

MME Nordic A/S

Vilhelmsborgvej 15, DK-7700 Thisted

**Annual Report for
1 November 2024 - 31 October 2025**

CVR No. 37 36 41 50

The Annual Report was presented and adopted at the
Annual General Meeting of the company on
08/01/2026

Lars Jensen
Chair of the general meeting

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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 2024 - 31 October 2025.

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 2025 of the Company and of the results of the Company operations and cash flows for 2024/25.

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, 8 January 2026

Executive Board

Jens Erik Majgaard Jensen
CEO

Board of Directors

Lars Jensen
Chair

Jesper Rantala

Mogens Røn

Maria Gabriela Barslev Jensen

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 2025 and of the results of the Company's operations and cash flows for the financial year 1 November 2024 - 31 October 2025 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 2024 - 31 October 2025, 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.

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 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.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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, 8 January 2026

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 2024 - 31 October 2025 Municipality of reg. office: Thisted
Board of Directors	Lars Jensen, chair Jesper Rantala Mogens Røn Maria Gabriela Barslev Jensen
Executive Board	Jens Erik Majgaard Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

(TDKK)	2024/25 12 months	2023/24 12 months	2022/23 12 months	2022 10 months	2021 12 months
Key figures					
Profit/loss					
Revenue	113,628	91,353	92,231	40,240	49,413
Gross profit	55,007	39,536	38,882	20,628	26,886
EBITDA	9,402	2,147	10,282	2,797	9,144
Depreciation, amortisation and impairment	-2,854	-1,795	-1,277	-1,036	-1,279
Profit/loss of primary operations	6,549	352	9,005	1,761	7,865
Profit/loss of financial income and expenses	616	26	11	2,642	-186
Profit/loss before tax	7,165	378	9,016	4,403	7,679
Tax on profit/loss for the year	-1,675	-312	-2,253	-577	-1,948
Net profit/loss for the year	5,490	87	6,762	3,826	5,731
Balance sheet					
Balance sheet total	53,191	53,549	43,909	28,866	24,265
Investment in property, plant and equipment	3,943	4,057	153	79	111
Equity	24,756	19,230	19,150	12,388	14,321
Cash flows					
Cash flows from:					
- operating activities	13,696	-20,566	10,603	10,356	-935
- investing activities	-3,973	-5,773	-1,988	2,915	-111
- financing activities	-9,581	24,225	-7,782	-15,585	-2,182
Change in cash and cash equivalents for the year	142	-2,114	833	-2,314	-3,228
Number of employees	71	58	44	35	30
Ratios					
Gross margin	48.4%	43.3%	42.2%	51.3%	54.4%
Profit margin	5.8%	0.4%	9.8%	4.4%	15.9%
Return on assets	12.3%	0.7%	20.5%	6.1%	32.4%
Solvency ratio	46.5%	35.9%	43.6%	42.9%	59.0%
Return on equity	25.0%	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 2024/25 shows a profit of DKK 5,489,933. The result is satisfactory, which is since a lot of money has been spent on the development of the company. At 31 October 2025 the balance sheet of the Company shows a positive equity of DKK 24,756,302

Subsequent events

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

Income statement 1 November 2024 - 31 October 2025

(DKK)	Note	2024/25	2023/24
Revenue		113,627,974	91,353,036
Expenses for raw materials and consumables		-49,505,700	-42,483,787
Other external expenses		-9,114,838	-9,332,926
Gross profit		55,007,436	39,536,323
Staff expenses	1	-45,604,954	-37,388,807
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-2,853,669	-1,795,153
Profit/loss before financial income and expenses		6,548,813	352,363
Income from investments in subsidiaries		711,794	208,798
Financial income		261,760	61,761
Financial expenses	2	-357,436	-244,400
Profit/loss before tax		7,164,931	378,522
Tax on profit/loss for the year	3	-1,674,998	-291,329
Net profit/loss for the year		5,489,933	87,193

Distribution of profit

(DKK)	2024/25	2023/24
Proposed distribution of profit		
Reserve for net revaluation under the equity method	711,794	208,798
Retained earnings	4,778,139	-121,605
	5,489,933	87,193

Balance sheet 31 October 2025

Assets

(DKK)	Note	2024/25	2023/24
Completed development projects		2,350,333	2,378,171
Goodwill		2,450,440	3,581,422
Development projects in progress		0	583,440
Intangible assets	4	4,800,773	6,543,033
Other fixtures and fittings, tools and equipment		3,167,972	712,285
Leasehold improvements		3,704,184	3,069,341
Property, plant and equipment in progress		0	206,218
Property, plant and equipment	5	6,872,156	3,987,844
Investments in subsidiaries	6	1,007,477	258,883
Deposits	7	322,091	345,311
Fixed asset investments		1,329,568	604,194
Fixed assets		13,002,497	11,135,071
Inventories	8	430	0
Trade receivables		5,950,210	19,886,911
Contract work in progress	9	30,378,151	16,424,889
Receivables from group enterprises		541,610	1,985,629
Other receivables		2,368,837	3,440,265
Prepayments		668,711	538,025
Receivables		39,907,519	42,275,719
Cash at bank and in hand		280,856	138,206
Current assets		40,188,805	42,413,925
Assets		53,191,302	53,548,996

Balance sheet 31 October 2025

Liabilities and equity

(DKK)	Note	2024/25	2023/24
Share capital		2,600,000	2,600,000
Reserve for net revaluation under the equity method		949,838	201,244
Reserve for development costs		1,833,260	2,310,057
Retained earnings		19,373,204	14,118,268
Equity		24,756,302	19,229,569
Provision for deferred tax		4,605,547	4,224,819
Other provisions		434,281	0
Provisions		5,039,828	4,224,819
Other payables		864,375	820,805
Long-term debt	10	864,375	820,805
Credit institutions		46,790	112,656
Trade payables		10,922,415	12,155,702
Contract work in progress	9	5,423,893	453,329
Payables to group enterprises		743,899	11,746,785
Payables to group enterprises relating to corporation tax		1,285,484	955,234
Other payables	10	4,108,316	3,850,097
Short-term debt		22,530,797	29,273,803
Debt		23,395,172	30,094,608
Liabilities and equity		53,191,302	53,548,996
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Statement of changes in equity

(DKK)	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 November	2,600,000	201,244	2,310,057	14,118,268	19,229,569
Exchange adjustments relating to foreign entities	0	36,800	0	0	36,800
Transfers, reserves	0	0	-476,797	476,797	0
Net profit/loss for the year	0	711,794	0	4,778,139	5,489,933
Equity at 31 October	2,600,000	949,838	1,833,260	19,373,204	24,756,302

Cash flow statement 1 November 2024 - 31 October 2025

(DKK)	Note	2024/25	2023/24
Result of the year		5,489,933	87,193
Adjustments	11	3,912,549	2,060,323
Change in working capital	12	5,353,529	-22,876,515
Cash flow from operations before financial items		14,756,011	-20,728,999
Financial income		261,760	61,761
Financial expenses		-357,436	-244,400
Cash flows from ordinary activities		14,660,335	-20,911,638
Corporation tax paid		-964,020	345,807
Cash flows from operating activities		13,696,315	-20,565,831
Purchase of intangible assets		-52,259	-1,460,426
Purchase of property, plant and equipment		-3,943,463	-4,057,201
Fixed asset investments made etc		23,220	-255,859
Cash flows from investing activities		-3,972,502	-5,773,486
Repayment of loans from credit institutions		-65,866	8,145
Repayment of payables to group enterprises		-9,558,867	24,141,281
Raising of other long-term debt		43,570	75,804
Cash flows from financing activities		-9,581,163	24,225,230
Change in cash and cash equivalents		142,650	-2,114,087
Cash and cash equivalents at 1 November		138,206	2,252,293
Cash and cash equivalents at 31 October		280,856	138,206
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		280,856	138,206
Cash and cash equivalents at 31 October		280,856	138,206

Notes to the Financial Statements

1. Staff expenses

(DKK)	2024/25	2023/24
Wages and salaries	39,371,299	31,723,528
Pensions	5,743,497	5,283,824
Other social security expenses	490,158	381,455
	45,604,954	37,388,807
Average number of employees	71	58

2. Financial expenses

(DKK)	2024/25	2023/24
Interest to group enterprises	29,419	59,286
Other financial expenses	48,601	98,937
Exchange adjustments, expenses	279,416	86,177
	357,436	244,400

3. Income tax expense

(DKK)	2024/25	2023/24
Current tax for the year	1,294,270	955,234
Deferred tax for the year	380,728	-663,905
	1,674,998	291,329

Notes to the Financial Statements

4. Intangible fixed assets

(DKK)	Completed development projects	Goodwill	Development projects in progress
Cost at 1 November	2,712,472	11,309,822	583,440
Additions for the year	0	0	52,259
Transfers for the year	635,699	0	-635,699
Cost at 31 October	3,348,171	11,309,822	0
Impairment losses and amortisation at 1 November	334,301	7,728,400	0
Amortisation for the year	663,537	1,130,982	0
Impairment losses and amortisation at 31 October	997,838	8,859,382	0
Carrying amount at 31 October	2,350,333	2,450,440	0
Amortised over	5 years	10 years	

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

5. Property, plant and equipment

(DKK)	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 November	1,869,528	3,278,454	206,218
Additions for the year	2,486,778	1,456,685	0
Transfers for the year	206,218	0	-206,218
Cost at 31 October	4,562,524	4,735,139	0
Impairment losses and depreciation at 1 November	1,157,243	209,113	0
Depreciation for the year	237,309	821,842	0
Impairment losses and depreciation at 31 October	1,394,552	1,030,955	0
Carrying amount at 31 October	3,167,972	3,704,184	0
Amortised over	3-5 years	5 years	

Notes to the Financial Statements

6. Investments in subsidiaries

(DKK)	2024/25	2023/24
Cost at 1 November	57,639	0
Additions for the year	0	57,639
Cost at 31 October	57,639	57,639
Value adjustments at 1 November	201,244	0
Exchange adjustment	36,800	-7,554
Net profit/loss for the year	711,794	208,798
Value adjustments at 31 October	949,838	201,244
Carrying amount at 31 October	1,007,477	258,883

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

(DKK)	Deposits
Cost at 1 November	345,311
Disposals for the year	-23,220
Cost at 31 October	322,091
Carrying amount at 31 October	322,091

8. Inventories

(DKK)	2024/25	2023/24
Raw materials and consumables	430	0
	430	0

Notes to the Financial Statements

9. Contract work in progress

(DKK)	2024/25	2023/24
Selling price of work in progress	157,649,996	108,293,747
Payments received on account	-132,695,738	-92,322,187
	24,954,258	15,971,560
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	30,378,151	16,424,889
Prepayments received recognised in debt	-5,423,893	-453,329
	24,954,258	15,971,560

10. Long-term debt

(DKK)	2024/25	2023/24
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	776,744	789,275
Between 1 and 5 years	87,631	31,530
Long-term part	864,375	820,805
Other short-term payables	4,108,316	3,850,097
	4,972,691	4,670,902

11. Cash flow statement - Adjustments

(DKK)	2024/25	2023/24
Financial income	-261,760	-61,761
Financial expenses	357,436	244,400
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,853,669	1,795,153
Income from investments in subsidiaries	-711,794	-208,798
Tax on profit/loss for the year	1,674,998	291,329
	3,912,549	2,060,323

Notes to the Financial Statements

12. Cash flow statement - Change in working capital

(DKK)	2024/25	2023/24
Change in inventories	-430	0
Change in receivables	924,181	-20,781,069
Change in other provisions	434,281	0
Change in trade payables, etc	3,995,497	-2,095,446
	5,353,529	-22,876,515

13. 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 covers trade receivables, operating equipment and inventory as well as goodwill and other intangible assets at a total carrying amount of DKK 17,624k.

The company has provided security relating to the credit institutions of the parent company and Danish sister companies.

Rental and lease obligations

At the balance sheet date, the Company has entered into lease commitments at total DKK 311k in the irrevocable period.

At the balance sheet date, the Company has entered rental commitments at total DKK 4.052k in the irrevocable period

Other contingent liabilities

The company has entered into agreements regarding other financial obligations of DKK 15.508k.

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 Visign Holding ApS, 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.

14. 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

15. Accounting policies

The Annual Report of MME Nordic A/S for 2024/25 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 2024/25 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

15. Accounting policies (continued)

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

15. Accounting policies (continued)

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

15. Accounting policies (continued)

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.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

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.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Notes to the Financial Statements

15. Accounting policies (continued)

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.

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.

Notes to the Financial Statements

15. Accounting policies (continued)

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	$\text{Net profit for the year} \times 100 / \text{Average equity}$