
MME Nordic A/S

Vilhelmsborgvej 15, DK-7700 Thisted

Annual Report for 1 November 2023 - 31 October 2024

CVR No. 37 36 41 50

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/1 2025

Lars Jensen
Chair of the general
meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 November - 31 October	7
Balance sheet 31 October	8
Statement of changes in equity	10
Cash Flow Statement 1 November - 31 October	11
Notes to the Financial Statements	12

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of MME Nordic A/S for the financial year 1 November 2023 - 31 October 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 October 2024 of the Company and of the results of the Company operations and cash flows for 2023/24.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Thisted, 17 January 2025

Executive Board

Jens Erik Majgaard Jensen
CEO

Board of Directors

Lars Jensen
Chair

Carl Sinnerup Jensen

Mogens Røn

Independent Auditor's report

To the shareholder of MME Nordic A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 October 2024 and of the results of the Company's operations and cash flows for the financial year 1 November 2023 - 31 October 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of MME Nordic A/S for the financial year 1 November 2023 - 31 October 2024, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

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 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.

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.

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, in our view, Management's Review 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 in Management's Review.

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.

Independent Auditor's report

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 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.

Trekantområdet, 17 January 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer

State Authorised Public Accountant

mne24817

Heidi Bonde

State Authorised Public Accountant

mne42815

Company information

The Company	MME Nordic A/S Vilhelmsborgvej 15 DK-7700 Thisted CVR No: 37 36 41 50 Financial period: 1 November 2023 - 31 October 2024 Municipality of reg. office: Thisted
Board of Directors	Lars Jensen, chair Carl Sinnerup Jensen Mogens Røn
Executive Board	Jens Erik Majgaard Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a 4-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022/23	2022	2021
	TDKK	TDKK	TDKK 10 months	TDKK
Key figures				
Profit/loss				
Revenue	91,353	92,231	40,240	49,413
Gross profit	39,536	38,882	20,628	26,886
EBITDA	2,147	10,282	2,797	9,144
Depreciation, amortisation and impairment	-1,795	-1,277	-1,036	-1,279
Profit/loss of primary operations	352	9,005	1,761	7,865
Profit/loss of financial income and expenses	26	11	2,642	-186
Profit/loss before tax	378	9,016	4,403	7,679
Tax on profit/loss for the year	-312	-2,253	-577	-1,948
Net profit/loss for the year	87	6,762	3,826	5,731
Balance sheet				
Balance sheet total	53,549	43,909	28,866	24,265
Investment in property, plant and equipment	4,057	153	79	111
Equity	19,230	19,150	12,388	14,321
Cash flows				
Cash flows from:				
- operating activities	-20,566	10,603	10,356	-935
- investing activities	-5,773	-1,988	2,915	-111
- financing activities	24,225	-7,782	-15,585	-2,182
Change in cash and cash equivalents for the year	-2,114	833	-2,314	-3,228
Number of employees	58	44	35	30
Ratios				
Gross margin	43.3%	42.2%	51.3%	54.4%
Profit margin	0.4%	9.8%	4.4%	15.9%
Return on assets	0.7%	20.5%	6.1%	32.4%
Solvency ratio	35.9%	43.6%	42.9%	59.0%
Return on equity	0.5%	42.9%	28.6%	80.0%

The key figures have been prepared in accordance with the recommendations and key figures of the Finance Association. Please refer to the definitions in the section on accounting policies.

Management's review

Key activities

The company's purpose is machine construction, manufacturing, assembly, setting up of machine systems, testing and quality assurance in connection with this and other comparable business.

Development in the year

The income statement of the Company for 2023/24 shows a profit of DKK 87,193. The result is unsatisfactory, which is due to the fact that a lot of money has been spent on the development of the company. At 31 October 2024 the balance sheet of the Company shows a positive equity of DKK 19,229,569.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 November 2023 - 31 October 2024

	Note	2023/24	2022/23
		DKK	DKK
Revenue		91,353,036	92,231,374
Expenses for raw materials and consumables		-42,483,787	-45,472,884
Other external expenses		-9,332,926	-7,876,520
Gross profit		39,536,323	38,881,970
Staff expenses	1	-37,388,807	-28,600,125
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-1,795,153	-1,276,941
Profit/loss before financial income and expenses		352,363	9,004,904
Income from investments in subsidiaries		208,798	0
Financial income		61,761	107,583
Financial expenses	2	-244,400	-96,807
Profit/loss before tax		378,522	9,015,680
Tax on profit/loss for the year	3	-291,329	-2,253,251
Net profit/loss for the year		87,193	6,762,429

Distribution of profit

	2023/24	2022/23
	DKK	DKK
Proposed distribution of profit		
Reserve for net revaluation under the equity method	208,798	0
Retained earnings	-121,605	6,762,429
	87,193	6,762,429

Balance sheet 31 October 2024

Assets

	Note	2023/24	2022/23
		DKK	DKK
Completed development projects		2,378,171	0
Goodwill		3,581,422	4,712,398
Development projects in progress		583,440	1,835,486
Intangible assets	4	6,543,033	6,547,884
Other fixtures and fittings, tools and equipment		712,285	260,519
Leasehold improvements		3,069,341	0
Property, plant and equipment in progress		206,218	0
Property, plant and equipment	5	3,987,844	260,519
Investments in subsidiaries	6	258,883	0
Deposits	7	345,311	147,091
Fixed asset investments		604,194	147,091
Fixed assets		11,135,071	6,955,494
Trade receivables		19,886,911	2,465,868
Contract work in progress	8	16,424,889	13,924,265
Receivables from group enterprises		1,985,629	14,725,155
Other receivables		3,440,265	2,502,314
Corporation tax receivable from group enterprises		0	466,736
Prepayments		538,025	616,574
Receivables		42,275,719	34,700,912
Cash at bank and in hand		138,206	2,252,293
Current assets		42,413,925	36,953,205
Assets		53,548,996	43,908,699

Balance sheet 31 October 2024

Liabilities and equity

	Note	2023/24	2022/23
		DKK	DKK
Share capital		2,600,000	2,600,000
Reserve for net revaluation under the equity method		201,244	0
Reserve for development costs		2,310,057	1,431,680
Retained earnings		14,118,268	15,118,250
Equity		19,229,569	19,149,930
Provision for deferred tax		4,224,819	4,888,724
Provisions		4,224,819	4,888,724
Other payables		820,805	745,001
Long-term debt	9	820,805	745,001
Credit institutions		112,656	104,511
Trade payables		12,155,702	11,024,685
Contract work in progress	8	453,329	3,660,830
Payables to group enterprises		11,746,785	345,030
Corporation tax		955,234	120,929
Other payables	9	3,850,097	3,869,059
Short-term debt		29,273,803	19,125,044
Debt		30,094,608	19,870,045
Liabilities and equity		53,548,996	43,908,699
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 November	2,600,000	0	1,431,680	15,118,250	19,149,930
Exchange adjustments relating to foreign entities	0	-7,554	0	0	-7,554
Development costs for the year	0	0	1,139,132	-1,139,132	0
Depreciation, amortisation and impairment for the year	0	0	-260,755	260,755	0
Net profit/loss for the year	0	208,798	0	-121,605	87,193
Equity at 31 October	2,600,000	201,244	2,310,057	14,118,268	19,229,569

Cash flow statement 1 November 2023 - 31 October 2024

	Note	2023/24	2022/23
		DKK	DKK
Result of the year		87,193	6,762,429
Adjustments	10	2,060,323	3,519,416
Change in working capital	11	-22,876,515	-24,635
Cash flow from operations before financial items		-20,728,999	10,257,210
Financial income		61,761	107,583
Financial expenses		-244,400	-96,807
Cash flows from ordinary activities		-20,911,638	10,267,986
Corporation tax paid		345,807	335,344
Cash flows from operating activities		-20,565,831	10,603,330
Purchase of intangible assets		-1,460,426	-1,835,486
Purchase of property, plant and equipment		-4,057,201	-152,809
Fixed asset investments made etc		-255,859	0
Cash flows from investing activities		-5,773,486	-1,988,295
Repayment of payables to group enterprises		0	-7,862,027
Repayment of other long-term debt		0	-24,202
Raising of loans from credit institutions		8,145	104,511
Raising of payables to group enterprises		24,141,281	0
Raising of other long-term debt		75,804	0
Cash flows from financing activities		24,225,230	-7,781,718
Change in cash and cash equivalents		-2,114,087	833,317
Cash and cash equivalents at 1 November		2,252,293	1,418,976
Cash and cash equivalents at 31 October		138,206	2,252,293
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		138,206	2,252,293
Cash and cash equivalents at 31 October		138,206	2,252,293

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK
1. Staff expenses		
Wages and salaries	31,723,528	24,716,601
Pensions	5,283,824	3,635,812
Other social security expenses	381,455	247,712
	<u>37,388,807</u>	<u>28,600,125</u>
Average number of employees	<u>58</u>	<u>44</u>
	2023/24	2022/23
	DKK	DKK
2. Financial expenses		
Interest paid to group enterprises	59,286	0
Other financial expenses	98,937	17,980
Exchange adjustments, expenses	86,177	78,827
	<u>244,400</u>	<u>96,807</u>
	2023/24	2022/23
	DKK	DKK
3. Income tax expense		
Current tax for the year	955,234	-466,736
Deferred tax for the year	-663,905	2,719,987
Adjustment of tax concerning previous years	0	-335,345
Adjustment of deferred tax concerning previous years	0	335,345
	<u>291,329</u>	<u>2,253,251</u>

Notes to the Financial Statements

4. Intangible fixed assets

	Completed development projects	Goodwill	Develop- ment projects in progress
	DKK	DKK	DKK
Cost at 1 November	0	11,309,822	1,835,486
Additions for the year	0	0	1,460,426
Transfers for the year	2,712,472	0	-2,712,472
Cost at 31 October	<u>2,712,472</u>	<u>11,309,822</u>	<u>583,440</u>
Impairment losses and amortisation at 1 November	0	6,597,424	0
Amortisation for the year	334,301	1,130,976	0
Impairment losses and amortisation at 31 October	<u>334,301</u>	<u>7,728,400</u>	<u>0</u>
Carrying amount at 31 October	<u>2,378,171</u>	<u>3,581,422</u>	<u>583,440</u>
Amortised over	<u>5 years</u>	<u>10 years</u>	

Development projects relates to the development of standardized processes in connection to large production machines.

5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Property, plant and equipment in progress
	DKK	DKK	DKK
Cost at 1 November	1,296,999	0	0
Additions for the year	572,529	3,278,454	206,218
Cost at 31 October	<u>1,869,528</u>	<u>3,278,454</u>	<u>206,218</u>
Impairment losses and depreciation at 1 November	1,036,480	0	0
Depreciation for the year	120,763	209,113	0
Impairment losses and depreciation at 31 October	<u>1,157,243</u>	<u>209,113</u>	<u>0</u>
Carrying amount at 31 October	<u>712,285</u>	<u>3,069,341</u>	<u>206,218</u>
Amortised over	<u>3-5 years</u>	<u>5 years</u>	

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK
6. Investments in subsidiaries		
Cost at 1 November	0	0
Additions for the year	57,639	0
Cost at 31 October	<u>57,639</u>	<u>0</u>
Exchange adjustment	-7,554	0
Net profit/loss for the year	208,798	0
Value adjustments at 31 October	<u>201,244</u>	<u>0</u>
Carrying amount at 31 October	<u>258,883</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
MME Nordic Hungary Kft	Hungary	HUF 3.000.000	100%

7. Other fixed asset investments

	Deposits
	DKK
Cost at 1 November	147,091
Additions for the year	198,220
Cost at 31 October	<u>345,311</u>
Carrying amount at 31 October	<u>345,311</u>

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
8. Contract work in progress		
Selling price of work in progress	108,293,747	116,409,109
Payments received on account	<u>-92,322,187</u>	<u>-106,145,674</u>
	15,971,560	10,263,435
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	16,424,889	13,924,265
Prepayments received recognised in debt	<u>-453,329</u>	<u>-3,660,830</u>
	15,971,560	10,263,435

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
9. Long-term debt		

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables		
After 5 years	789,275	745,001
Between 1 and 5 years	<u>31,530</u>	<u>0</u>
Long-term part	820,805	745,001
Other short-term payables	<u>3,850,097</u>	<u>3,869,059</u>
	4,670,902	4,614,060

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
10. Cash flow statement - Adjustments		
Financial income	-61,761	-107,583
Financial expenses	244,400	96,807
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,795,153	1,276,941
Income from investments in subsidiaries	-208,798	0
Tax on profit/loss for the year	291,329	2,253,251
	<u>2,060,323</u>	<u>3,519,416</u>

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
11. Cash flow statement - Change in working capital		
Change in receivables	-20,781,069	-4,824,355
Change in trade payables, etc	-2,095,446	4,799,720
	<u>-22,876,515</u>	<u>-24,635</u>

	<u>2023/24</u>	<u>2022/23</u>
	DKK	DKK
12. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Corporate mortgage of DKK 5,000k, which provides a montage on trade receivables, operating equipment and inventory as well as goodwill and other intangible assets.	31,223,280	9,274,271

Rental and lease obligations

At the balance sheet date, the Company has entered into lease commitments at total DKK 5k in the irrevocable period.

At the balance sheet date, the Company has entered rental commitments at total DKK 4.467k in the irrevocable period

Notes to the Financial Statements

2023/24

2022/23

DKK

DKK

12. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Eltronic Group A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

13. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the smallest group:

Name

Place of registered office

Eltronic Group A/S

Hedensted

Notes to the Financial Statements

14. Accounting policies

The Annual Report of MME Nordic A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

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.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Notes to the Financial Statements

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash at bank in hand.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$