

# CeramicSpeed Sport A/S

Nørgårdsvej 3, 7500 Holstebro  
CVR no. 33 03 73 41

## Annual report for 2024

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 30.04.25

Tommy Skovdal  
Dirigent

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**The company**

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CeramicSpeed Sport A/S  
Nørgårdsvej 3  
7500 Holstebro  
Danmark  
Registered office: Holstebro  
CVR no.: 33 03 73 41  
Financial year: 01.01 - 31.12

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**Executive Board**

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Martin Secher Banke

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**Board of Directors**

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Jacob Csizmadia  
Martin Secher Banke  
Tommy Skovdal

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**Auditors**

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Beierholm  
Godkendt Revisionspartnerselskab

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

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We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for CeramicSpeed Sport 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 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.

Holstebro, April 30, 2025

### **Executive Board**

Martin Secher Banke

### **Board of Directors**

Jacob Csizmadia  
Chairman

Martin Secher Banke

Tommy Skovdal

**To the shareholder of CeramicSpeed Sport A/S****Opinion**

We have audited the financial statements of CeramicSpeed Sport A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity 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 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.

**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 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.

**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.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for expressing 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.

Skive, April 30, 2025

**Beierholm**

Godkendt Revisionspartnerselskab  
CVR no. 32 89 54 68

Bjørn Jakobsen  
State Authorised Public Accountant  
MNE-no. mne24813

Jakob Hove  
State Authorised Public Accountant  
MNE-no. mne49065

**FINANCIAL HIGHLIGHTS****Key figures**

Figures in DKK '000	2024	2023	2022	2021	2020
<i>Profit/loss</i>					
Operating profit	25,054	20,999	22,393	28,957	13,964
Total net financials	386	-137	-1,580	-2,021	-116
Profit for the year	19,092	15,834	16,090	20,649	10,958
<i>Balance</i>					
Total assets	81,195	65,879	63,164	50,702	25,715
Investments in property, plant and equipment	60	23	185	303	346
Equity	66,078	51,986	43,303	35,211	18,063

**Ratios**

	2024	2023	2022	2021	2020
<i>Profitability</i>					
Return on equity	32.3%	33.2%	77.5%	85.9%	25.5%
<i>Equity ratio</i>					
Solvency ratio	81.4%	78.9%	68.6%	69.4%	64.0%
<i>Others</i>					
Number of employees (average)	20	19	18	13	9

*Ratios definitions*

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

### **Primary activities**

The company's main activity is the development and sale of ceramic ball bearings, components and lubricants for the bicycle industry.

### **Development in activities and financial affairs**

The income statement for the period 01.01.24 - 31.12.24 shows a profit/loss of DKK 19,092k against DKK 15,834k for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 66,078k.

2024 was a satisfying year financial, where we introduced more new products to the market which is a part of the positive development in the both activity and result.

The result for 2024 was better than expected due to higher activity than expected.

### **Outlook**

The company expects a profit before tax in the region of DKK 25-30,000k for the coming year. The company's investments in the expansion of the distribution network are expected to be fully realised in the coming year and contribute to improved results.

**Financial risks***Price risks*

The company is exposed to commodity price risks, as the company's products contain various raw materials which are subject to fluctuating prices.

Commodity price risks are not hedged. Previously, the impact on the company's results has been limited, as price fluctuations of the most important raw materials used are primarily passed on to the company's selling prices.

*Foreign currency risks*

The company is exposed to foreign currency risks primarily from EUR, GBP and USD due to purchase and sales transactions that are settled in currencies other than DKK.

*Interest rate risks*

The company has a large proportion of variable-rate assets and liabilities and is therefore exposed to interest rate risks.

*Credit risks*

The company's primary credit risk relates to trade receivables. There are no single customers that constitutes a significant risk. Under the company's policy for assuming credit risk, all major customers and other business partners are subject to regular internal credit assessments.

**Research and development activities**

The company's development projects concern the development of new projects to supplement the company's existing product lines and webshop solution. The projects are progressing as planned using the resources that the management has set aside for development.

The company's knowledge resources consist of employees' knowledge of products and development. The knowledge resources of employees play a major role in the continued development of the company's products. Against this background, it is a high priority to continuously ensure that the right knowledge resources are present.

**Subsequent events**

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

## Income statement

Note	2024 DKK '000	2023 DKK '000
	<b>43,074</b>	<b>36,389</b>
2 Staff costs	-11,449	-10,748
	<b>31,625</b>	<b>25,641</b>
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-3,021	-2,072
Other operating expenses	-3,550	-2,570
	<b>25,054</b>	<b>20,999</b>
3 Financial income	853	2
Financial expenses	-467	-139
	<b>25,440</b>	<b>20,862</b>
Tax on profit for the year	-6,348	-5,028
	<b>19,092</b>	<b>15,834</b>
<b>Proposed appropriation account</b>		
Proposed dividend for the financial year	35,000	5,000
Retained earnings	-15,908	10,834
	<b>19,092</b>	<b>15,834</b>

<b>ASSETS</b>		31.12.24	31.12.23
Note		DKK '000	DKK '000
	Completed development projects	3,616	5,966
	Acquired rights	356	0
	Development projects in progress	2,865	368
<b>5</b>	<b>Total intangible assets</b>	<b>6,837</b>	<b>6,334</b>
	Leasehold improvements	0	17
	Other fixtures and fittings, tools and equipment	181	251
<b>6</b>	<b>Total property, plant and equipment</b>	<b>181</b>	<b>268</b>
<b>7</b>	Equity investments in group enterprises	0	0
<b>8</b>	Receivables from group enterprises	0	2,501
	<b>Total investments</b>	<b>0</b>	<b>2,501</b>
	<b>Total non-current assets</b>	<b>7,018</b>	<b>9,103</b>
	Trade receivables	10,973	8,174
	Receivables from group enterprises	59,970	46,829
	Other receivables	2,547	1,173
<b>9</b>	Prepayments	96	176
	<b>Total receivables</b>	<b>73,586</b>	<b>56,352</b>
	<b>Cash</b>	<b>591</b>	<b>424</b>
	<b>Total current assets</b>	<b>74,177</b>	<b>56,776</b>
	<b>Total assets</b>	<b>81,195</b>	<b>65,879</b>

<b>EQUITY AND LIABILITIES</b>		31.12.24	31.12.23
Note		DKK '000	DKK '000
10	Share capital	500	500
	Reserve for development costs	5,055	4,941
	Retained earnings	25,523	41,545
	Proposed dividend for the financial year	35,000	5,000
	<b>Total equity</b>	<b>66,078</b>	<b>51,986</b>
11	Provisions for deferred tax	1,381	1,335
	<b>Total provisions</b>	<b>1,381</b>	<b>1,335</b>
	Payables to other credit institutions	668	243
	Trade payables	1,336	1,258
	Payables to group enterprises	2,601	5,205
	Income taxes	6,302	4,623
	Other payables	2,829	1,229
	<b>Total short-term payables</b>	<b>13,736</b>	<b>12,558</b>
	<b>Total payables</b>	<b>13,736</b>	<b>12,558</b>
	<b>Total equity and liabilities</b>	<b>81,195</b>	<b>65,879</b>
12	Contingent liabilities		
13	Charges and security		
14	Related parties		

## Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.24 - 31.12.24					
Balance as at 01.01.24	500	4,941	41,545	5,000	51,986
Dividend paid	0	0	0	-5,000	-5,000
Transfers to/from other reserves	0	114	-114	0	0
Net profit/loss for the year	0	0	-15,908	35,000	19,092
Balance as at 31.12.24	500	5,055	25,523	35,000	66,078

## 1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2024 DKK '000	2023 DKK '000
Impairment of intercompany balance	Other operating expenses	3,550	2,569

	2024 DKK '000	2023 DKK '000
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## 2. Staff costs

Wages and salaries	10,026	9,138
Pensions	1,203	1,088
Other social security costs	170	167
Other staff costs	50	355

Total	11,449	10,748
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Average number of employees during the year	20	19
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With reference to section 98b(3) no. 2 of the Danish Financial Statements Act, remuneration for the management is not disclosed for 2024 and 2023, as information would otherwise lead to amounts being shown for a single member of management.

	2024	2023
	DKK '000	DKK '000

### 3. Financial income

Interest, group enterprises	822	0
Other financial income	31	2
<b>Total</b>	<b>853</b>	<b>2</b>

### 4. Proposed appropriation account

Proposed dividend for the financial year	35,000	5,000
Retained earnings	-15,908	10,834
<b>Total</b>	<b>19,092</b>	<b>15,834</b>

**5. Intangible assets**

Figures in DKK '000	Completed development projects	Acquired rights	Development projects in progress
Cost as at 01.01.24	15,196	0	368
Additions during the year	503	378	2,497
Cost as at 31.12.24	15,699	378	2,865
Amortisation and impairment losses as at 01.01.24	-9,229	0	0
Amortisation during the year	-2,854	-22	0
Amortisation and impairment losses as at 31.12.24	-12,083	-22	0
Carrying amount as at 31.12.24	3,616	356	2,865

Development projects in progress comprise new products to supplement the company's existing ones product lines. The projects are expected to be essentially completed and marketed in 2024-2025. The development has proceeded as planned, and the development projects have been completed. The projects have subsequently progressed as planned using the resources allocated by management for the development. Management has high expectations for the system's use and has not identified any indication of impairment in relation to the accounting value

## 6. Property, plant and equipment

Figures in DKK '000	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.24	237	821
Additions during the year	0	60
Cost as at 31.12.24	237	881
Depreciation and impairment losses as at 01.01.24	-220	-571
Depreciation during the year	-17	-129
Depreciation and impairment losses as at 31.12.24	-237	-700
Carrying amount as at 31.12.24	0	181

**7. Equity investments in group enterprises**

Figures in DKK '000	Equity invest- ments in group enterprises
Cost as at 01.01.24	3,013
Cost as at 31.12.24	3,013
Revaluations as at 01.01.24	-3,013
Net profit/loss from equity investments	-1,423
Other adjustments relating to equity investments	1,423
Revaluations as at 31.12.24	-3,013
Carrying amount as at 31.12.24	0

Name and registered office:	Ownership interest
Subsidiaries:	
Driven Technologies, Inc., Santa Ana, USA	80%

**8. Other non-current financial assets**

Figures in DKK '000	Receivables from group enterprises
Cost as at 01.01.24	2,501
Cost as at 31.12.24	2,501
Impairment losses during the year	-2,501
Impairment losses as at 31.12.24	-2,501
Carrying amount as at 31.12.24	0

## 9. Prepayments

Prepayments consist of prepaid expenses related to license costs.

## 10. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share capital	500	500

The share capital has been fully paid in at the balance sheet date.

	31.12.24 DKK '000	31.12.23 DKK '000
Deferred tax as at 01.01.24	1,335	897
Deferred tax recognised in the income statement	46	438
Deferred tax as at 31.12.24	1,381	1,335

## 11. Deferred tax

## 12. Contingent liabilities

### *Lease commitments*

The company has concluded lease agreements with terms to maturity of 11-34 months and total lease payments of t.DKK 234.

### *Recourse guarantee commitments*

The company has provided an unlimited surety bond on behalf of CeramicSpeed A/S for all outstanding debts with the credit institution. The debt per 31 December 2024 appears in the annual report for CeramicSpeed A/S.

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 total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company CeramicSpeed Holding ApS.

## 13. Charges and security

The following assets have been pledged as security for bank: As security for the company's balance with credit institutions, a company pledge of t.DKK 2,000 has been pledged in receivables, operating equipment, intellectual property rights and inventory. The company has provided a corresponding corporate pledge for the parent company CeramicSpeed A/S and the sister company CeramicSpeed Bearings A/S.

**14. Related parties**

Controlling influence	Basis of influence
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CeramicSpeed A/S	Holds the majority of the contributed capital in the company
CeramicSpeed Holding ApS	Is management company of the consolidated group

Balances	31.12.24 DKK '000
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Receivables from group enterprises	59,970
Payables to group enterprises	-2,601

Receivables from group companies recognised under current assets and short-term payables to group enterprises consist of balances which are settled on an ongoing basis and in accordance with the company's standard terms of agreement and payment.

The company is included in the consolidated financial statements of the parent CeramicSpeed Holding ApS.

## 15. 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 with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

### 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.

### 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 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, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

**15. Accounting policies** - continued -**LEASES**

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, other operating income and raw materials and consumables and other external expenses.

**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

**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.

**15. Accounting policies** - continued -**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 '000
Completed development projects	3-5	
Acquired rights	5	0
Leasehold improvements	3-5	0
Other plant, fixtures and fittings, tools and equipment	5	0

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.

**Other operating expenses**

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities.

**Income from equity investments in group enterprises**

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

**15. Accounting policies** - continued -**Other net financials**

Interest income and interest expenses, 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.

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.

**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'

**15. Accounting policies** - continued -

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.

*Gains or losses on the disposal of intangible assets*

Gains or losses on the disposal of intangible assets are determined as the difference between 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 leasehold improvements as well as 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.

*Property, plant and equipment under construction*

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

*Gains and losses on the disposal of property, plant and equipment*

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.

**15. Accounting policies** - continued -**Equity investments in group enterprises**

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

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.

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.

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.

**15. Accounting policies** - continued -

Impairment losses are reversed when the reasons for the impairment no longer exist.

**Inventories**

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

**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.

**Prepayments**

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

**Cash**

Cash includes deposits in bank accounts as well as operating cash.

**Equity**

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

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

**15. Accounting policies** - continued -

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.

**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**

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

**15. Accounting policies** - continued -**CASH FLOW STATEMENT**

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.