

TÜV SÜD Domutech A/S

Johanne Møllers Passage 1, 1799 København V
CVR no. 35 04 73 01

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 26.03.25

Christian Thysen
Dirigent

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The company

TÜV SÜD Domutech A/S
Johanne Møllers Passage 1
1799 København V
Tel.: 60 55 54 44
Registered office: København
CVR no.: 35 04 73 01
Financial year: 01.01 - 31.12

Executive Board

Christian Thysen
Martin Sylvest Lavlund

Board of Directors

Joachim Birnthaler, chairman
Stephan Alexander Reiter
Oliver Jacob

Auditors

Grant Thornton
Godkendt Revisionspartnerselskab

Parent company

TÜV SÜD Aktiengesellschaft, Tyskland

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for TÜV SÜD Domutech A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.24 and of the results of the company's activities and cash flows for the financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, March 26, 2025

Executive Board

Christian Thyssen

Martin Sylvest Lavlund

Board of Directors

Joachim Birnthaler
Chairman

Stephan Alexander Reiter

Oliver Jacob

To the shareholder of TÜV SÜD Domutech A/S**Opinion**

We have audited the financial statements of TÜV SÜD Domutech A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including material accounting policy information. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at 31.12.24 and of the results of the company's operations and cash flows for the financial year 01.01.24 - 31.12.24 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.

Statement on the management's review

Management is responsible for the management's review.

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

In connection with our audit of the financial statements, it is 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 by law and regulations.

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

Hillerød, March 26, 2025

Grant Thornton

Godkendt Revisionspartnerselskab
CVR no. 34209936

Bo Lysen

State Authorised Public Accountant
MNE-no. mne32109

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2024	2023	2022	2021	2020
<i>Profit/loss</i>					
Gross profit	151,553	123,593	126,865	90,599	52,072
Operating profit	25,314	12,831	17,970	2,492	664
Total net financials	-405	-703	-294	-76	-363
Profit for the year	19,313	8,833	22,003	2,556	442

Balance

Total assets	76,906	71,720	83,901	64,253	42,790
Investments in property, plant and equipment	4,587	2,021	3,944	3,944	2,820
Equity	45,638	35,625	44,660	25,941	6,585

Ratios

	2024	2023	2022	2021	2020
<i>Equity ratio</i>					
Solvency ratio	59%	50%	55%	41%	15%

Liquidity and financing

Liquidity ratio	183%	139%	191%	115%	146%
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Ratios definitions

Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$
Liquidity ratio:	$\frac{\text{Current assets} \times 100}{\text{Short-term payables}}$

Primary activities

TÜV SÜD Domutech A/S is a TIC company specialising in technical specialising in the preparation of technical reports and digital concepts for private home owners and business actors, who, among other things, the financing sector and insurance companies in the housing market. Including i.a. condition reports, energy labels (private and commercial) and electrical inspections as well as a number of digital concepts that, among other things, aims to reduce energy consumption.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit of DKK 19,313,194 against DKK 8,833,109 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 45,637,857.

In the financial year, the company participated in a merger with its subsidiary, and the net profit is including this subsidiaries activity.

The earnings expectations for 2024 were a gross profit of DKK 138-142m and a profit before tax of DKK 27-31m. The objective for the gross profit was met, however the objective for profit before tax not fully met due to a slightly higher staff cost than expected.

However, the management considers the net profit for the year to be satisfactory.

Outlook

For 2025, the company expects a gross profit of DKK 210-215m, and has a profit expectation before tax of DKK 42-48m. Gross profit and result can be affected both positively and negatively by developments in the real estate market.

Financial risks

The company has identified the following risk areas:

- Developments in the real estate market
- The development in the social economy
- Developments in legislative and regulatory matters
- Development and maintenance of strategic collaborations
- Retention and development of employees

Research and development activities

Development activities mainly comprise of digitisation/optimisation of internal processes for increased profitability and concept products for customer retention/differentiation as well as new sales/revenue channels with a higher profit margin.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2024 DKK	2023 DKK
	151,552,566	123,593,185
1 Staff costs	-115,500,713	-100,837,934
	36,051,853	22,755,251
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-10,738,173	-9,924,165
	25,313,680	12,831,086
2 Financial income	125,544	3,309
Financial expenses	-530,282	-706,627
	24,908,942	12,127,768
Tax on profit for the year	-5,595,748	-3,294,659
	19,313,194	8,833,109

3 Proposed appropriation account

ASSETS		31.12.24	31.12.23
Note		DKK	DKK
	Completed development projects	11,160,778	7,183,148
	Acquired rights	1,250,000	2,576,400
	Goodwill	13,324,764	15,506,632
	Development projects in progress	6,903,630	6,463,567
4	Total intangible assets	32,639,172	31,729,747
	Other fixtures and fittings, tools and equipment	6,113,992	4,863,593
5	Total property, plant and equipment	6,113,992	4,863,593
6	Equity investments in group enterprises	40,000	40,000
7	Deposits	2,302,445	976,678
	Total investments	2,342,445	1,016,678
	Total non-current assets	41,095,609	37,610,018
8	Work in progress for third parties	954,462	555,143
	Trade receivables	15,419,914	27,283,238
	Receivables from group enterprises	559,490	0
11	Deferred tax asset	530,032	1,645,116
	Other receivables	1,052,486	354,619
9	Prepayments	1,559,177	2,768,190
	Total receivables	20,075,561	32,606,306
	Cash	15,734,716	1,503,490
	Total current assets	35,810,277	34,109,796
	Total assets	76,905,886	71,719,814

EQUITY AND LIABILITIES		31.12.24	31.12.23
Note		DKK	DKK
10	Contributed capital	666,668	666,668
	Reserve for development costs	14,090,238	10,644,468
	Retained earnings	30,880,951	15,013,527
	Proposed dividend for the financial year	0	9,300,000
	Total equity	45,637,857	35,624,663
12	Other provisions	6,762,557	5,870,577
	Total provisions	6,762,557	5,870,577
13	Lease commitments	296,201	883,630
13	Other payables	4,630,491	4,862,684
	Total long-term payables	4,926,692	5,746,314
13	Short-term part of long-term payables	454,606	2,367,413
	Payables to other credit institutions	110,536	369,444
8	Prepayments received from work in progress for third parties	858,055	383,410
	Trade payables	3,276,511	6,140,222
	Payables to group enterprises	0	133,430
	Income taxes	4,607,795	225,474
	Other payables	10,271,277	14,858,867
	Total short-term payables	19,578,780	24,478,260
	Total payables	24,505,472	30,224,574
	Total equity and liabilities	76,905,886	71,719,814
14	Contingent liabilities		
15	Charges and security		
16	Related parties		

Statement of changes in equity

Figures in DKK	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	666,668	10,644,468	16,730,418	0	28,041,554
Extraordinary dividend paid	0	0	-1,250,000	0	-1,250,000
Net profit/loss for the year	0	0	-466,891	9,300,000	8,833,109
Balance as at 31.12.23	666,668	10,644,468	15,013,527	9,300,000	35,624,663
Statement of changes in equity for 01.01.24 - 31.12.24					
Balance as at 01.01.24	666,668	10,644,468	15,013,527	9,300,000	35,624,663
Dividend paid	0	0	0	-9,300,000	-9,300,000
Transfers to/from other reserves	0	3,445,770	-3,445,770	0	0
Net profit/loss for the year	0	0	19,313,194	0	19,313,194
Balance as at 31.12.24	666,668	14,090,238	30,880,951	0	45,637,857

Cash flow statement

Note	2024 DKK	2023 DKK
Profit for the year	19,313,194	8,833,109
17 Adjustments	16,815,152	13,922,142
Change in working capital:		
Receivables	10,089,894	1,429,055
Trade payables	-2,863,711	4,038,006
Other payables relating to operating activities	-4,246,375	-5,145,318
Other provisions	926,975	-224,013
Cash flows from operating activities before net financials	40,035,129	22,852,981
Interest income and similar income received	125,544	3,309
Interest expenses and similar expenses paid	-530,282	-706,627
Income tax paid	-98,343	-133,430
Cash flows from operating activities	39,532,048	22,016,233
Purchase of intangible assets	-9,122,638	-9,887,873
Purchase of property, plant and equipment	-4,586,631	-1,941,581
Sale of property, plant and equipment	699,784	2,079,070
Cash flows from investing activities	-13,009,485	-9,750,384
Dividend paid	-9,300,000	-17,868,040
Arrangement of payables to credit institutions	0	40,877
Repayment of payables to credit institutions	-258,908	0
Repayment of lease commitments	-132,823	0
Repayment of other long-term payables	-2,599,606	0
Cash flows from financing activities	-12,291,337	-17,827,163
Total cash flows for the year	14,231,226	-5,561,314
Cash, beginning of year	1,503,490	7,064,804
Cash, end of year	15,734,716	1,503,490
Cash, end of year, comprises:		
Cash	15,734,716	1,503,490
Total	15,734,716	1,503,490

	2024	2023
	DKK	DKK

1. Staff costs

Wages and salaries	105,919,443	92,932,973
Pensions	8,287,846	6,633,290
Other social security costs	1,293,424	1,271,671

Total	115,500,713	100,837,934
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Average number of employees during the year	164	151
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Remuneration for the management:

Salaries for the Executive Board	4,224,794	3,609,517
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Total remuneration for the Executive Board	4,224,794	3,609,517
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2. Financial income

Other interest income	45,774	2,822
Foreign currency translation adjustments	79,770	487

Total	125,544	3,309
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3. Proposed appropriation account

Extraordinary dividend for the financial year	0	1,250,000
Proposed dividend for the financial year	0	9,300,000
Retained earnings	19,313,194	-1,716,891

Total	19,313,194	8,833,109
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4. Intangible assets

Figures in DKK	Completed developmen t projects	Acquired rights	Goodwill	Developmen t projects in progress
Cost as at 01.01.24	12,664,188	18,067,000	21,818,667	6,463,567
Additions during the year	0	0	0	9,122,638
Transfers during the year to/from other items	8,682,575	0	0	-8,682,575
Cost as at 31.12.24	21,346,763	18,067,000	21,818,667	6,903,630
Amortisation and impairment losses as at 01.01.24	-5,481,039	-15,490,600	-6,312,036	0
Amortisation during the year	-4,704,946	-1,326,400	-2,181,867	0
Amortisation and impairment losses as at 31.12.24	-10,185,985	-16,817,000	-8,493,903	0
Carrying amount as at 31.12.24	11,160,778	1,250,000	13,324,764	6,903,630

The company's development projects consist of software development, including digital climate products for financial institutions/real estate agents and the B2B market to support the company's revenue from performing energy labeling on large properties, SoMe exposure solutions, development of its own energy calculation system, new software/input system for field consultants, mypage universe for customers and partners, internal/external data warehouse, and digital extensions to the company's main products. Furthermore, development projects include software development related to climate, inspiration, and housing magazines.

When the development projects are completed, it will strengthen the company's market position as a leader in condition reports, energy labeling, and electrical installation reports. The projects are depreciated over a period of 3-4 years. Additionally, the projects will result in more efficient business processes for both customers and internal company operations, which will strengthen the company's market position.

5. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.01.24	9,198,094
Additions during the year	4,586,631
Disposals during the year	-1,204,214
Cost as at 31.12.24	12,580,511
Depreciation and impairment losses as at 01.01.24	-4,334,500
Depreciation during the year	-2,559,956
Reversal of depreciation of and impairment losses on disposed assets	427,937
Depreciation and impairment losses as at 31.12.24	-6,466,519
Carrying amount as at 31.12.24	6,113,992
Carrying amount of assets held under finance leases as at 31.12.24	851,995

6. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Cost as at 01.01.24	40,000
Cost as at 31.12.24	40,000
Carrying amount as at 31.12.24	40,000

6. Equity investments in group enterprises - continued -

Name and registered office:	Ownership interest
Subsidiaries:	
Komplementarselskabet B.K Consult ApS, København	100%

7. Other non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.24	2,279,240
Additions during the year	23,205
Cost as at 31.12.24	2,302,445
Carrying amount as at 31.12.24	2,302,445

8. Work in progress for third parties

Work in progress for third parties	5,999,844	5,929,541
On-account invoicing	-5,903,437	-5,757,808
Total work in progress for third parties	96,407	171,733

Work in progress for third parties is recognized in the balance sheet as:

Work in progress for third parties	954,462	555,143
Prepayments received from work in progress for third parties, short-term payables	-858,055	-383,410
Total	96,407	171,733

	31.12.24	31.12.23
	DKK	DKK

9. Prepayments

Prepaid insurance premiums	257,723	1,339,531
Prepaid membership fees and subscriptions	888,947	897,175
Prepaid lease payments	206,229	210,397
Prepaid rent	0	90,100
Other prepayments	206,278	230,987
Total	1,559,177	2,768,190

10. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	1	666,668
Total		666,668

	31.12.24 DKK	31.12.23 DKK
11. Deferred tax		
Provisions for deferred tax as at 01.01.24	1,645,116	1,645,116
Deferred tax recognised in the income statement	-1,115,084	0
Provisions for deferred tax as at 31.12.24	530,032	1,645,116

As at 31.12.24, the company has recognised a deferred tax asset of DKK 530k, which can primarily be attributed to taxable differences on net intangible assets and other provisions. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

12. Other provisions

Figures in DKK	Provisions for loss on completed work for third parties	Provisions for reinspection cost
Provisions as at 01.01.24	5,284,246	586,331
Applied during the year	657,620	234,360
Provisions as at 31.12.24	5,941,866	820,691
	31.12.24 DKK	31.12.23 DKK

Other provisions are expected to be distributed as follows:

Non-current liabilities	6,762,557	5,870,577
Total	6,762,557	5,870,577

13. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Lease commitments	454,606	0	750,807	883,630
Other payables	0	4,630,491	4,630,491	7,230,097
Total	454,606	4,630,491	5,381,298	8,113,727

14. Contingent liabilities*Lease commitments*

The company has concluded lease agreements with a total lease payments of DKK 33,974k.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

15. Charges and security

The company has provided a company charge of DKK 10.000k as security for debt to credit institutions. As at 31.12.24, the company charge comprises the following assets with the following carrying amounts:

- Trade receivables, DKK 15,420k

16. Related parties

Controlling influence	Basis of influence
TÜV SÜD Aktiengesellschaft, Tyskland	Parent company

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

The company is included in the consolidated financial statements of the parent TÜV SÜD Aktiengesellschaft, Tyskland.

	2024	2023
	DKK	DKK
17. Adjustments for the cash flow statement		
Other operating income	76,493	0
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	10,738,173	9,924,165
Financial income	-125,544	-3,309
Financial expenses	530,282	706,627
Tax on profit or loss for the year	5,595,748	3,294,659
Total	16,815,152	13,922,142

18. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

In accordance with section 111(1) of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

BUSINESS COMBINATIONS

For combined enterprises subject to common control, the pooling of interests method is used. The pooling of interests is deemed to be completed with retroactive effect with restatement of comparative figures. The difference between the agreed consideration and the equity value of the acquired enterprise is recognised in equity.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of

18. Accounting policies - continued -

payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, work performed for own account and capitalised, other operating income and cost of sales and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

18. Accounting policies - continued -**Work performed for own account and capitalised**

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Completed development projects	3-5	
Acquired rights	3-5	0
Goodwill	10	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

18. Accounting policies - continued -

Goodwill is amortised over 10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Income from equity investments in group enterprises

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

18. Accounting policies - continued -**BALANCE SHEET****Intangible assets***Completed development projects and development projects in progress*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between

18. Accounting policies - continued -

the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

18. Accounting policies - continued -

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in subsidiaries exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the

18. Accounting policies - continued -

resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Other investments**Cash**

Cash includes deposits in bank account.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

An amount equivalent to internally generated development costs in the balance sheet is recognised in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Provisions

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or

18. Accounting policies - continued -

constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the

18. Accounting policies - continued -

nominal value of such payables. Other short-term payables are measured at net realisable value.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash.