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# *Alimak Group Denmark A/S*

Adidasvej 2, DK-8653 Them

## Annual Report for 2024

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CVR No. 29 21 51 46

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 23/6 2025

Sylvain Grange  
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 Alimak Group Denmark A/S for the financial year 1 January - 31 December 2024.

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 2024 of the Company and of the results of the Company operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Them, 23 June 2025

## Executive Board

Jan Aaboe Jørgensen  
CEO

## Board of Directors

Jose Maria Murillo Nevot  
Chairman

Juan Jose Picapeo Campillo

Ingrid Sara Petersson Punkki

# Independent Auditor's report

To the shareholder of Alimak Group Denmark A/S

## Opinion

We have audited the Financial Statements of Alimak Group Denmark A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

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.

## 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 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.

# Independent Auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

## Statement on 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.

Aarhus, 23 June 2025

**EY Godkendt Revisionspartnerselskab**

*CVR No 30700228*

Lone N. Eskildsen

State-Authorised Public Accountant

mne32085

## Company information

<b>The Company</b>	Alimak Group Denmark A/S Adidasvej 2 DK-8653 Them  Website: Alimakgroup.com  CVR No: 29 21 51 46 Financial period: 1 January - 31 December Incorporated: 22 December 2005 Municipality of reg. office: Silkeborg
<b>Board of Directors</b>	Jose Maria Murillo Nevot, chairman Juan Jose Picapeo Campillo Ingrid Sara Petersson Punkki
<b>Executive Board</b>	Jan Aaboe Jørgensen
<b>Auditors</b>	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C

## Financial Highlights

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

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit	58,123	58,912	60,384	62,885	46,751
Profit/loss of primary operations	11,090	13,424	13,836	12,160	9,634
Profit/loss of financial income and expenses	24,969	46,935	6,976	12,022	38,036
Net profit/loss for the year	31,228	55,298	15,944	19,651	43,506
<b>Balance sheet</b>					
Balance sheet total	204,025	238,885	198,431	208,987	215,815
Investment in property, plant and equipment	1,321	1,077	88	860	680
Equity	180,288	219,060	183,762	187,818	198,168
Number of employees	44	44	45	49	48
<b>Ratios</b>					
Return on assets	5.4%	5.6%	7.0%	5.8%	4.5%
Solvency ratio	88.4%	91.7%	92.6%	89.9%	91.8%
Return on equity	15.6%	27.5%	8.6%	10.2%	19.2%

# Management's review

## Key activities

The company's and subsidiaries' key activities are the sale of internals for wind turbine towers, including service lifts, platforms for construction, lifts for industrial and construction, ascent aids, resting platforms and ladders with integrated fall protection systems.

## Development in the year

The income statement of the Company for 2024 shows a profit of DKK 31,227,896, and at 31 December 2024 the balance sheet of the Company shows a positive equity of DKK 180,288,342.

## The past year and follow-up on development expectations from last year

The result for the year is affected by financial income from subsidiaries, but normalized for this, the result is below 2023. The result is considered satisfactory by the management.

## Targets and expectations for the year ahead

In the coming year, the company expects a result from ordinary operations at the same level as the current financial year between DKK 27,000,000 to 32,000,000 .

## 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

	Note	2024	2023
		DKK	DKK
<b>Gross profit</b>		<b>58,123,284</b>	<b>58,911,712</b>
Distribution expenses		-1,557,542	-1,125,038
Development expenditure		-100,768	-213,460
Administrative expenses	1	-45,375,013	-44,149,564
<b>Profit/loss before financial income and expenses</b>		<b>11,089,961</b>	<b>13,423,650</b>
Income from investments in subsidiaries	2	22,896,893	45,977,882
Financial income	3	3,112,768	1,573,990
Financial expenses	4	-1,041,084	-617,103
<b>Profit/loss before tax</b>		<b>36,058,538</b>	<b>60,358,419</b>
Tax on profit/loss for the year	5	-4,830,642	-5,060,106
<b>Net profit/loss for the year</b>	6	<b>31,227,896</b>	<b>55,298,313</b>

## Balance sheet 31 December

### Assets

	Note	2024	2023
		DKK	DKK
Goodwill		56,207,854	64,789,035
<b>Intangible assets</b>	7	<b>56,207,854</b>	<b>64,789,035</b>
Land and buildings		10,536,831	10,485,010
Other fixtures and fittings, tools and equipment		1,814,458	1,263,905
<b>Property, plant and equipment</b>	8	<b>12,351,289</b>	<b>11,748,915</b>
Investments in subsidiaries	9	34,704,180	34,704,180
Other investments	10	65,279	65,279
Deposits	10	86,810	173,810
<b>Fixed asset investments</b>		<b>34,856,269</b>	<b>34,943,269</b>
<b>Fixed assets</b>		<b>103,415,412</b>	<b>111,481,219</b>
<b>Inventories</b>	11	<b>15,696,284</b>	<b>15,922,147</b>
Trade receivables		29,481,340	24,621,687
Receivables from group enterprises	12	53,890,717	75,730,560
Other receivables		0	5,706,553
Prepayments	13	843,145	384,459
<b>Receivables</b>		<b>84,215,202</b>	<b>106,443,259</b>
<b>Cash at bank and in hand</b>		<b>698,003</b>	<b>5,038,463</b>
<b>Current assets</b>		<b>100,609,489</b>	<b>127,403,869</b>
<b>Assets</b>		<b>204,024,901</b>	<b>238,885,088</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2024	2023
		DKK	DKK
Share capital	14	500,000	500,000
Retained earnings		129,788,342	148,560,446
Proposed dividend for the year		50,000,000	70,000,000
<b>Equity</b>		<b>180,288,342</b>	<b>219,060,446</b>
Provision for deferred tax	15	1,758,277	1,514,987
<b>Provisions</b>		<b>1,758,277</b>	<b>1,514,987</b>
Prepayments received from customers		0	1,432,152
Trade payables		7,090,941	8,098,763
Payables to group enterprises		10,775,362	4,170,541
Corporation tax		2,367,352	2,401,750
Other payables		1,744,627	2,206,449
<b>Short-term debt</b>		<b>21,978,282</b>	<b>18,309,655</b>
<b>Debt</b>		<b>21,978,282</b>	<b>18,309,655</b>
<b>Liabilities and equity</b>		<b>204,024,901</b>	<b>238,885,088</b>
Contingent assets, liabilities and other financial obligations	16		
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## Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	148,560,446	70,000,000	219,060,446
Ordinary dividend paid	0	0	-70,000,000	-70,000,000
Net profit/loss for the year	0	-18,772,104	50,000,000	31,227,896
<b>Equity at 31 December</b>	<b>500,000</b>	<b>129,788,342</b>	<b>50,000,000</b>	<b>180,288,342</b>

# Notes to the Financial Statements

	2024	2023
	DKK	DKK
<b>1. Staff</b>		
Wages and salaries	23,053,425	22,097,099
Pensions	3,097,870	3,218,164
Other social security expenses	446,919	333,819
Other staff expenses	1,286,892	1,130,652
	<u>27,885,106</u>	<u>26,779,734</u>
Wages and salaries etc. are recognised in the following items:		
Production expenses	6,285,953	5,935,633
Administrative expenses	21,599,153	20,844,101
	<u>27,885,106</u>	<u>26,779,734</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
Average number of employees	<u>44</u>	<u>44</u>
	2024	2023
	DKK	DKK
<b>2. Income from investments in subsidiaries</b>		
Dividend	22,896,893	45,977,882
	<u>22,896,893</u>	<u>45,977,882</u>
	2024	2023
	DKK	DKK
<b>3. Financial income</b>		
Interest from group enterprises	2,205,410	1,412,200
Other financial income	2,490	15,541
Exchange adjustments	342	0
Exchange gains	904,526	146,249
	<u>3,112,768</u>	<u>1,573,990</u>

## Notes to the Financial Statements

	<u>2024</u>	<u>2023</u>
	DKK	DKK
<b>4. Financial expenses</b>		
Interest to group enterprises	0	209,967
Other financial expenses	207,859	26,686
Exchange loss	833,225	380,450
	<u>1,041,084</u>	<u>617,103</u>
	<u>2024</u>	<u>2023</u>
	DKK	DKK
<b>5. Income tax expense</b>		
Current tax for the year	4,587,352	5,029,750
Deferred tax for the year	243,290	30,356
	<u>4,830,642</u>	<u>5,060,106</u>
	<u>2024</u>	<u>2023</u>
	DKK	DKK
<b>6. Profit allocation</b>		
Proposed dividend for the year	50,000,000	70,000,000
Retained earnings	-18,772,104	-14,701,687
	<u>31,227,896</u>	<u>55,298,313</u>

## Notes to the Financial Statements

### 7. Intangible fixed assets

	Goodwill
	DKK
Cost at 1 January	205,815,749
Cost at 31 December	<u>205,815,749</u>
Impairment losses and amortisation at 1 January	141,456,714
Amortisation for the year	<u>8,151,181</u>
Impairment losses and amortisation at 31 December	<u>149,607,895</u>
<b>Carrying amount at 31 December</b>	<b><u>56,207,854</u></b>

The amortization period for goodwill is determined taking into account the expected synergies and market benefits achieved through the acquisition of activities and mergers. The goodwill amount is reassessed annually, and there have been no indications of a change in the valuation, as the earnings picture has proceeded as expected.

### 8. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	16,204,867	10,190,802
Additions for the year	390,774	929,833
Disposals for the year	0	-380,541
Cost at 31 December	<u>16,595,641</u>	<u>10,740,094</u>
Impairment losses and depreciation at 1 January	5,719,857	8,928,897
Depreciation for the year	338,953	377,280
Reversal of impairment and depreciation of sold assets	0	-380,541
Impairment losses and depreciation at 31 December	<u>6,058,810</u>	<u>8,925,636</u>
<b>Carrying amount at 31 December</b>	<b><u>10,536,831</u></b>	<b><u>1,814,458</u></b>

## Notes to the Financial Statements

	2024	2023
	DKK	DKK
<b>9. Investments in subsidiaries</b>		
Cost at 1 January	56,793,247	56,793,247
Cost at 31 December	56,793,247	56,793,247
Value adjustments at 1 January	-22,089,067	-22,089,067
Value adjustments at 31 December	-22,089,067	-22,089,067
<b>Carrying amount at 31 December</b>	<b>34,704,180</b>	<b>34,704,180</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Avanti Wind Systems Co. Ltd.	Shanghai, China		100%	36,883,209	-431,904
Avanti Wind Systems S.L.	Zaragoza, Spain		100%	52,648,229	11,343,666
Avanti Wind Systems Technology S.L.	Zaragoza, Spain		100%	1,768,145	933,510
Avanti Wind Systems Instalaciones Servicios SL	Zaragoza, Spain		100%	1,412,762	357,889
Avanti Brasil Sistemas Eológicas LTDA.	Eusébio, Brazil		100%	3,793,590	5,257,676
				<b>96,505,935</b>	<b>17,460,837</b>

The most recently published annual reports are for the period 1 January - 31 December 2023.

## 10. Other fixed asset investments

	Other investments	Deposits
	DKK	DKK
Cost at 1 January	65,279	173,810
Disposals for the year	0	-87,000
Cost at 31 December	65,279	86,810
<b>Carrying amount at 31 December</b>	<b>65,279</b>	<b>86,810</b>

## Notes to the Financial Statements

	<u>2024</u>	<u>2023</u>
	DKK	DKK
<b>11. Inventories</b>		
Raw materials and consumables	13,245,146	13,089,651
Finished goods and goods for resale	<u>2,451,138</u>	<u>2,832,496</u>
	<b>15,696,284</b>	<b>15,922,147</b>
	<u>2024</u>	<u>2023</u>
	DKK	DKK
<b>12. Receivables from group enterprises</b>		
Receivables regarding cash-pool	52,265,014	74,456,370
Other receivables	<u>1,625,703</u>	<u>1,274,190</u>
	<b>53,890,717</b>	<b>75,730,560</b>
<b>13. Prepayments</b>		
Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions etc.		
<b>14. Share capital</b>		
The share capital consists of 10,000 shares of a nominal value of DKK 50. No shares carry any special rights.		
	<u>2024</u>	<u>2023</u>
	DKK	DKK
<b>15. Provision for deferred tax</b>		
Deferred tax liabilities at 1 January	1,514,987	1,484,631
Amounts recognised in the income statement for the year	<u>243,290</u>	<u>30,356</u>
<b>Deferred tax liabilities at 31 December</b>	<b>1,758,277</b>	<b>1,514,987</b>

## Notes to the Financial Statements

	<u>2024</u>	<u>2023</u>
	DKK	DKK
<b>16. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	441,275	458,528
Between 1 and 5 years	621,282	422,360
After 5 years	9,191	0
	<u>1,071,748</u>	<u>880,888</u>
Rental obligations, period of non-terminability period	470,709	670,878

### Other contingent liabilities

The company's banks have provided payment guarantees on behalf of the company for a total of 468 kDKK at 31 December 2024 (2023: kDKK 468).

# Notes to the Financial Statements

## 17. Related parties and disclosure of consolidated financial statements

	Basis		
<b>Controlling interest</b>			
Alimak Group Management AB	Parent company		
<b>Other related parties</b>			
<b>Transactions</b>			
		2024	2023
		DKK	DKK
Sale of goods to associates		12,820,000	15,496,000
Sale of services to associates		2,689,000	4,270,000
Purchase of goods from associates		35,415,000	20,923,000
Purchase of services from associates		9,623,000	11,254,000
Interest expenses		0	209,000
Interest income		2,205,000	1,412,000

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Alimak Group AB (largest group)	Blekhölmstorget 30, SE-111 64 Stockholm, Sweden
Alimak Group Management AB (smallest group)	Blekhölmstorget 30, SE-111 64 Stockholm, Sweden

The Group Annual Report of Alimak Group AB (largest group) may be obtained at the following address:

<https://corporate.alimakgroup.com/sv/alimak-group-publicerar-ars-och-hallbarhetsredovisningen-for-2024/>

## 18. Subsequent events

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

# Notes to the Financial Statements

## 19. Accounting policies

The Annual Report of Alimak Group Denmark A/S for 2024 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 2024 are presented in DKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024 of Alimak Group AB, the Company has not prepared consolidated financial statements.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Alimak Group AB, the Company has not prepared a cash flow statement.

### 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.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### 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. Gains and losses 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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes to the Financial Statements

## Income statement

### Revenue

The Company has chosen IAS 11 / IAS 18 as interpretation for revenue recognition.

Revenue from the sale of goods and services is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and 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, production expenses and other operating income.

### 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.

### Development expenditure

Development expenditure comprise costs in the form of salaries to staff in the development department as well as depreciation, etc.

### Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

### 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 intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

### Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of realised and unrealised exchange adjustments, price adjustment of securities as well as extra payments and repayment under the on-account taxation scheme.

# Notes to the Financial Statements

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Balance sheet

### Intangible fixed assets

#### *Goodwill*

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas.

Useful lifetime for goodwill is determined based on evaluation of strategic market position, synergies and market benefits achieved through the acquisition of activities and mergers.

### 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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	20-50 years
Other fixtures and fittings, tools and equipment	3-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

### Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

# Notes to the Financial Statements

## Other fixed asset investments

Other fixed asset investments consist of deposit.

## Inventories

Inventories are measured at the lower of cost under the FIFO method 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.

## 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.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions etc.

## Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a remaining term of three months or less that are subject to only minor risks of changes in value.

Due to the nature of the company's cash pool agreement, cash pool balances are not considered cash and cash equivalents but are recognized under receivables from group enterprises.

## Equity

### Dividend

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

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

## Notes to the Financial Statements

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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

### Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

### Financial liabilities

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

## 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	$\text{Net profit for the year} \times 100 / \text{Average equity}$