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**VESTAS INDUSTRIAL COOLING APS**  
**SMED HANSENS VEJ 13, 6940 LEM ST**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2023**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 28 May 2024**

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**Claus Munkholm**

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**COMPANY DETAILS**

<b>Company</b>	Vestas Industrial Cooling ApS Smed Hansens Vej 13 6940 Lem St  CVR No.: 41 34 38 42 Municipality: Ringkøbing-Skjern Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Ib Sand Nykjær, chairman
<b>Executive Board</b>	Claus Munkholm
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg
<b>Law Firm</b>	Elmann Advokatpartnerskab Stokholmgade 41 2100 Copenhagen

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Vestas Industrial Cooling ApS for the financial year 1 January - 31 December 2023.

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

In my opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in my opinion a fair presentation of the matters dealt with in the Commentary.

I recommend the Annual Report be approved at the Annual General Meeting.

Lem st., 28 May 2024

Executive Board

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Claus Munkholm

Board of Directors

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Ib Sand Nykjær  
Chairman

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of Vestas Industrial Cooling ApS

#### Opinion

We have audited the Financial Statements of Vestas Industrial Cooling ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. 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 assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### 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 skepticism 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.

## INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 of Management Commentary.

Esbjerg, 28 May 2024

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Lasse L. Wolff  
State Authorised Public Accountant  
MNE no. mne35802

## MANAGEMENT COMMENTARY

### **Principal activities**

The company's primary activities have comprised of production, service and sale of cooling towers and dry coolers.

### **Recognition and measurement uncertainty**

The company recognizes Contract work in progress at expected sales value in relation to the project's financial stage (the production method).

The company has ongoing cases which extend over multiple accounting periods, why unforeseen future conditions can affect the measurement of these projects both positively and negatively.

Reference is made to note 12 of the annual report.

### **Development in activities and financial and economic position**

The income statement of the Company for 2023 shows a loss of DKK 3,108,532, and at 31 December 2023 the balance sheet of the Company shows equity of DKK 2,067,378. The result of the year is considered unsatisfying.

The overall reason for the loss is related to price increases on purchased and consumed raw materials and components for executed customer orders, on which it were not possible to obtain price compensations from customers.

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	2023 DKK	2022 DKK
<b>GROSS PROFIT</b> .....		<b>9.336.267</b>	<b>3.736.860</b>
Staff costs.....	1	-12.868.061	-9.311.997
Depreciation, amortisation and impairment losses for tangible and intangible assets.....		-84.405	-150.099
<b>OPERATING LOSS</b> .....		<b>-3.616.199</b>	<b>-5.725.236</b>
Other financial income.....	2	94.609	28.342
Other financial expenses.....	3	-349.022	-215.150
<b>LOSS BEFORE TAX</b> .....		<b>-3.870.612</b>	<b>-5.912.044</b>
Tax on profit/loss for the year.....	4	512.080	1.301.000
<b>LOSS FOR THE YEAR</b> .....		<b>-3.358.532</b>	<b>-4.611.044</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		-3.358.532	-4.611.044
<b>TOTAL</b> .....		<b>-3.358.532</b>	<b>-4.611.044</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Acquired concessions, patents, licences, trademarks and similar rights.....		22.952	30.000
<b>Intangible assets.....</b>	<b>5</b>	<b>22.952</b>	<b>30.000</b>
Production plant and machinery.....		154.652	503.668
Other plant, fixtures and equipment.....		43.120	58.982
<b>Property, plant and equipment.....</b>	<b>6</b>	<b>197.772</b>	<b>562.650</b>
<b>NON-CURRENT ASSETS.....</b>		<b>220.724</b>	<b>592.650</b>
Expenses for raw materials and consumables.....		1.122.558	1.242.383
Finished goods and goods for resale.....		86.592	553.804
<b>Inventories.....</b>		<b>1.209.150</b>	<b>1.796.187</b>
Trade receivables.....		7.429.745	9.525.497
Contract work in progress.....	7	4.847.249	4.527.247
Receivables from group enterprises.....		894.779	365.322
Deferred tax assets.....	8	1.187.000	1.187.000
Other receivables.....		0	109.895
<b>Receivables.....</b>		<b>14.358.773</b>	<b>15.714.961</b>
<b>Cash and cash equivalents.....</b>		<b>1.149.551</b>	<b>1.240.554</b>
<b>CURRENT ASSETS.....</b>		<b>16.717.474</b>	<b>18.751.702</b>
<b>ASSETS.....</b>		<b>16.938.198</b>	<b>19.344.352</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....		100.000	100.000
Retained earnings.....		1.967.378	1.518.930
<b>EQUITY.....</b>		<b>2.067.378</b>	<b>1.618.930</b>
Other provisions.....	9	250.768	636.235
<b>PROVISIONS.....</b>		<b>250.768</b>	<b>636.235</b>
Bank debt.....		1.839.600	0
Contract work in progress.....	7	2.203.569	2.069.179
Prepayments from customers.....		995.748	196.516
Trade payables.....		6.363.135	5.637.125
Debt to Group companies.....		887.670	8.564.923
Other liabilities.....		2.330.330	621.444
<b>Current liabilities.....</b>		<b>14.620.052</b>	<b>17.089.187</b>
<b>LIABILITIES.....</b>		<b>14.620.052</b>	<b>17.089.187</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>16.938.198</b>	<b>19.344.352</b>
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## EQUITY

	Share Capital	Retained earnings	Total
Equity at 1 January 2023.....	100.000	1.518.930	1.618.930
Proposed profit allocation.....		-3.358.532	-3.358.532
Contribution from Group.....		3.806.980	3.806.980
<b>Equity at 31 December 2023.....</b>	<b>100.000</b>	<b>1.967.378</b>	<b>2.067.378</b>

## NOTES

	2023 DKK	2022 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of full time employees	15	14	
Wages and salaries.....	11.959.538	8.835.340	
Pensions.....	857.586	430.085	
Social security costs.....	50.937	46.572	
	<b>12.868.061</b>	<b>9.311.997</b>	
<b>Other financial income</b>			<b>2</b>
Interest income from group enterprises.....	17.377	7.163	
Other interest income.....	77.232	21.179	
	<b>94.609</b>	<b>28.342</b>	
<b>Other financial expenses</b>			<b>3</b>
Interest expenses to group enterprises.....	249.059	200.000	
Other interest expenses.....	99.963	15.150	
	<b>349.022</b>	<b>215.150</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Adjustment of tax in previous years.....	-512.080	0	
Adjustment of deferred tax.....	0	-1.301.000	
	<b>-512.080</b>	<b>-1.301.000</b>	
<b>Intangible assets</b>			<b>5</b>
		Acquired concessions, patents, licences, trademarks and similar rights	
Cost at 1 January 2023.....		50.000	
Additions.....		3.575	
<b>Cost at 31 December 2023.....</b>		<b>53.575</b>	
Amortisation at 1 January 2023.....		20.000	
Amortisation for the year.....		10.623	
<b>Amortisation at 31 December 2023.....</b>		<b>30.623</b>	
<b>Carrying amount at 31 December 2023.....</b>		<b>22.952</b>	

## NOTES

			Note
<b>Property, plant and equipment</b>			<b>6</b>
	Production plant and machinery	Other plant, fixtures and equipment	
Cost at 1 January 2023.....	721.480	119.383	
Additions.....	116.488	0	
Disposals.....	-639.349	0	
<b>Cost at 31 December 2023.....</b>	<b>198.619</b>	<b>119.383</b>	
Depreciation and impairment losses at 1 January 2023.....	217.812	60.400	
Reversal of depreciation of assets disposed of.....	-231.764	0	
Depreciation for the year.....	57.919	15.863	
<b>Depreciation and impairment losses at 31 December 2023...</b>	<b>43.967</b>	<b>76.263</b>	
<b>Carrying amount at 31 December 2023.....</b>	<b>154.652</b>	<b>43.120</b>	
<b>Contract work in progress</b>			<b>7</b>
Sales value of completed work.....	35.530.622	18.061.724	
Progress invoicing/advances received.....	-32.886.942	-15.603.656	
<b>Contract work in progress, net.....</b>	<b>2.643.680</b>	<b>2.458.068</b>	
Recognised as follows			
Contract work in progress (asset).....	4.847.249	4.527.247	
Contract work in progress (liability).....	-2.203.569	-2.069.179	
	<b>2.643.680</b>	<b>2.458.068</b>	
<b>Deferred tax assets</b>			<b>8</b>
The provision for deferred tax is related to differences between the carrying amount and tax value of receivables, intangible and tangible fixed assets, and tax losses carried forward.			
	<b>2023</b>	<b>2022</b>	
	DKK	DKK	
Deferred tax assets, beginning of year.....	1.187.000	1.187.000	
<b>Deferred tax assets 31 December 2023.....</b>	<b>1.187.000</b>	<b>1.187.000</b>	
Deferred tax assets is expected to be utilised within the next 3 to 5 years. The company has a deferred tax asset of DKK 339k which has not been recognised as a deferred tax asset in the balance sheet, as it is uncertain whether or when the tax asset can be utilized.			
<b>Other provisions</b>			<b>9</b>
Other provisions consist of expected warranty obligations and expected loss on contract work in progress.			

NOTES

	<b>Note</b>
<b>Contingencies etc.</b>	<b>10</b>

  

	<b>2023</b>	<b>2022</b>
	DKK	DKK
Lease liabilities (operating leases), the payment is due:		
Within 1 year.....	420.799	482.756
Between 1 and 5 years.....	315.319	736.117
	<b>736.118</b>	<b>1.218.873</b>

**Joint liabilities**

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group’s joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group’s joint taxable income is stated in the annual report of M. Grunnet Holding A/S, which serves as management Company for the joint taxation.

**Going concern assumptions**

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To support the company in 2024 the parent company has issued a "letter of support":

“We Vestas Aircoil A/S, Lem St., Denmark confirm that, in the period up to 31 December 2024 Vestas Aircoil A/S shall be committed, on demand at one or more times, to contribute to Vestas Industrial Cooling ApS the cash funds necessary for Vestas Industrial Cooling ApS to meet its obligations as they mature.

The contribution of cash funds shall take place by way of equity, as capital increase or a tax-exempt group contribution, or as loan capital by the granting of monetary loans, falling due for payment on 31 December 2024 at the earliest, and which, on the part of Vestas Aircoil A/S, are interminable in the period up to 31 December 2024, and by an amount, which the Board of Directors of Vestas Industrial Cooling ApS estimates is sufficient for Vestas Industrial Cooling ApS to meet its obligations as they mature.

This letter of support shall remain in force regardless of whether capital is contributed to Vestas Industrial Cooling ApS during the period. This letter of support guaranteeing contribution of cash funds shall be irrevocable and may without any special terms or conditions be enforced by the Board of Directors of Vestas Industrial Cooling ApS.”

On the basis of the above, the cash resources are expected to be sufficient to carry out the planned operations until the end of the financial year.

**Information on significant uncertainties at recognition and measurement**

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The annual report is prepared on the basis of special assumptions, which entail the use of accounting estimates. These estimates are made by management in accordance with accounting policies and on the basis of historical experience as well as special assumptions that the management considers reasonable and realistic.

The accounting item "Contract work in progress" contains a significant accounting estimates.

## ACCOUNTING POLICIES

The Annual Report of Vestas Industrial Cooling ApS for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danish enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

## INCOME STATEMENT

### Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.

Sale of services is generally recognised on the basis of a measurable degree of completion, using straight-line recognition of services delivered over time in a regular pattern. Where the degree of completion is not measurable or the sales value or the total costs of completion are uncertain, revenue is recognised by the amount that the enterprise as a maximum believes to have a right to claim and is expected to be received for services delivered at the Balance Sheet date.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

### Costs of raw materials and consumables

Raw materials and consumables comprises the costs of raw materials and consumables used to reach the revenue for the year. Additionally, decrease or increase of inventories of raw materials and consumables for the year is included, as well as normal impairment of inventories of raw materials and consumables.

### Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

### Changes in inventories of finished goods and goods in process

Changes in inventories of finished goods and goods in process comprise decrease or increase of inventories for the year as a result of costs of raw materials and consumables as well as staff costs. Additionally, normal impairment of inventories of finished goods is included.

### Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

**ACCOUNTING POLICIES**

**Financial income and expenses**

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from debt and transactions in foreign currencies etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

**Tax**

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

**BALANCE SHEET**

**Intangible fixed assets**

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount. The amortisation periods used are 5 years.

**Tangible fixed assets**

Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life
Production plant and machinery.....	8 years
Other plant, fixtures and equipment.....	5 years

Estimated useful lives and residual values are reassessed annually.

Assets acquired on the 1st of January 2021 are depreciated based on the original estimated useful lives, that range from 1 to 8 years.

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

**Impairment of fixed assets**

The carrying amount of intangible fixed and tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

## ACCOUNTING POLICIES

### Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct production cost.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

### Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress. The stage of completion is determined based on an assessment of the work performed, usually calculated as the relation between the costs incurred and the total expected costs for the contract in question.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

### Cash and cash equivalents

Cash and cash equivalents include cash at bank.

### Other provisions for liabilities

Other provisions comprise anticipated costs of non-recourse guarantee commitments and loss on contract work in progress.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

## ACCOUNTING POLICIES

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.