
Busch Vakuumtechnik A/S

Parallelvej 11, DK-8680 Ry

Annual Report for 1 January - 31 December 2021

CVR No 77 28 29 12

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/2 2022

Sune Wildau Rørbæk
Chairman 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 Busch Vakuumtechnik A/S for the financial year 1 January - 31 December 2021.

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 December 2021 of the Company and of the results of the Company operations and cash flows for 2021.

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

Ry, 28 February 2022

Executive Board

Sune Wildau Rørbæk
CEO

Hanne Pedersen
Executive Officer

Board of Directors

Johannes Karl Ottomar Busch
Chairman

Ayhan Busch

Attila Kaya Busch

Independent Auditor's Report

To the Shareholder of Busch Vakuumtechnik A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Busch Vakuumtechnik A/S for the financial year 1 January - 31 December 2021, 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.

Independent Auditor's Report

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 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.

Independent Auditor's Report

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.

Aarhus, 28 February 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thyge Belter

statsautoriseret revisor

mne30222

Company Information

The Company

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Website: www.busch.dk

CVR No: 77 28 29 12

Financial period: 1 January - 31 December

Municipality of reg. office: Skanderborg

Board of Directors

Johannes Karl Ottomar Busch, Chairman

Ayhan Busch

Attila Kaya Busch

Executive Board

Sune Wildau Rørbæk

Hanne Pedersen

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Nobelparken

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Bank

Danske Bank

Erhvervs Aarhus

Jægergårdgade 101B, DK-8000 Aarhus C

Financial Highlights

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

	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000
Key figures					
Profit/loss					
Gross profit/loss	18,996	15,064	22,095	23,652	25,103
Operating profit/loss	6,267	996	9,192	11,379	12,743
Profit/loss before financial income and expenses	6,355	1,074	9,394	11,443	12,787
Net financials	-192	-253	-111	-91	32
Net profit/loss for the year	4,803	639	7,235	8,849	9,991
Balance sheet					
Balance sheet total	75,978	87,672	63,179	71,669	64,038
Equity	55,556	50,753	50,113	57,879	49,029
Cash flows					
Cash flows from:					
- operating activities	20,971	-3,687	-5,424	21,591	-1,929
- investing activities including investment in property, plant and equipment	-144	-517	-1,236	-218	-2,112
- financing activities	0	0	-15,000	-1,110	-76
Change in cash and cash equivalents for the year	20,827	-4,204	-21,660	20,263	-4,117
Number of employees	33	35	33	31	30
Ratios					
Return on assets	8.4%	1.2%	14.9%	16.0%	20.0%
Solvency ratio	73.1%	57.9%	79.3%	80.8%	76.6%
Return on equity	9.0%	1.3%	13.4%	16.6%	22.2%

Management's Review

Key activities

As in previous years the Company's main activity is:

Sale and service of vacuum pumps and vacuum systems and low pressure compressors and stationary and mobile rotary lobe blowers.

Development in the year

The income statement of the Company for 2021 shows a profit of DKK 4,803,327, and at 31 December 2021 the balance sheet of the Company shows an equity of DKK 55,555,901.

The activity level of the year and the result are not fully as expected according to the expectations at the beginning of the year. The activity level has been high both for the basic business and the OEM business, but the delivery situation worldwide has affected Q3 and Q4 of the year negatively and are not considered satisfactory.

Operating risks

The Company is self-financed, it only has minor foreign exchange risks, has a stable and large customer base, in which none of the customers are of such a volume that it makes the Company vulnerable. Consequently, the Company is not effected by material, special financial or operating risks.

Research and development

During the year the Company has invested regularly in the further development of the product group design of the vacuum system.

External environment

The Company's environmental situation is approved by and monitored by the Danish authorities. No pollution or other environmental problems have been ascertained.

Intellectual capital resources

The Company has great knowledge about vacuum teknik and related areas. There is a stable and knowledgeable staff with many years of experience. There is an ongoing programme for training and knowledge sharing between the employees.

Expected future development

The expectations for 2022 are very positive in relation to the basic business, however the Company expects a lower sale to OEM customers as in 2022 due to the general marked and Covid-19 situation. We expect the gross profit will increase by 5-15 % in 2022.

Management's Review

Subsequent events

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

Covid-19

It is not assessed that Covid-19 has had a directly effect on the financial year 2021 but due to high price increases in the raw materials worldwide and an increasing world marked of demand has a negative effect on the current delivery situation and a negative effect on the total cost base of the financial year 2021. At present, it is similarly, expected that the financial year of 2022 could be significantly affected by the raw material price increase and the difficult delivery situation worldwide.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Gross profit/loss		18,996,345	15,063,947
Distribution expenses	1	-6,022,069	-7,556,201
Administrative expenses	1	-6,707,635	-6,511,779
Operating profit/loss		6,266,641	995,967
Other operating income		88,318	77,965
Profit/loss before financial income and expenses		6,354,959	1,073,932
Financial income		3,781	3,933
Financial expenses		-196,197	-256,563
Profit/loss before tax		6,162,543	821,302
Tax on profit/loss for the year	2	-1,359,216	-182,223
Net profit/loss for the year		4,803,327	639,079

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	3,000,000	0
Retained earnings	1,803,327	639,079
	4,803,327	639,079

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Land and buildings		4,763,578	5,139,181
Plant and machinery		360,209	402,177
Other fixtures and fittings, tools and equipment		<u>1,026,428</u>	<u>1,846,619</u>
Property, plant and equipment	3	<u>6,150,215</u>	<u>7,387,977</u>
Fixed assets		<u>6,150,215</u>	<u>7,387,977</u>
Inventories	4	<u>13,922,546</u>	<u>13,085,223</u>
Trade receivables		31,685,873	62,782,195
Receivables from group enterprises		670,191	855,752
Other receivables		38,079	72,111
Corporation tax		301,012	1,082,567
Prepayments	5	<u>266,911</u>	<u>289,294</u>
Receivables		<u>32,962,066</u>	<u>65,081,919</u>
Cash at bank and in hand		<u>22,943,488</u>	<u>2,116,388</u>
Currents assets		<u>69,828,100</u>	<u>80,283,530</u>
Assets		<u>75,978,315</u>	<u>87,671,507</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital	6	3,500,000	3,500,000
Retained earnings		49,055,901	47,252,574
Proposed dividend for the year		3,000,000	0
Equity		55,555,901	50,752,574
Provision for deferred tax	7	54,400	144,300
Other provisions	8	726,123	737,255
Provisions		780,523	881,555
Other payables		0	1,722,524
Long-term debt	9	0	1,722,524
Trade payables		1,413,664	2,398,718
Payables to group enterprises		14,293,680	26,487,099
Other payables	9	3,892,847	5,363,577
Deferred income	10	41,700	65,460
Short-term debt		19,641,891	34,314,854
Debt		19,641,891	36,037,378
Liabilities and equity		75,978,315	87,671,507
Contingent assets, liabilities and other financial obligations	13		
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	3,500,000	47,252,574	0	50,752,574
Net profit/loss for the year	0	1,803,327	3,000,000	4,803,327
Equity at 31 December	3,500,000	49,055,901	3,000,000	55,555,901

Cash Flow Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Net profit/loss for the year		4,803,327	639,079
Adjustments	11	2,933,652	1,945,304
Change in working capital	12	14,094,354	-5,294,550
Cash flows from operating activities before financial income and expenses		21,831,333	-2,710,167
Financial income		3,782	3,933
Financial expenses		-196,196	-256,563
Cash flows from ordinary activities		21,638,919	-2,962,797
Corporation tax paid		-667,561	-724,079
Cash flows from operating activities		20,971,358	-3,686,876
Purchase of property, plant and equipment		-420,258	-1,706,352
Sale of fixed assets		276,000	1,189,533
Cash flows from investing activities		-144,258	-516,819
Change in cash and cash equivalents		20,827,100	-4,203,695
Cash and cash equivalents at 1 January		2,116,388	6,320,083
Cash and cash equivalents at 31 December		22,943,488	2,116,388
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		22,943,488	2,116,388
Cash and cash equivalents at 31 December		22,943,488	2,116,388

Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	DKK
1 Staff		
Wages and Salaries	18,326,953	19,160,814
Pensions	1,485,781	1,502,502
Other social security expenses	372,675	346,065
	<u>20,185,409</u>	<u>21,009,381</u>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	12,742,499	12,177,892
Distribution expenses	4,468,053	4,705,405
Administrative expenses	2,974,857	4,126,087
	<u>20,185,409</u>	<u>21,009,384</u>
Including remuneration to the Executive Board	<u>2,251,882</u>	<u>3,266,945</u>
Average number of employees	<u>33</u>	<u>35</u>
2 Tax on profit/loss for the year		
Current tax for the year	1,450,988	227,433
Deferred tax for the year	-89,900	-45,100
Adjustment of tax concerning previous years	-1,872	-110
	<u>1,359,216</u>	<u>182,223</u>

Notes to the Financial Statements

3 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 January	16,145,868	2,243,623	5,918,153
Additions for the year	120,294	109,741	190,223
Disposals for the year	<u>0</u>	<u>0</u>	<u>-615,222</u>
Cost at 31 December	<u>16,266,162</u>	<u>2,353,364</u>	<u>5,493,154</u>
Impairment losses and depreciation at 1 January	11,006,687	1,841,446	4,071,534
Depreciation for the year	495,897	151,709	725,632
Impairment and depreciation of sold assets for the year	<u>0</u>	<u>0</u>	<u>-330,440</u>
Impairment losses and depreciation at 31 December	<u>11,502,584</u>	<u>1,993,155</u>	<u>4,466,726</u>
Carrying amount at 31 December	<u>4,763,578</u>	<u>360,209</u>	<u>1,026,428</u>
Depreciated over	<u>25-30 years</u>	<u>3-5 years</u>	<u>3-5 years</u>

	2021	2020
	DKK	DKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	480,315	437,538
Distribution expenses	17,863	61,271
Administrative expenses	875,060	1,011,642
	<u>1,373,238</u>	<u>1,510,451</u>

4 Inventories

Work in progress	581,153	506,491
Finished goods and goods for resale	12,512,287	12,455,975
Prepayments for goods	<u>829,106</u>	<u>122,757</u>
	<u>13,922,546</u>	<u>13,085,223</u>

Notes to the Financial Statements

5 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions and interest.

6 Equity

The share capital consists of 35 shares of a nominal value of DKK 100,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	<u>2021</u> DKK	<u>2020</u> DKK
7 Provision for deferred tax		
Property, plant and equipment	54,400	144,300
	<u>54,400</u>	<u>144,300</u>

Deferred tax has been provided at 22% corresponding to the expected current tax rate.

8 Other provisions

Guarantee provisions	<u>726,123</u>	<u>737,255</u>
	<u>726,123</u>	<u>737,255</u>

The provisions are expected to mature as follows:

Within 1 year	427,700	434,300
Between 1 and 5 years	<u>298,423</u>	<u>302,955</u>
	<u>726,123</u>	<u>737,255</u>

Notes to the Financial Statements

9 Long-term debt

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

The debt falls due for payment as specified below:

	<u>2021</u> DKK	<u>2020</u> DKK
Other payables		
Between 1 and 5 years	0	1,722,524
Long-term part	0	1,722,524
Other short-term payables	3,892,847	5,363,577
	<u>3,892,847</u>	<u>7,086,101</u>

10 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

11 Cash flow statement - adjustments

Financial income	-3,781	-3,933
Financial expenses	196,197	256,563
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,382,020	1,510,451
Tax on profit/loss for the year	1,359,216	182,223
	<u>2,933,652</u>	<u>1,945,304</u>

12 Cash flow statement - change in working capital

Change in inventories	-837,323	1,749,296
Change in receivables	31,338,298	-29,615,759
Change in other provisions	-11,132	222,530
Change in trade payables, etc	-16,395,489	22,349,383
	<u>14,094,354</u>	<u>-5,294,550</u>

Notes to the Financial Statements

13 Contingent assets, liabilities and other financial obligations

Charges and security

The Company has entered into a rental agreement which is non-cancellable in 6 month. The rental obligation amounts to DKK 56k.

The Company's bank have provided a working guarantee of total DKK 96k against business partners.

14 Related parties

Basis

Controlling interest

Dr.-Ing. Karl Busch Holding GmbH, Zürich, Switzerland Main shareholder

Busch SE, Maulburg, Germany Ultimate parent

Transactions

There have been no transactions with the Board of Directors, the Management, significant shareholders, group enterprises or related parties, except from intercompany transactions and normal management remuneration. Transactions have been carried out at market conditions.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Dr. -Ing. Karl Busch Holding GmbH, Zürich, Switzerland

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of Busch Vakuumtechnik A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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

Notes to the Financial Statements

15 Accounting Policies (continued)

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.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and cost of sales.

The Company's gross profit/loss includes revenue less cost of sales.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of fixed assets.

Notes to the Financial Statements

15 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments.

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.

Balance Sheet

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. In the case of assets of own construction, where production has started 1 January 2003 or later, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers as well as overheads.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are not recognised in cost.

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:

Production buildings	25-30 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Impairment of fixed assets

The carrying amounts of property, plant and equipment 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)

Inventories

Inventories are measured at the lower of cost based on the average cost formula 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 goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Any borrowing costs in the production period are not included.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

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

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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 . 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.

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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 and property, plant and equipment.

Notes to the Financial Statements

15 Accounting Policies (continued)

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 and cash equivalents comprise "Cash at bank and in hand".

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$