928217

Annual report 2020

The Annual General Meeting adopted the
annual report on 30.06.2021

Anne Mette Brink

Chairman of the General Meeting

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Entity details

Entity

Procom A/S

Smedetoften 12

3600 Frederikssund

CVR No.: 87928217

Registered office: Frederikssund

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Richard Adam Norwitt, Chairman

Zachary Winner Raley

Craig Anthony Lampo

Executive Board

Anne Mette Brink, General Manager

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Procom A/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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

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

Frederikssund, 30.06.2021

Executive Board

Anne Mette Brink
General Manager

Board of Directors

Richard Adam Norwitt
Chairman

Zachary Winner Raley

Craig Anthony Lampo

Independent auditor's report

To the shareholders of Procom A/S

Opinion

We have audited the financial statements of Procom A/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary.

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

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

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

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

Copenhagen, 30.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jens Sejer Pedersen

State Authorised Public Accountant
Identification No (MNE) mne14986

Mads Juul Hansen

State Authorised Public Accountant
Identification No (MNE) mne44386

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Gross profit/loss	64,252	87,202	72,528	82,990	81,655
Operating profit/loss	4,039	27,400	15,213	14,004	26,231
Net financials	(1,071)	(837)	(1,154)	(1,453)	14
Profit/loss for the year	5,618	26,711	15,476	12,148	9,192
Total assets	134,892	123,499	106,828	87,460	93,870
Investments in property, plant and equipment	906	2,599	599	2,261	2,065
Equity	81,184	75,566	78,535	62,506	50,358
Ratios					
Return on equity (%)	7.17	34.67	21.95	21.53	19.70
Equity ratio (%)	60.18	61.19	73.52	71.47	53.65

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

Return on equity (%):

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

Average equity

Equity ratio (%):

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

Total assets

Primary activities

The company's activities comprise development production and sale of high class antennas, filters and combiner equipment for professional market (BtB) to meet the demand for wireless communication.

Development in activities and finances

The profit for the year is DKK 5,618 thousand. Last year's profit was DKK 26,711 thousand.

Profit/loss for the year in relation to expected developments

The profit for the year is lower than expected.

The outbreak of Covid-19 have led to several precautions which has affected the planning and execution of day-to-day operations, and the Company's suppliers, business partners and customers has been affected as well. The outbreak of Covid-19 has had significant negative impact on the profit of the financial year 2020.

Outlook

The past years focused and strengthened sales and development activities, are expected to contribute to a continued growth in both sales and profit. The profit for the year 2020 was negatively affected by the Covid-19 pandemic. Management expects that the pandemic will not have the same significant impact on the activity and the profit for the year 2021, why the company is expected to continue growth in both sales and profit.

Management expects a higher profit for the year 2021.

We continue our work to become the preferred supplier and partner for professional radio communication.

Particular risks

The company has a considerable export sales and import of raw material and components. The company's sale and purchase is primarily in Euro.

Environmental performance

Procom has always and continues to comply with the legal and recommended environmental regulations. A dedicated effort has been made to be in compliance with a.o. the RoHs and Reach directives.

Research and development activities

Procom is focusing on research and development. The close cooperation with our customers, with other Amphenol companies and our strategic work towards bringing new solutions to the market, are essential for our year on year growth and success and our ability to help our customers with the optimal solutions.

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 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		64,252,113	87,201,983
Staff costs	1	(57,449,651)	(57,288,486)
Depreciation, amortisation and impairment losses	2	(2,763,956)	(2,513,586)
Operating profit/loss		4,038,506	27,399,911
Income from investments in group enterprises		3,323,801	6,005,260
Other financial income	3	124,983	93,933
Other financial expenses	4	(1,195,979)	(931,103)
Profit/loss before tax		6,291,311	32,568,001
Tax on profit/loss for the year	5	(673,620)	(5,856,890)
Profit/loss for the year	6	5,617,691	26,711,111

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired intangible assets		2,306,992	2,671,559
Intangible assets	7	2,306,992	2,671,559
Other fixtures and fittings, tools and equipment		3,503,843	4,374,682
Leasehold improvements		370,989	634,734
Property, plant and equipment	8	3,874,832	5,009,416
Investments in group enterprises		45,750,111	42,426,311
Deposits		1,409,444	1,364,169
Financial assets	9	47,159,555	43,790,480
Fixed assets		53,341,379	51,471,455
Raw materials and consumables		19,031,590	20,160,666
Work in progress		4,662,020	4,297,270
Manufactured goods and goods for resale		4,156,698	3,608,293
Inventories		27,850,308	28,066,229
Trade receivables		7,289,825	9,708,847
Receivables from group enterprises		14,068,454	8,477,540
Other receivables		1,045,269	813,975
Prepayments	10	580,055	509,698
Receivables		22,983,603	19,510,060
Cash		30,716,384	24,451,550
Current assets		81,550,295	72,027,839
Assets		134,891,674	123,499,294

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		5,000,000	5,000,000
Retained earnings		76,184,079	70,566,388
Equity		81,184,079	75,566,388
Deferred tax	11	581,000	726,000
Provisions		581,000	726,000
Other payables		3,306,813	1,077,526
Non-current liabilities other than provisions	12	3,306,813	1,077,526
Bank loans		46,484	5,569
Prepayments received from customers		1,852,178	177,405
Trade payables		4,997,952	3,778,781
Payables to group enterprises		32,880,416	28,783,157
Tax payable		818,620	5,499,188
Other payables		9,224,132	7,885,280
Current liabilities other than provisions		49,819,782	46,129,380
Liabilities other than provisions		53,126,595	47,206,906
Equity and liabilities		134,891,674	123,499,294
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		
Non-arm's length related party transactions	16		
Group relations	17		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	5,000,000	70,566,388	75,566,388
Profit/loss for the year	0	5,617,691	5,617,691
Equity end of year	5,000,000	76,184,079	81,184,079

Notes

1 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	51,739,010	51,905,153
Pension costs	3,981,767	3,959,837
Other social security costs	1,446,109	1,213,908
Other staff costs	282,765	209,588
	57,449,651	57,288,486
Average number of full-time employees	122	125

The company have left out remuneration of management in accordance with the Danish Financial Act Statements § 98B, 3.

2 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	722,982	396,209
Depreciation of property, plant and equipment	2,040,974	2,117,377
	2,763,956	2,513,586

3 Other financial income

	2020	2019
	DKK	DKK
Other financial income	124,983	93,933
	124,983	93,933

4 Other financial expenses

	2020	2019
	DKK	DKK
Financial expenses from group enterprises	775,739	754,231
Other financial expenses	420,240	176,872
	1,195,979	931,103

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	818,620	5,466,890
Change in deferred tax	(145,000)	390,000
	673,620	5,856,890

6 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Extraordinary dividend distributed in the financial year	0	29,679,324
Retained earnings	5,617,691	(2,968,213)
	5,617,691	26,711,111

7 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	6,039,035
Additions	358,415
Cost end of year	6,397,450
Amortisation and impairment losses beginning of year	(3,367,476)
Amortisation for the year	(722,982)
Amortisation and impairment losses end of year	(4,090,458)
Carrying amount end of year	2,306,992

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	22,200,536	2,597,289
Additions	906,390	0
Cost end of year	23,106,926	2,597,289
Depreciation and impairment losses beginning of year	(17,825,854)	(1,962,555)
Depreciation for the year	(1,777,229)	(263,745)
Depreciation and impairment losses end of year	(19,603,083)	(2,226,300)
Carrying amount end of year	3,503,843	370,989

9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	57,599,429	1,364,169
Additions	0	45,275
Cost end of year	57,599,429	1,409,444
Revaluations beginning of year	(15,173,118)	0
Exchange rate adjustments	(241,724)	0
Amortisation of goodwill	(2,207,507)	0
Share of profit/loss for the year	6,410,708	0
Adjustment of intra-group profits	(379,669)	0
Other adjustments	(258,008)	0
Revaluations end of year	(11,849,318)	0
Carrying amount end of year	45,750,111	1,409,444

Investments in group enterprises consists of goodwill DKK 15,453 thousand.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Procom Antennas AB	Sweden	AB	100,0	398,315	0
Skymasts Antennas Ltd.	UK	Ltd.	100,0	2,329,088	(8)
Procom Deutchland GmbH	Germany	GmbH	100,0	21,916,047	5,456,165
Procom France S.A.R.L.	France	S.A.R.L.	100.0	9,538,157	954,551

10 Prepayments

Prepayments are amounts paid for the company in advance of goods and services.

11 Deferred tax

	2020	2019
	DKK	DKK
Intangible assets	440,000	597,000
Property, plant and equipment	(300,000)	(233,000)
Inventories	313,000	250,000
Other taxable temporary differences	128,000	112,000
Deferred tax	581,000	726,000

	2020	2019
	DKK	DKK
Changes during the year		
Beginning of year	726,000	336,000
Recognised in the income statement	(145,000)	390,000
End of year	581,000	726,000

12 Non-current liabilities other than provisions

	Due after more than 12 months	Outstanding after 5 years
	2020	2020
	DKK	DKK
Other payables	3,306,813	1,077,526
	3,306,813	1,077,526

13 Unrecognised rental and lease commitments

	2020	2019
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	3,008,034	2,641,368

14 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Mocorp holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

15 Related parties with controlling interest

Amphenol Corporation, 358 Hall Avenue, Willingford, Connecticut 06492, wholly owns the shares of the Entity and thus control over the Entity.

16 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Amphenol Corporation, 358 Hall Avenue, Wallingford, Connecticut 06492

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Amphenol Corporation, 358 Hall Avenue, Wallingford, Connecticut 06492

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 Entity has changed its accounting policies with regards to recognition of inventory.

Last year inventory was measured at the lower of cost using the FIFO method and net realisable value. The entity has this year changed its accounting policy regarding measurement of inventory to the standard cost method.

The change is made in accordance with group policy.

The change in measurement method of inventory did not give rise to any material changes in the comparative figures, why the comparative figures have not been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

Consolidated financial statements

Referring to § 112, 2 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Changes in accounting estimates

The entity has made an adjustment in the accounting estimates with regards to IPO measurement on inventory.

The change is made in accordance with group policy.

The change of estimate relates to the allocation of the cost base.

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, consumables and external expenses.

Revenue

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

Other operating income

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

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for

premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

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

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise software and licenses.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised over 5 years.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

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

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

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

Inventories

Inventories are measured at cost standard cost method.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation

of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

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

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

Operating leases

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

Other financial liabilities

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

Prepayments received from customers

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

Tax receivable or payable

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

Cash flow statement

The company have left out cash flow statement in accordance with the Danish Financial Act Statements § 87, 4., due to the preparation of cash flow statements in the consolidated financial statements for the largest group.