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PROCOM A/S

Smedetoften 12, 3600 Frederikssund

Company reg. no. 87 92 82 17

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 28 June 2024.

Richard Adam Norwitt
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of PROCOM A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Frederikssund, 28 June 2024

Managing Director

Anne Mette Brink

Board of directors

Richard Adam Norwitt　　Craig Anthony Lampo　　William P. Callahan

Independent auditor's report

To the Shareholder of PROCOM A/S

Opinion

We have audited the financial statements of PROCOM A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

Basis for conclusion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent auditor's report

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

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

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

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

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

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

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

Statement on Management's Review

Management is responsible for Management's Review.

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

Independent auditor's report

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

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

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

Copenhagen, 28 June 2024

Grant Thornton
Certified Public Accountants
Company reg. no. 34 20 99 36

Michael Beuchert
State Authorised Public Accountant
mne32794

Company information

The company	PROCOM A/S Smedetoften 12 3600 Frederikssund	
	Company reg. no.	87 92 82 17
	Financial year:	1 January - 31 December
Board of directors	Richard Adam Norwitt Craig Anthony Lampo William P. Callahan	
Managing Director	Anne Mette Brink	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Subsidiaries	Procom Deutchland GmbH, Germany Procom France S.A.R.L, France	

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Gross profit	54.038	65.677	72.532	64.252	15.630
Profit from operating activities	9.802	14.101	15.630	4.039	27.400
Net financials	5.653	7.971	-1.226	-1.071	-837
Net profit or loss for the year	12.142	19.112	16.519	5.618	26.711
Statement of financial position:					
Balance sheet total	130.383	144.979	127.176	134.892	123.499
Investments in property, plant and equipment	116	234	956	906	2.599
Equity	110.030	97.888	97.703	81.184	75.566
Employees:					
Average number of full-time employees	72	91	114	122	125
Key figures in %:					
Solvency ratio	84,4	67,5	76,8	60,2	61,2
Return on equity	11,7	19,5	18,5	7,2	34,7

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management´s review

Description of key activities of the company

Like previous years, 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 financial matters

The gross profit for the year totals DKK 54.037.685 against DKK 65.676.907 last year. Income or loss from ordinary activities after tax totals DKK 12.142.130 against DKK 19.112.499 last year. Gross profit and results for the year were slightly below expectations due to lower sales in USA. Management considers the net profit or loss for the year satisfactory.

Expected developments

We will continue to focus on developing and expanding our product portfolio to meet the needs of our customers and become the preferred supplier and partner for professional radio communication providers. Management expects gross profit for 2024 to be approximately DKK 55-65m and net profit to be in the region of DKK 12-18m.

Environmental issues

Procom has always and continues to comply with the legal and recommeneded environmental regulations. A dedicated effort has been made to be in compliance with a.o. the RoHs and Reach directives. The 2022 Sustainability Report of Amphenol Corporation Inc. can be found on the link: https://amphenol.com/docs/sustainability-report

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 occurring after the end of the financial year

There are no subsequent events to be mentioned.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**54.037.685**	**65.676.907**
3	Staff costs	-42.874.092	-49.708.938
	Depreciation and impairment of non-current assets	-1.361.683	-1.867.429
	Operating profit	**9.801.910**	**14.100.540**
	Income from investments in group enterprises	6.659.430	8.659.077
	Other financial income	350.564	114.519
2	Other financial expenses	-1.356.677	-802.725
	Pre-tax net profit or loss	**15.455.227**	**22.071.411**
4	Tax on net profit or loss for the year	-3.313.097	-2.958.912
5	**Net profit or loss for the year**	**12.142.130**	**19.112.499**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
6	Acquired concessions, patents, licenses, trademarks, and similar rights	653.581	823.185
	Total intangible assets	653.581	823.185
7	Other fixtures, fittings, tools and equipment	984.596	1.749.510
8	Leasehold improvements	51.351	112.816
	Total property, plant, and equipment	1.035.947	1.862.326
9	Investments in group enterprises	59.177.071	52.517.642
10	Deposits	1.644.589	1.503.479
	Total investments	60.821.660	54.021.121
	Total non-current assets	**62.511.188**	**56.706.632**
	Current assets		
	Raw materials and consumables	9.106.827	14.828.585
	Work in progress	3.544.232	3.917.334
	Manufactured goods and goods for resale	5.404.413	9.904.363
	Total inventories	18.055.472	28.650.282
	Trade receivables	8.032.479	7.884.623
	Receivables from group enterprises	13.615.717	16.317.079
	Other receivables	994.811	0
11	Prepayments	722.523	882.623
	Total receivables	23.365.530	25.084.325
	Cash and cash equivalents	26.450.537	34.537.515
	Total current assets	**67.871.539**	**88.272.122**
	Total assets	**130.382.727**	**144.978.754**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	5.000.000	5.000.000
	Retained earnings	105.030.237	92.888.107
	Total equity	**110.030.237**	**97.888.107**
	Provisions		
12	Provisions for deferred tax	103.671	310.033
13	Other provisions	688.000	0
	Total provisions	**791.671**	**310.033**
	Liabilities other than provisions		
	Bank loans	93.264	214.643
	Prepayments received from customers	1.409.215	618.589
	Trade payables	6.053.502	4.510.458
	Payables to group enterprises	7.039.552	33.435.333
	Income tax payable to group enterprises	2.149.334	3.028.115
	Other payables	2.734.492	4.973.476
14	Deferred income	81.460	0
	Total short term liabilities other than provisions	19.560.819	46.780.614
	Total liabilities other than provisions	**19.560.819**	**46.780.614**
	Total equity and liabilities	**130.382.727**	**144.978.754**

1 Subsequent events

15 Contingencies

16 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2023	5.000.000	92.888.107	97.888.107
Retained earnings for the year	0	12.142.130	12.142.130
	5.000.000	**105.030.237**	**110.030.237**

Notes

All amounts in DKK.

		2023	2022

1. Subsequent events

No circumstances have occurred after the balance sheet date that have a significant influence on the assessment of the annual report.

2. Other financial expenses

	2023	2022
Financial costs, group enterprises	520.006	639.007
Other financial costs	836.671	163.718
	1.356.677	**802.725**

3. Staff costs

	2023	2022
Salaries and wages	38.452.638	44.897.240
Pension costs	3.402.318	3.486.825
Other costs for social security	1.019.136	1.324.873
	42.874.092	**49.708.938**
Average number of employees	72	91

Pursuant to section 98 B(3) of the Danish Financial Statements Act, remuneration of management is not disclosed.

4. Tax on net profit or loss for the year

	2023	2022
Tax on net profit or loss for the year	2.149.334	3.028.115
Adjustment of deferred tax for the year	-206.362	-69.203
Adjustment of tax for previous years	1.370.125	0
	3.313.097	**2.958.912**

5. Proposed distribution of net profit

	2023	2022
Transferred to retained earnings	12.142.130	19.112.499
Total allocations and transfers	**12.142.130**	**19.112.499**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
6.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	6.397.450	6.397.450
	Additions during the year	259.512	0
	Cost 31 December 2023	**6.656.962**	**6.397.450**
	Amortisation and write-down 1 January 2023	-5.574.265	-4.850.290
	Amortisation and depreciation for the year	-429.116	-723.975
	Amortisation and write-down 31 December 2023	**-6.003.381**	**-5.574.265**
	Carrying amount, 31 December 2023	**653.581**	**823.185**

		31/12 2023	31/12 2022
7.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	23.761.056	23.662.599
	Additions during the year	115.946	210.700
	Disposals during the year	-1.027.469	-112.243
	Cost 31 December 2023	**22.849.533**	**23.761.056**
	Amortisation and write-down 1 January 2023	-22.011.546	-21.028.684
	Amortisation and depreciation for the year	-873.778	-1.095.107
	Depreciation, amortisation and impairment loss for the year, assets disposed of	1.017.712	112.245
	Transfers	2.675	0
	Amortisation and write-down 31 December 2023	**-21.864.937**	**-22.011.546**
	Carrying amount, 31 December 2023	**984.596**	**1.749.510**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
8.	**Leasehold improvements**		
	Cost 1 January 2023	2.620.554	2.597.289
	Additions during the year	0	23.265
	Cost 31 December 2023	**2.620.554**	**2.620.554**
	Depreciation and write-down 1 January 2023	-2.507.738	-2.459.391
	Amortisation and depreciation for the year	-58.790	-48.347
	Transfers	-2.675	0
	Depreciation and write-down 31 December 2023	**-2.569.203**	**-2.507.738**
	Carrying amount, 31 December 2023	**51.351**	**112.816**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
9.	**Investments in group enterprises**		
	Cost 1 January 2023	57.524.663	57.524.663
	Translation at the exchange rate at the balance sheet date	23.798	0
	Cost 31 December 2023	**57.548.461**	**57.524.663**
	Revaluations, opening balance 1 January 2023	6.030.514	-401.605
	Correction of previous revaluations	18.816	0
	Translation at the exchange rate at the balance sheet date	3.637	0
	Net profit or loss for the year before amortisation of goodwill	8.641.238	9.680.851
	Dividend	0	-4.461.900
		179.447	1.213.168
	Revaluations 31 December 2023	**14.873.652**	**6.030.514**
	Amortisation of goodwill, opening balance 1 January 2023	-11.037.535	-8.830.028
	Amortisation of goodwill for the year	-2.207.507	-2.207.507
	Depreciation on goodwill 31 December 2023	**-13.245.042**	**-11.037.535**
	Carrying amount, 31 December 2023	**59.177.071**	**52.517.642**
	The item includes goodwill with an amount of	8.830.028	11.037.535

Group enterprises:

	Domicile	Equity interest
Procom Deutchland GmbH	Germany	%
Procom France S.A.R.L	France	%

		31/12 2023	31/12 2022
10.	**Deposits**		
	Cost 1 January 2023	1.503.479	1.457.322
	Additions during the year	141.110	46.157
	Cost 31 December 2023	**1.644.589**	**1.503.479**
	Carrying amount, 31 December 2023	**1.644.589**	**1.503.479**

11. Prepayments

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

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
12.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2023	310.033	379.236
	Deferred tax relating to the net profit or loss for the year	-206.362	-69.203
		103.671	**310.033**
13.	**Other provisions**		
	Other provisions 1 January 2023	0	0
	Change in other provisions for the year	688.000	0
		688.000	**0**
	Maturity is expected to be:		
	more than 5 years	688.000	0
		688.000	**0**

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.

14. Deferred income

Deferred income are prepayments received from customers prior to delivery of the goods agreed or completion of the service agreed.

15. Contingencies

Joint taxation

With as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Notes

All amounts in DKK.

15. Contingencies (continued)

16. Related parties

Transactions

The company has the following related party transactions:

	2023
Revenue	66.879.307
Cost of products	33.781.041
Other external expenses	6.740.540
Interest expenses	520.006
Receivables from group enterprises	11.634.002
Payables to group enterprises	659.609

Consolidated financial statements

The company is included in the consolidated financial statements of Amphenol Corporation, 358 Hall Avenue, Wallingford, Connecticut 06492.

Accounting policies

The annual report for PROCOM A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of PROCOM A/S and its group enterprises are included in the consolidated financial statements for Amphenol Corporate.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Amphenol Corporate.

Minor reclassifications have been made to the comparative figures in order to strengthen the true picture of the annual accounts. The reclassifications have no effect on the result before tax, the result for the year or equity.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Accounting policies

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Acquired concessions, patents, licenses, trademarks, and similar rights

Acquired concessions, patents, licenses, trademarks, and similar rights are measured at cost less accrued amortisation. Acquired concessions, patents, licenses, trademarks, and similar rights are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of Acquired concessions, patents, licenses, trademarks, and similar rights are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises but are not represented in the parent, the following accounting policies have been applied.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits
Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets
The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories
Inventories are measured at standard cost method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

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

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

Prepayments
Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, PROCOM A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Accounting policies

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.