

Busch Vakuumtechnik A/S

Parallelvej 11, DK-8680 Ry

Annual Report for 2025

CVR No. 77 28 29 12

The Annual Report was presented and adopted at the
Annual General Meeting of the company on
27/02/2026

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 2025.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2025 of the Company and of the results of the Company operations and cash flows for 2025.

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

Ry, 27 February 2026

Executive Board

Sune Wildau Rørbæk
CEO

Hanne Pedersen
Manager

Board of Directors

Sami Sinan Busch
Chairman

Attila Kaya Busch

Sune Wildau Rørbæk

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 2025 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2025 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 2025, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus C, 27 February 2026

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thyge Belter

State Authorised Public Accountant

mne30222

Company information

The Company	Busch Vakuumteknik A/S Parallelvej 11 DK-8680 Ry Telephone: +45 87 88 07 77 Email: info@busch.dk Website: www.busch.dk CVR No: 77 28 29 12 Financial period: 1 January - 31 December Municipality of reg. office: Skanderborg
Board of Directors	Sami Sinan Busch, chairman Attila Kaya Busch Sune Wildau Rørbæk
Executive Board	Sune Wildau Rørbæk Hanne Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Lawyers	DLA Piper Denmark Advokatanpartsselskab Hack Kampmanns Plads 2 DK-8000 Aarhus C DLA Piper Denmark Advokatanpartsselskab Oslo Plads 2 DK-2100 København V
Bankers	Danske Bank Jægergårdgade 101B DK-8000 Aarhus C

Financial Highlights

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

(TDKK)	2025	2024	2023	2022	2021
Key figures					
Profit/loss					
Gross profit	29,534	28,453	25,100	28,106	18,996
Profit/loss of primary operations	10,819	9,028	9,344	13,664	6,355
Profit/loss of financial income and expenses	-12	553	193	-94	-192
Net profit/loss for the year	8,426	7,440	7,419	10,570	4,803
Balance sheet					
Balance sheet total	94,046	102,289	82,901	77,406	75,978
Equity	68,911	73,485	67,545	63,125	55,556
Cash flows					
Cash flows from:					
- operating activities	7,604	21,711	-1,720	3,484	20,971
- investing activities	-1,728	-540	-3,195	-3,914	-144
- financing activities	-13,000	-1,500	-3,000	-3,000	0
Change in cash and cash equivalents for the year	-7,124	19,671	-7,915	-3,430	20,827
Number of employees	55	47	44	36	33
Ratios					
Return on assets	11.5%	8.8%	11.3%	17.7%	8.4%
Solvency ratio	73.3%	71.8%	81.5%	81.6%	73.1%
Return on equity	11.8%	10.6%	11.4%	17.8%	9.0%

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 stationery rotary lobe blowers.

Busch Vakuumtechnik A/S is a subsidiary of Busch SE based in Germany. Busch SE provides leading edge vacuum and overpressure technology worldwide. Busch SE seeks prosperity and growth through creating the highest value for our customers.

Busch SE is a privately owned company by the Busch family and therefore we as a global company are more adaptable by allowing quick decision-making, focusing on long-term goals and maintaining confidentiality towards our customers. As a privately owned company with a more direct organization with fewer layers and less pressure from external sources, we can swiftly respond to market changes, fostering agility and innovation. As a market leader for vacuum applications in Denmark and a vacuum pump manufacturer, Busch will continue our high customer focus to bring the highest value to our customers in good vacuum solution and long-term cooperation.

Development in the year

The income statement of the Company for 2025 shows a profit of DKK 8,425,648 and on 31 December 2025 the balance sheet of the Company shows an equity of DKK 68,910,614. The result exceeds budgeted expectations, driven by a more favorable product mix and higher than anticipated demand for more system solutions, resulting in a positive return. The activity level for the year is in line with expected according to the budget, but with a slow start to the year. As for most of Europe Q1 and Q2 was very slow for Busch Vakuumtechnik A/S, but we recovered in Q3 and Q4 with a very high activity level in both OEM and End customer business.

In the constant changing markets Busch Vakuumtechnik A/S managed to sell and support OEM and End customers from food applications till Pharma applications with good turnkey project and service sales in 2025 and still with an acceptable back log of project orders into 2026.

Special risks - operating risks and financial risks

The Company is self-financed, it only has minor foreign exchange risks and has a stable and large customer base, in which none of the customers are at such a volume that it makes the company vulnerable.

We still see an unbalanced and reluctant market situation in Europe affected by a fluctuating world market of demand that has a negative effect on the current delivery situation and a negative effect on the total cost base of the financial year 2025. The financial year of 2025 has been significantly affected by the unstable market situation in Europe and worldwide which we can see is reflected in lower sales to small Danish OEM export customers shifted to more sales to turnkey projects in Denmark.

Research and development

During the year the company has invested regularly in the further development of the product portfolio to adapt our solution thinking toward design of the vacuum systems that successfully covers the demand for low energy solutions in Denmark. With the introduction and dealership of Busch Group brand Pfeiffer vacuum and the wide product portfolio targeting R&D we see an increasing request for even more energy saving solutions from Busch that gives the customers long term CO2 savings and production up time benefits.

External environment

Busch Vakuumtechnik A/S works purposefully with ESG and in 2025 we prepared our first ESG report for 2024. We have set goals and have launched initiatives to reduce our climate footprint, strengthen well-being and the working environment, and clarify our values and business ethics. Our work is part of the Busch Group's global work and goal of reporting on ESG in accordance with applicable regulations in the EU.

Management's review

Intellectual capital resources

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

Expected future development

The expectations for 2026 are very positive in relation to the end customer business, however the Company expects only a minor increase in sales to OEM customers due to the general marked situation and ongoing war in Ukraine and Europe trade situation with USA. Busch Vakuumtechnik A/S is the official distributor of Pfeiffer Vacuum products, which will cover products for the R&D and semiconductor segment in Denmark and will add to more market share in Denmark. The profit for 2026 is expected to be between DKK 10 - 13 million before tax.

Subsequent events

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

Income statement 1 January - 31 December

(DKK)	Note	2025	2024
Gross profit		29,533,929	28,452,631
Distribution expenses	1	-11,559,874	-11,527,525
Administrative expenses	1	-7,155,233	-7,897,548
Profit/loss before financial income and expenses		10,818,822	9,027,558
Financial income		185,633	553,848
Financial expenses		-197,907	-975
Profit/loss before tax		10,806,548	9,580,431
Tax on profit/loss for the year	2	-2,380,897	-2,140,150
Net profit/loss for the year	3	8,425,651	7,440,281

Balance sheet 31 December

Assets

(DKK)	Note	2025	2024
Acquired other similar rights		802,032	0
Intangible assets	4	802,032	0
Land and buildings		7,726,339	8,190,241
Plant and machinery		1,025,389	518,195
Other fixtures and fittings, tools and equipment		454,778	936,587
Property, plant and equipment	5	9,206,506	9,645,023
Fixed assets		10,008,538	9,645,023
Inventories	6	24,288,447	24,257,971
Trade receivables		34,432,505	35,608,215
Receivables from group enterprises		383,163	847,926
Other receivables		219,407	235,751
Corporation tax		151,894	0
Prepayments	7	400,850	399,655
Receivables		35,587,819	37,091,547
Cash at bank and in hand		24,160,865	31,294,816
Current assets		84,037,131	92,644,334
Assets		94,045,669	102,289,357

Balance sheet 31 December

Liabilities and equity

(DKK)	Note	2025	2024
Share capital	8	3,500,000	3,500,000
Retained earnings		62,410,617	56,984,966
Proposed dividend for the year		3,000,000	13,000,000
Equity		68,910,617	73,484,966
Provision for deferred tax	9	129,600	246,800
Other provisions	10	966,967	773,181
Provisions		1,096,567	1,019,981
Credit institutions		15,782	25,880
Prepayments received from customers		145,404	6,511,487
Trade payables		2,565,005	1,776,215
Payables to group enterprises		16,015,078	13,906,348
Corporation tax		0	209,687
Other payables		5,234,738	5,309,507
Deferred income	11	62,478	45,286
Short-term debt		24,038,485	27,784,410
Debt		24,038,485	27,784,410
Liabilities and equity		94,045,669	102,289,357
Contingent assets, liabilities and other financial obligations	14		
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Statement of changes in equity

(DKK)	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2025	3,500,000	56,984,966	13,000,000	73,484,966
Ordinary dividend paid	0	0	-13,000,000	-13,000,000
Net profit/loss for the year	0	5,425,651	3,000,000	8,425,651
Equity at 31 December 2025	3,500,000	62,410,617	3,000,000	68,910,617

(DKK)	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2024	3,500,000	62,544,685	1,500,000	67,544,685
Ordinary dividend paid	0	0	-1,500,000	-1,500,000
Net profit/loss for the year	0	-5,559,719	13,000,000	7,440,281
Equity at 31 December 2024	3,500,000	56,984,966	13,000,000	73,484,966

Cash flow statement 1 January - 31 December

(DKK)	Note	2025	2024
Result of the year		8,425,651	7,440,281
Adjustments	12	3,757,528	3,118,455
Change in working capital	13	-1,707,208	12,900,825
Cash flow from operations before financial items		10,475,971	23,459,561
Financial income		185,633	553,848
Financial expenses		-197,907	-975
Cash flows from ordinary activities		10,463,697	24,012,434
Corporation tax paid		-2,859,678	-2,301,599
Cash flows from operating activities		7,604,019	21,710,835
Purchase of intangible assets		-833,196	0
Purchase of property, plant and equipment		-894,676	-540,465
Cash flows from investing activities		-1,727,872	-540,465
Dividend paid		-13,000,000	-1,500,000
Cash flows from financing activities		-13,000,000	-1,500,000
Change in cash and cash equivalents		-7,123,853	19,670,370
Cash and cash equivalents at 1 January		31,268,936	11,598,566
Cash and cash equivalents at 31 December		24,145,083	31,268,936
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		24,160,865	31,294,816
Overdraft facility		-15,782	-25,880
Cash and cash equivalents at 31 December		24,145,083	31,268,936

Notes to the Financial Statements

1. Staff

(DKK)	2025	2024
Wages and salaries	29,513,392	25,417,675
Pensions	3,092,609	2,366,660
Other social security expenses	721,099	570,678
	33,327,100	28,355,013
Wages and salaries etc. are recognised in the following items:		
Production expenses	20,907,184	17,991,710
Distribution expenses	8,666,131	6,675,863
Administrative expenses	3,753,785	3,687,440
	33,327,100	28,355,013
Including remuneration to the Executive Board	2,366,161	2,258,249
Average number of employees	55	47

2. Income tax expense

(DKK)	2025	2024
Current tax for the year	2,498,106	2,175,687
Deferred tax for the year	-117,200	-54,800
Adjustment of tax concerning previous years	-9	19,263
	2,380,897	2,140,150

3. Profit allocation

(DKK)	2025	2024
Proposed dividend for the year	3,000,000	13,000,000
Retained earnings	5,425,651	-5,559,719
	8,425,651	7,440,281

Notes to the Financial Statements

4. Intangible fixed assets

(DKK)	Acquired other similar rights
Cost at 1 January	0
Additions for the year	833,197
Cost at 31 December	833,197
Impairment losses and amortisation at 1 January	0
Amortisation for the year	31,165
Impairment losses and amortisation at 31 December	31,165
Carrying amount at 31 December	802,032

5. Property, plant and equipment

(DKK)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost at 1 January	21,071,015	3,296,111	7,330,816
Additions for the year	0	775,906	118,770
Disposals for the year	0	0	-18,670
Cost at 31 December	21,071,015	4,072,017	7,430,916
Impairment losses and depreciation at 1 January	12,880,774	2,777,916	6,394,229
Depreciation for the year	463,902	268,712	600,579
Reversal of impairment and depreciation of sold assets	0	0	-18,670
Impairment losses and depreciation at 31 December	13,344,676	3,046,628	6,976,138
Carrying amount at 31 December	7,726,339	1,025,389	454,778
Amortised over	10-30 years	3-5 years	3-5 years

6. Inventories

(DKK)	2025	2024
Work in progress	325,247	714,699
Finished goods and goods for resale	22,513,856	23,299,695
Prepayments for goods	1,449,344	243,577
	24,288,447	24,257,971

Notes to the Financial Statements

7. Prepayments

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

8. Share capital

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.

9. Provision for deferred tax

(DKK)	2025	2024
Property, plant and equipment	208,800	246,800
Other liabilities	-79,200	0
	129,600	246,800

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

10. Other provisions

(DKK)	2025	2024
Guarantee provisions	966,967	773,181
	966,967	773,181

The provisions are expected to mature as follows:

Within 1 year	569,562	455,418
Between 1 and 5 years	397,405	317,763
After 5 years	0	0
	966,967	773,181

11. Deferred income

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

Notes to the Financial Statements

12. Cash flow statement - Adjustments

(DKK)	2025	2024
Financial income	-185,633	-553,848
Financial expenses	197,907	975
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,364,357	1,531,178
Tax on profit/loss for the year	2,380,897	2,140,150
	3,757,528	3,118,455

13. Cash flow statement - Change in working capital

(DKK)	2025	2024
Change in inventories	-30,476	-2,961,202
Change in receivables	1,655,622	2,207,938
Change in other provisions	193,786	-132,151
Change in trade payables, etc	-3,526,140	13,786,240
	-1,707,208	12,900,825

14. Contingent assets, liabilities and other financial obligations

(DKK)	2025	2024
Rental and lease obligations		
Lease obligations, period of non-terminability 6 months:	77,753	96,294
Guarantee obligations		
The Company's bank have provided a working guarantee against business partners of:	6,299,195	5,864,370

Other financial obligations

The Company has entered into mutually binding agreements with its sourcing suppliers for delivery of goods during the financial year 2026 amounting to DKK 16,589,967

Notes to the Financial Statements

15. Related parties

Basis

Controlling interest

Dr.-Ing. Karl Busch Holding GmbH, Sisseln, Switzerland	Main shareholder
Busch Holding GmbH & Co. KG, 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, Sisseln, Switzerland

16. Subsequent events

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

Notes to the Financial Statements

17. Accounting policies

The Annual Report of Busch Vakuumtechnik A/S for 2025 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 2025 are presented in DKK.

Recognition and measurement

Revenue are recognised in 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. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

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 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.

Notes to the Financial Statements

17. Accounting policies (continued)

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.

Production expenses

Production expenses comprise 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

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

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.

Notes to the Financial Statements

17. Accounting policies (continued)

Balance sheet

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 year.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. 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	10-30 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.

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.

Notes to the Financial Statements

17. Accounting policies (continued)

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.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend 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 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

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 liabilities

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.

Notes to the Financial Statements

17. Accounting policies (continued)

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

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