ANNUAL REPORT 2018

DANISH TECHNOLOGICAL INSTITUTE

Reg. no. 56 97 61 16

DANISH TECHNOLOGICAL INSTITUTE

Danish Technological Institute
Gregersensvej 1
2630 Taastrup
Tel: 72 20 20 00
Fax: 72 20 20 19
Website: www.dti.dk
Email: info@teknologisk.dk
Reg. no.: 56 97 61 16
Founded: 1906
Registered office: Taastrup
Financial year: 1 January to 31 December

Contents

Management's statement

The Board of Trustees and Executive Board have today reviewed and approved the annual report for 2018 for Danish Technological Institute.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the Institute's own financial statement give a true and fair view of the group and the Institute's assets, liabilities and financial standing as of 31 December 2018, the results of the group's and the Institute's activities and of the group's cash flow for the financial year of 1 January – 31 December 2018.

It is furthermore our opinion that the management's review gives an accurate description of the group's and institute's activities and financial standing, net profit or loss for the period and the financial position of the group and institute.

Taastrup, 19 March 2019

EXECUTIVE BOARD:

Søren Stjernqvist
CEO

BOARD OF TRUSTEES:

Clas Nylandsted Andersen Chairman	Søren F. Eriksen Deputy Chairman	Anders Bjarklev
Mikael Bay Hansen	Connie Hedegaard	Eva Bak Jacobsen
Carsten Jensen	Kim Lind Larsen	Niels Techen Nielsen

Independent Auditor’s Report

Auditor’s Report on the Financial Statements

Opinion

In our opinion, the Consolidated Financial Statements and the Financial Statements of the Institute give a true and fair view of the financial position of the Group and the Institute at 31 December 2018 and of the results of the Group’s and the Institute’s operations and consolidated cash flows for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Financial Statements of Danish Technological Institute for the financial year 1 January to 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes, including a summary of significant accounting policies, for the Institute as well as consolidated cash flow statement (“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 as well as public auditing standards as the audit is performed on the basis of the Audit Instructions for Auditors of GTS Institutes. 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 Danish Technological Institute in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional rules and requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 in 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 Consolidated Financial Statements and the Financial Statements of the Institute and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not observe any material misstatements in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and institute 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 Danish Technological Institute'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 Group or Danish Technological Institute 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 as well as public auditing standards 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 as well as public auditing standards, 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 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 Group's and the Institute'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Danish Technological Institute 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 Group and Danish Technological Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures in the notes, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Institutes or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for the transactions comprised by the financial reporting being in accordance with the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. Management is also responsible for due financial consideration having been made in the administration of the funds and the operation of the Institutes comprised by the Financial Statements. In this connection, Management is responsible for establishing systems and processes that support economy, productivity and efficiency.

In connection with our audit of the Financial Statements, it is our responsibility to perform a compliance audit and a performance audit of selected subject matters in accordance with public auditing standards. During our compliance audit, we verify with reasonable assurance for the subject matters selected whether the examined transactions comprised by the financial reporting are in accordance with the relevant provisions relating to the grants given, legislation and other regulations as well as with agreements concluded and generally accepted practice. During our performance audit, we assess with reasonable assurance whether the systems, processes or transactions examined support due financial consideration made in the administration of the funds and the operation of the Institutes comprised by the Financial Statements.

If, on the basis of the work performed, we conclude that our audit gives rise to material critical comments, we are to report on these in this statement.

We do not have any material critical comments to report in this respect.

Hellerup, 10 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant

Company details

Danish Technological Institute
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Executive Board
Søren Stjernqvist

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Group chart as at 31 December 2018

Danish Technological Institute
Reg. no.: 56 97 61 16

SUBSIDIARIES

DANISH

Dancert A/S
100%
Reg. no.: 29 51 20 94

Danfysik A/S
100%
Reg. no.: 31 93 48 26

Teknologisk Innovation A/S
100%
Reg. no.: 20 66 56 45

FOREIGN

Teknologisk Institut AB, Sverige
100%
Reg. no.: 556456-9894

DTI Spain S.L., Spain
67%
Reg. no.: B-65573784

FINANCIAL HIGHLIGHTS FOR THE GROUP

EURm	2018	2017	2016	2015	2014
Financial ratios					
Net turnover	150.5	151.1	150.0	136.6	145.6
Operating profit or loss	5.7	5.2	3.4	6.4	4.6
Financial items	-0.2	0.0	-0.3	0.3	-0.3
Tax on profit or loss from ordinary activities	0.1	0.5	0.4	0.0	-0.1
Net profit or loss for the year	**5.6**	**5.7**	**3.5**	**6.7**	**4.2**
Balance sheet total	150.0	143.3	134.6	122.2	113.6
Equity attributed to parent company	**95.4**	**90.3**	**84.3**	**80.6**	**74.1**
Cash flow from operating activities	14.1	10.7	10.3	13.0	2.5
Cash flow from investment activities	7.6	5.4	23.6	2.0	-14.1
Of which investment in property, plant and equipment	7.8	5.3	4.0	3.1	13.7
Cash flow from financial activities	-1.5	-3.4	11.4	0.1	0.0
Total cash flow	1.2	8.9	-11.7	15.0	-11.7
Financial ratios					
Profit margin	3.7	3.5	2.2	4,7	3.1
Solvency ratio	63.6	63.0	62.6	66.0	65.1
Liquidity ratio	121.8	119.0	112.0	156.4	125.7
Development financed by operations	7.7	8.0	8.9	9.2	8.6
Average number of full-time employees	**1,009**	**1,041**	**1,074**	**1,004**	**1,055**

Definitions and terms are stated under 'Accounting policies applied'.

Review

Main activities

Danish Technological Institute (DTI) is an independent and non-profit research and development institute. We work innovatively to improve the competitiveness of industry and commerce, social welfare and human lives. Technology is the means – progress the goal.

We believe that technology can improve industry and commerce, society and human life. We build bridges between science and enterprises, between technology and people. Our specialists apply the latest knowledge, using world-class facilities. We create usable solutions for: Agroindustry, Construction, Energy, Business, Foods, Climate, Life Science, Materials and Production. We promote innovative competences in businesses, organisations and individuals.

A strong DTI creates strong Danish businesses, and the means to do so are strong technological services that create innovation.

That is the reason why DTI exists.

The Institute creates results by conducting research and development, along with commercial activities. The interplay between the undertaking of these core activities is key to the Institute's business model, and therefore also to its strategic development.

That interplay unfolds in the following fields:

Energy and Climate

Since the first Energy Crisis in the 1970s, the Institute has played a central role within energy and climate. We have been one of the front-runners in the development and transformation of the Danish energy system – focusing on energy-efficiency and the roll-out of sustainable energy.

A strong expert profile, cutting edge laboratories and a close relationship to the industry, the Institute is one of the driving forces within specialist fields such as solar energy, heat pumps and biofuels. The Institute's many activities within energy efficiency help place it as a key resource within the reduction of energy consumption.

Materials

Industrial utilisation of the potential of new materials is a strategic position of strength for the Institute, as the correct choice and use of materials is vital to the growth potential of industry.

Optimum use of new, innovative materials will enable Danish enterprises to compete on parameters such as advanced production and products with unique functional features, on a highly competitive global market. This means that smart design has to be conceived in line with utilisation of the potential of materials in new ways, and that smart design can be scaled to industrial production.

Life Science

Within Life Science, the Institute creates new products and services that make society cleaner, safer and more sustainable.
This is a field in which we have a solid position of strength, founded on a team of over 90 specialised personnel. From our state-of-the-art facilities, we provide consultancy, laboratory analyses, pilot scale tests and product development in close consultation with our customers.

Production

The Institute is the biggest centre of expertise in Northern Europe within automation and robot technology, and through its dialogue with over 1,000 enterprises a year, is a hub for the development and dissemination of new robot and automation solutions for industry. We are also the Danish partner in several large-scale European initiatives within robot technology, including technology transfer and acceleration programmes for start- and scale-ups.

The need of industry for nanomaterials and related digital production technologies is addressed in state-of-the-art micro- and nano production facilities. The most recent is a laboratory for the manufacture of digital ink jet print, for such applications as sensors and tags.

Building and Construction

The Institute is Denmark's biggest and leading centre of expertise within building materials, and provides expert knowledge on such materials throughout their life cycle – from development to demolition and recycling.

Denmark's buildings represent an asset worth EUR 671 billion. Over two billion tonnes of building materials are used annually within the EU alone. 40-50% of the world's consumption of resources go to building and construction, which is why this industry accounts for one third of all refuse and waste. The development and improvement of building materials can thus help increase sustainability, through optimising production processes, forms of use, maintenance and recycling.

Business and Society

The ability to create innovation, new products, services and business models, and to ensure the right skills are available through education and training of employees and management, represents a strategic position of strength for the Institute. We work hard to develop human innovation capacity and a healthy culture of innovation as the foundation for competitive enterprises and organisations.

DMRI

The food industry represents a considerable part of Danish industry, and accounts not only for many jobs, but also significant value creation, with export earnings equivalent to 25% of total Danish goods exported.
The Institute is the meat industry's world-leader for expertise and know-how.
We develop technology and know-how to the benefit of the meat industry and the many suppliers of technology founded as a result of its success.

The Institute possesses a unique skill set with regard to the value chain from farm to table, in relation to processing livestock into a healthy meal.

AgroTech

The key to continued progress and more exports for the Danish agroindustry lies in boosting the ability of its enterprises to exploit the opportunities offered by new knowledge and technology. The Institute's position of strength is the development of technology for farming, food and bio-resources. We constantly extend and improve our skills, laboratories and equipment, helping our customers to exploit the opportunities that arise from technological breakthroughs within process technologies, biotechnology and digitisation.

Development in activities and financial standing
Danish Technological Institute made a profit of EUR 5.6 million in 2018, which was EUR 1.5 million higher than budget.

Total turnover for the group comprised EUR 150.5 million, a fall of EUR 0.6 million compared to 2017. Behind the stagnating turnover, the parent company achieved an increase of EUR 3.1 million. Two subsidiaries: Teknologisk Institut Sverige AB and Danfysik A/S, accounted for the fall in revenue.

The Institute's revenues primarily stem from commercial activities and R&D activities, including under performance-related contract activities. Group commercial turnover comprised EUR 101.2 million, a fall of EUR 1.0 million compared to the previous year. The parent company's commercial turnover comprised EUR 81.1 million compared to EUR 78.8 million in 2017.
R&D plus performance-related contract turnover for the group comprised EUR 49.3 million, compared to EUR 48.9 million in 2017. That represents 32.8% of total turnover, compared to 32.4% in 2017.

Self-financed development activities accounted for EUR 11.6 million in 2018, a fall of 3.6% compared to the previous year.

Consolidated equity comprised EUR 95.3 million as at 31 December 2018, an increase of EUR 5.2 million, in line with profit for the year and value adjustment of forward contracts. The balance sheet total rose by EUR 6.9 million to EUR 150.0 million. (2017: EUR 143.3 million.). Cash flow from operations comprised EUR 10.3 million compared to EUR 17.7 million in 2017. The fall is primarily due to a drop in advance payments and reduction trade receivables and other short-term debt compared to 2017. Cash flow for investment comprised EUR 7.6 million, due to investment in property, plant and equipment. (2017: EUR 5.3 million.).

The Institute's financial reserves remain satisfactory, and comprised EUR 22.1 million at the end of 2018 (2017: EUR 17.8 million.).

Subsidiaries
After a couple of difficult years with problem orders and cutbacks, Danfysik A/S successfully turned the corner in the second half of 2018. Turnover amounted to EUR 12.8 million compared to EUR 14.1 million in 2017, resulting in a deficit of EUR 0.2 million compared to a deficit of EUR 1.9 million in 2017. Efforts to acquire more industrial customers continue, and on the research market, we are focusing on volume orders rather than one-off special orders. The growth in orders in 2018 was extremely high, with the budgeted turnover of EUR 14.1 million for 2019 already covered by orders received at the end of 2018. We have budgeted with a profit in 2019.

2018 was a year of change for Teknologisk Institut AB in Sweden. Targeted growth was not achieved, resulting in the dismissal of the CEO. In purely financial terms, the year was a disappointment. A new CEO has been appointed, and the cost base has been considerably reduced.
A rebuilding process will be required, which enjoys the support of all the personnel. Turnover in 2018 comprised EUR 6.5 million compared to EUR 8.5 million in 2017. The result represents a loss of EUR 0.03 million compared to a budgeted profit of EUR 0.5 million.

Our Spanish subsidiary, DTI Spain S.L., turned over EUR 0.7 million, making a profit of EUR 0.05 million. The year went well, with the sale of a number of DMRI services to the Spanish meat industry, along with IT solutions sold under the Nuna Solutions brand.

Special risks
The most significant risk faced by the Institute is related the management of R&D contracts, and long-term commercial work.

We take the appropriate measures to deal with that risk in our procedures, methods etc., and in our accounts.

The Institute's solid financial reserves mean that we are only marginally affected by changes in interest rates.

We have no significant currency exposure, nor any major risks concerning individual customers or partners.

Uncertainty in recognition or measurement
No uncertainty has arisen concerning recognition or measurement in the financial statements.

Unusual factors
The group's assets, liabilities and financial position as at 31 December 2018, plus profit or loss from its activities and cash flow for 2018 have not been subject to any unusual factors.

Events after balance sheet date
No significant events have occurred that have an impact on the financial statement since it was compiled.

Development in partner activities and gearing

The involvement of Danish enterprises of all sizes in R&D activities is key to the Institute's work. Their participation can be measured in terms of hours and investment.

The value of our R&D activities in 2018 reached EUR 60.9 million, with investment from enterprises comprising EUR 146.8 million. For each euro invested by funding sources and the Institute in R&D, enterprises thus invested EUR 0.32, equivalent to a gearing of 3.41.

As can be seen from the figure below, activities between 2012 and 2014 in particular were significantly higher than in the following years. This is at least partially due to the EU's Horizon 2020 Framework Programme for Research and Innovation primarily attracting large enterprises, able to a large extent to manage by themselves, and to the setting up of Innovation Fund Denmark, which overall has less funds at its disposal than the development programmes it replaced. What that means to the Institute is a drop of over 50% in project funding sourced from Danish programmes.

International activities

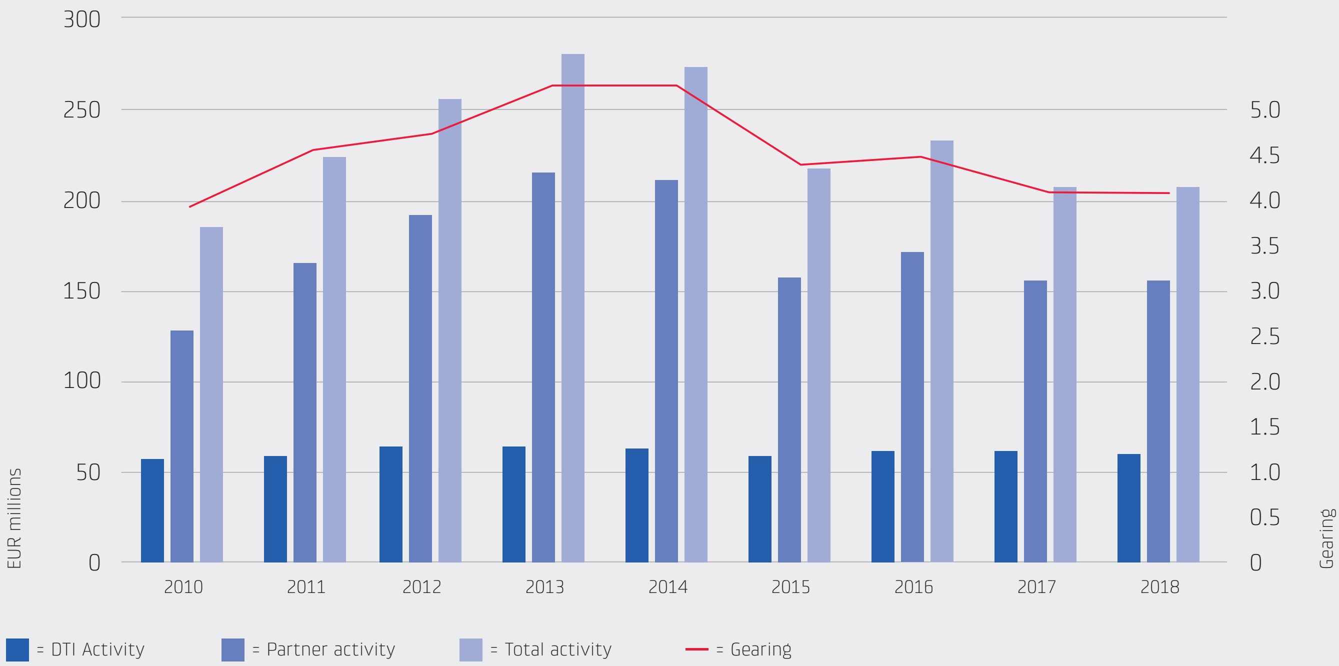
Revenues from international activities are generated from three streams: Export sales from the parent company (including R&D financed by such entities as the EU), revenues from the three foreign subsidiaries, and from Danfysik A/S. International revenues account for EUR 38.8 million (i.e. 25.8%) of group revenues of EUR 150.5 million. Compared to 2017, this represents a fall of EUR 2.3 million. The fall in international revenues is due to a fall in turnover in our subsidiaries, whilst the parent company's own international revenues rose from EUR 18.0 million to 19.1 million. International growth is part of the Institute's strategy, with regard to R&D and commercial sales. The rise in international revenues is also an absolute success criterion, as it helps ensure the best possible conditions for the Institute to be able to help Danish enterprises on a global market.

Evaluation of the Institute's work

Our principal task is to translate new knowledge into practical applications for industry and commerce. Measurement of customer satisfaction with the work we do is therefore very important.

TRENDS IN R&D ACTIVITIES

Danish Technological Institute (the parent company)



Our customers have been asked to evaluate the Institute's work based on the parameters of quality, delivery time, professionalism and loyalty/recommendation. The evaluation scale runs from 1 to 5, where 5 is the highest. It is satisfactory to note that despite the high precedent, the Institute continues to improve customer perception, and that overall satisfaction continues to grow. There was a slight dip concerning delivery times in 2018, which we will focus on in 2019.

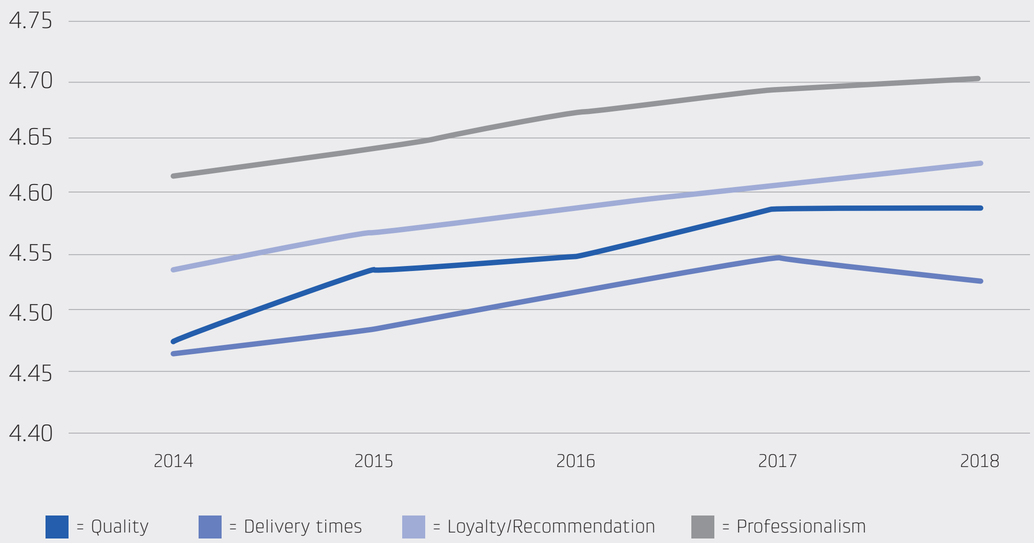
Investment

The parent company invested in property, plant and equipment to a value of EUR 7.8 million in 2018, an increase of 58% compared to 2017. A considerable sum was also invested in maintenance of the Institute's buildings.

The market for 3D print is in exponential growth, with potential revenues for Danish enterprises worth billions available over the next few years. DTI has therefore invested heavily in new, advanced 3D print facilities. Our investment should make it possible to demonstrate and develop the industrial potential inherent in 3D metal print within manufacturing in Denmark, while the Institute can run commercial production of fully-fabricated items for industry. The new technology means better opportunities than ever before to create items with more freedom of design, that are lighter and with a shorter production time. The technology has therefore already extended the boundaries for what is possible with 3D print in Denmark.

A new, advanced Danish Road Sector Test and Research Laboratory has been opened to support the development and documentation of the infrastructure of the future with regard to climate changes, environmental impact, noise reduction, fuel-savings and to develop energy-generating roads able to support autonomous vehicles. The laboratory opened in March 2019, and will provide a foundation on which the development, testing and consultancy activities can be provided to the road sector, including the Danish Road Directorate, manufacturers, contractors, municipalities, airports, consultants and utility companies.

CUSTOMER SATISFACTION
1 – 5



Within Tribology, we have invested around EUR 1.1 million in the latest HiPIMS platform. This puts DTI's paving technology at the very forefront of research and development, and the production of advanced, function-optimised road surfaces. Three new, highly wear-resistant road surfaces will be launched during the spring onto the commercial market, and the equipment will be used in a number of R&D projects, such as the "Cutting Edge" project, that has just received funding from Innovation Fund Denmark.

We have invested in a new IPT (Internal Pressure Testing) facility. The equipment facilitates the pressure testing of pipes and installations within water supply and discharge. Protection of the environment and high quality are thus ensured, including at least a 50-year service life for pipes and other installations used in buildings or laid in the ground.

Research and Development

Major R&D projects run in 2018 include:

The Institute invested around EUR 2.7 million in advanced production equipment for 3D print in metal. This has positioned the Institute along with the Additive Manufacturing Line project (AM Line), jointly-financed by Innovation Fund Document, as a key figure in the deployment of 3D print by Danish industry. A tightly-focused PR campaign to generate articles in the press, radio and TV will help to promote the initiative. Close contact is also being maintained with other parties involved, including Dansk AM Hub, MADE, DTU and others.

Under the "Grøn Beton" (green concrete) project, jointly-funded by Innovation Fund Denmark, parts of a bridge built by Banedanmark (the rail track owner) were made of concrete using totally new types of cement never used in this country before.

The cement was supplied by Aalborg Portland, and made with a significantly-reduced CO_2 footprint. The Grøn Beton project has also made and installed test items for field exposure sites in Hirtshals and Rødbyhavn respectively. Denmark is thus becoming internationally known for erecting test items for data-gathering over many years to come, data that is in international demand.

The Institute has received considerable funding from EUDP for expanding its GLEEB (Green Lab for Energy Efficient Buildings) laboratory. The GLEEB expansion will contribute to idea and product development, test, documentation and demonstration of competitive intelligent technologies and energy-flexible, integrated solutions for buildings utilisable in the national and international green transformation. GLEEB will also act as a hands-on learning centre for manufacturers, installers, service companies and operators, primarily in relation to exploitation of Big Data opportunities.

The Institute is the Danish host for the Horizon 2020 project LEE-BED, leading project that involves 16 other partners, including six major Research & Technology organisations, such as CPI in the UK, TNO in Holland, Fraunhofer in Germany, CEA in France, RISE Acreo in Sweden and ITENE in Spain. The LEE-BED concept is intended to build a European test bed able to bring new materials, print processes and ancillary services to the European industry. Funding totals EUR 10.6 million, of which EUR 2.7 million are earmarked for the Institute.

Our commercial engagement in relation to low temperature fuel cells in hearing aids was retained in 2018. Special focus in our work with fuel cells for hearing aids was applied to providing support for the start-up of production in the Philippines, and studies in support of CE and FDA approvals. Electrode production has also entered its decisive ramp-up phase with an enquiry for support of annual production of 75,000 units.

Development contract

Further to the Institute's approval as an Approved Technological Service Institute in 2016, we entered into a development contract with the Ministry of Higher Education and Science. The contract specified six goals for the 2016 – 2018 strategy period:

Danish Technological Institute will:

A. Have over 3,750 new regional SME customers
B. Participate in 120 projects with others from the Danish innovation system
C. Undertake EU projects to a value exceeding EUR 24.2 million.
D. Have total international revenues for the Danish units of EUR 104.7 million.
E. Have a high level of customer satisfaction of at least 4.6 on a scale from 1–5 for new regional SME customers
F. Increase average revenues to EUR 3,086 per SME customer

These six goals addressed the Institute's role in relation to three key issues, and partly in relation to the 2016 – 2018 period.

The three key issues included:

- Greater regional knowledge-dissemination
- Enhanced synergy across the innovation system
- Enhanced internationalisation of Danish enterprises

Regional knowledge dissemination was addressed by an ambitious goal for the number of new regional customers for the Institute. We acquired 3,696 new SME customers during the period against a target of 3,750, equivalent to a fulfilment rate of 99%. This reflected the Institute's continued very solid grasp of SME customers.

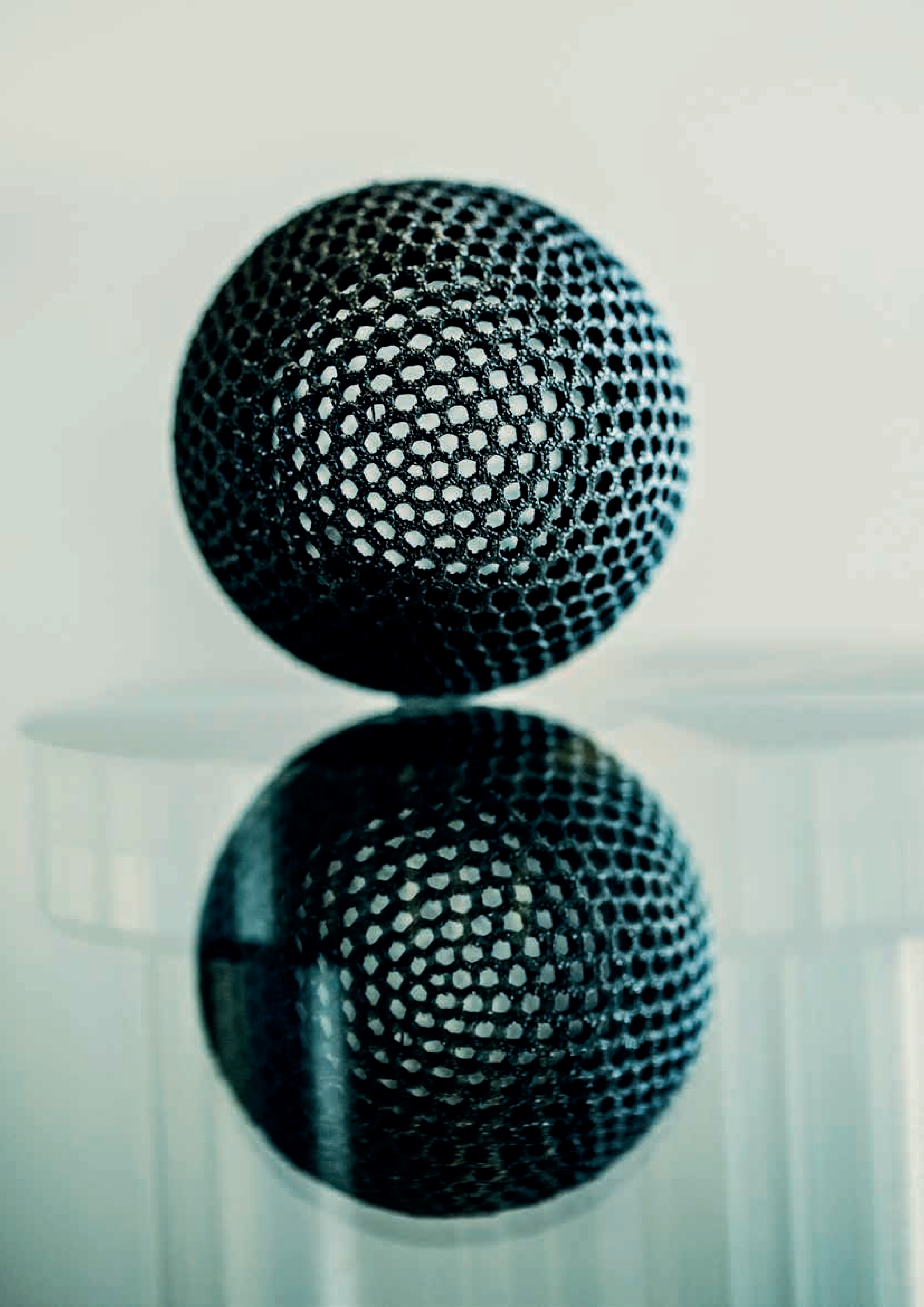
Our role within the innovation system is reflected in the goal for collaborating with other Danish members of the innovation system, and in the goal for the Institute's participation in EU projects. The Institute took part in 133 projects with at least one other Danish participator from the innovation system in 2018, against a target of 120. The result is equivalent to a fulfilment rate of 111%.

Our revenues from EU projects between 2016 and 2018 comprised EUR 20.0 million against a target of EUR 24.2 million. A fulfilment rate of 82.8%.

Failure to achieve the target was due to fierce competition for EU funding from universities and commercial enterprises throughout Europe. The Horizon 2020 programme is also primarily intended for larger enterprises, which is a little atypical of the Institute's profile, which is more SME-oriented.

Internationalisation is reflected in the goal for the Institute's international revenues, which totalled EUR 97.1 million for the period. The target was EUR 104.7 million, which equates to a fulfilment rate of 93%. Failure to achieve the target is due to a drop in turnover for Danfysik A/S of 18%, against an increase for the Institute of 7%. The Institute's increase was not insufficient to compensate for the drop experienced by Danfysik A/S.

The Institute's commercial strategy for the 2016 – 2018 period focused on growth, reflected in the goal for customer satisfaction amongst new regional SME customers and higher revenues from SME customers in general. The target set for customer satisfaction in 2018 was minimum 4.6 on a scale of 1 – 5. The level of satisfaction measured amongst new regional SME customers was 4.5, equivalent to a fulfilment rate of 99%.
The Institute is satisfied with the level achieved.



Average revenues from SME customers rose to EUR 3,390, against a target of EUR 3,086. The result is equivalent to a fulfilment rate of 110%. Yet more confirmation of the Institute's solid grasp of the customer group.

Knowledge resources

There was a minor rise in the number of employees with a PhD degree in 2018. They now comprise 21% of the academically-qualified personnel. The number of employees totalled 921, of which 93% hold an academic qualification.

Organisation

The number of centres with over 30 employees is growing. To meet the demand for stronger management of these centres, an Assistant Manager role was set up to support the management in 2018. The management is of major importance to the Institute's overall development. A number of seminars were therefore held in 2018 on personal development and business development for the Institute's executives.

Similarly, 35 employees were selected to take part in the Institute's talent programme. This is a programme aimed at specialists and future managers.

Employee satisfaction

91% of DTI's employees responded to the Institute's employee satisfaction survey in 2018. There continues to be modest progress within almost all parameters, whilst motivation and the Institute's different levels of management continue to improve according to the survey.

Sick leave levels were measured as a factor of employee satisfaction. A fall from 1.98% in 2017 to 1.69% in 2018 was recorded.

Recruitment and employer branding

There are still a number of vacancies open at the Institute for skilled individuals. That is why we once again attended a number of relevant fairs and visited universities to boost awareness of and promote the Institute as an attractive place to work.

Our recruitment efforts included the introduction of an on-boarding system, to provide all new personnel with the opportunity to prepare for a job at DTI, and to feel welcome from their very first day. The Institute gains the opportunity to create a dialogue with the new employee from the moment they are appointed.

Impact on the external environment

Most of DTI's workplaces are office-based. The impact they imply on the environment includes consumption of electricity and heat. We also have a number of laboratories that use various forms of substances, the use and disposal of which is governed by law and executive orders within specific fields, including working environment rules.

Corporate social responsibility

The Institute has defined what it perceives as its corporate social responsibility and the policies and guidelines it entails.

The management opted to publish its mandatory report on CSR on the Institute's website at www.dti.dk/csr.

Gender equality

We continue to focus on gender equality in the management of DTI.

Our overall approach is for the Institute to treat all its employees equally and regardless of gender in all aspects of their employment. This applies to recruitment, appointment to executive posts and career development. Our personnel policy is designed to support this approach and states: “We work towards supporting a balanced employee composition so that the Institute at all times has access to the best qualified employees in the Institute's core areas.”

The gender ratio at the end of 2018 at management level was 29% women and 71% men. The ratio for all employees is 38% women and 62% men.

The Board of Trustees has nine members (including two employee-elected members), two of which are female. The ratio here excluding the employee-elected members is 14% women and 86% men.

The UN Sustainable Development Goals

The Institute believes that knowledge and technological development can help to achieve the UN's 17 Sustainable Development Goals. Close cooperation is required with industry, the Danish authorities and the EU etc. The Institute is already taking part in the development and implementation of technological solutions that contribute to fulfilment of the UN's goals. Our activities in 2018 contributed significantly to achieving the 17 Sustainable Development Goals the UN has defined.

Specific examples include:

- Activity plans: 'The Bio-Based Society' and 'Sustainable Bio-Based Resources', both of which focus on sustainable manufacture of such items as foods, animal feeds and other bio-based products. These plans address the following UN goals: 'Zero Hunger', 'Affordable and Clean Energy', 'Industry, Innovation and Infrastructure', 'Sustainable Cities and Communities' and 'Responsible Consumption and Production'.

- The Institute's R&D and technological services within circular resource economy, which include the identification and removal of substances harmful to the environment, refuse sorting and documentation of recyclable materials and their use in new materials, buildings, etc. We also work with 'design-to-disassembly', the concept of planning and design for future recycling.

- We take part in development and demonstration projects within solar-powered refrigerators, funded by the World Bank and others. In this context, the Institute helps develop and test products exclusively powered by solar energy without the use of batteries. Such activities contribute to fulfilment of the following goals: 'Affordable and Clean Energy', 'Industry, Innovation and Infrastructure and 'Zero Hunger'.

- The Institute's activities help ensure water that has the right quality for the right use. They contribute to fulfilment of the 6th goal: 'Clean Water and Sanitation.' By making more precise use of water resources for such purposes as farming, food production and optimising installations, coupled with cost-effective recycling and purification methods, pressure on water resources can be significantly reduced. This will be important to Danish suppliers of water technology, opening up new opportunities for the export of know-how and technology to areas in the world where the latest water technology is a necessity for fulfilment of the UN goal of 'Clean Water and Sanitation' for everyone.

- The Institute's membership of such organisations as WAITRO (World Association of Industrial Research Organisations), with over 100 member organisations drawn from Europe, Africa, Asia and the Americas, creates networks, partnerships and the sharing of best practices. These are all within R&D and in relation the creation of technological services that will help fulfil the UN goals. The Institute's international network thus contributes to the goal of 'Partnerships for the Goals'.

THE GLOBAL GOALS
For Sustainable Development

Expectations for 2019

An increase in the group budget reflects continued progress as an extension of our achievements over the last 2 – 3 years. That increase will be despite tightening of public sector-funding, and the fact that our two biggest subsidiaries are undergoing a transformation.

The group's total turnover is budgeted at EUR 151.8 million. For comparison, consolidated turnover in 2018 was EUR 150.5 million.

Total foreign sales are budgeted to EUR 38.5 million, of which the parent company will account for EUR 16.0 million. That's equivalent to 25.4% of total turnover. Total foreign sales in 2018 comprised 25.8% of turnover.

In order to protect DTI's future activities in Aarhus, we have signed a contract to buy a total of 19 ha in Trige, north of the city, close to the motorway and a planned extension of the Aarhus Light Railway. A local development plan process has been started with the City of Aarhus, expected to be completed by mid-2020. Construction of approx. 6,000 m2 of office and laboratory facilities will then begin for the Institute's agriculture-related activities, currently located at the Agro Food Park in Skejby and in Sdr. Stenderup, south of Kolding. We expect to move in to the new premises in 2022.

After successful introduction of the task-management system and related Business Intelligence, focus in 2019 will shift to the development of new, improved laboratory systems. A full 360-degree review is taking place, designed to ensure an up-to-date standard via general improvement on all points from systems, through facilities and to general processes.

A number of major investments are planned for 2019, totalling over EUR 8.1 million and which will include:

- The development of new property in Trige for the future expansion of the Institute in Aarhus
- Completion of the Danish Road Sector Test and Research Laboratory
- The fitting out of a building for a 3D metal print centre in Aarhus
- An indoor climate laboratory in Taastrup
- Expansion of production facilities for hearing aid fuel cell production

In-house commercial production at the Institute is budgeted at EUR 69.8 million, an increase of 10.2% compared to realised figures in 2018.

In-house R&D production is budgeted at EUR 26.4 million, a decrease of EUR 1.0 million compared to realised figures in 2018. The order book for R&D projects was worth EUR 33.8 million at year-end 2018, compared to EUR 35.6 million at year-end 2017.

Turnover from the performance-related contract is budgeted at EUR 16.0 million, equivalent to the funding for 2019. Funding totalled EUR 19.9 million in 2018.

We have budgeted a surplus of EUR 4.3 million for the group, equivalent to 2.8% of turnover.

The result of the turnaround process at Danfysik A/S is beginning to show. Profit on a monthly basis has been made in recent months, accompanied by a steady increase in new orders with a healthy profit margin. Danfysik A/S drastically cut back on its personnel in 2017 and 2018, which created greater robustness in relation to an order flow which traditionally fluctuates considerably.

All orders booked as sales in 2019 have already been confirmed. Contracts have been signed in recent months for large-scale deliveries in 2019 and 2020 to customers in the USA, Germany, Australia and South Korea. Smaller magnet orders are expected in 2019, along with a number of small-scale deliveries of services and power supplies.

Teknologisk Institut AB in Sweden has benefited considerably from the economic boom there. A general expectation of a downturn within the short-term is slowly spreading. Because the company is generally dependent on the construction industry, difficult market conditions can be expected.

The key targets for DTI Spain S.L. in 2019 will be growth and consolidation. Focus is on the top line, and, in common with 2018, the objective is to achieve greater critical mass in the company to be able to service the local market with local resources, and to generally increase the recruitment base.

Accounting policies applied

The annual report for Danish Technological Institute for 2018 has been prepared in accordance with the Danish Financial Statements Act for Class C Companies (large).

With reference to section 23, subsection 4 of the Danish Financial Statements Act, adaptations have been made to the template requirements for the income statement in order to show the group's business activity as an Approved Technological Service Institute.

The consolidated and financial statements are presented according to the same accounting policy as last year.

Information on recognition and measurement

Assets are recognised in the balance sheet when it is likely that they will generate future financial gain for the Institute and that the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is likely that they will lead to a loss for the Institute and that the value of the liability can be reliably measured.

When first recognised, assets and liabilities are measured at cost price. Subsequently, they are measured as described for each element of the accounts below.

Recognition and measurement take into account gains, losses and risks that occur before the presentation of the annual report, and that confirm or disprove factors that existed on balance sheet day.

Income is recognised in the income statement in line with the time it was earned, including value adjustment of financial assets and liabilities measured at fair value or amortised cost. Furthermore, costs incurred to achieve revenue for the year are recognised, including amortisation, depreciation and deferred liabilities, plus carrybacks as a result of revised accounting estimates of amounts that have been previously recognised in the income statement.

Translation policies

Danish Kroner (DKK) is used as functional currency. EUR is used as the presentation currency.

All figures in the financial statements have been translated from the functional currency (DKK) to EUR using an average exchange rate for the year.

Consolidated financial statement

The consolidated financial statement concerns Danish Technological Institute and those subsidiaries in which the Institute directly or indirectly owns more than 50% of voting rights, or in some other manner exercises deciding influence.

Consolidation includes elimination of income and expenses, share ownership, intercompany balances and dividends within the group, along with realised and unrealised profit or loss from transactions between the consolidated companies.
Investment in subsidiaries is eliminated by the proportionate share of the subsidiary's fair value of net assets and liabilities on the date of acquisition.

Newly-acquired or newly-founded companies are recognised in the consolidated accounts as from the date of acquisition. Sold or liquidated companies are recognised in the consolidated income statement up to the date of sale or liquidation. Comparative figures are not adjusted for newly-acquired, sold or liquidated companies.

In the event of new companies acquired, the acquisition method is used, whereupon their identified assets and liabilities are measured at fair value at the time of acquisition. A deferred obligation is recognised to cover costs from restructuring decided and announced for the acquired company in connection with the acquisition. Deferred tax on revaluations is recognised.

Positive differences (goodwill) between cost price and fair value of identified assets and liabilities acquired are recognised under intangible assets and amortised systematically in the income statement according to individual estimate of their financial lifetime (max. 5 years).

Negative differences in amounts (negative goodwill) that correspond to expected adverse events in the companies affected are recognised in the balance sheet under accruals, and recognised in the income statement in line with occurrence of the event. For negative goodwill not related to an expected adverse event, an amount equivalent to the fair value of non-monetary assets is recognised in the balance sheet, and subsequently recognised in the income statement over the average lifetime of the non-monetary asset.

Goodwill and negative goodwill from acquired companies can be adjusted up until the end of the year post-acquisition.

Gains and losses from the disposal of subsidiaries are recognised as the difference between the sales price or cost of liquidation and the statutory accounts value of net assets at the time of sale, including non-amortised goodwill and expected costs from sale or liquidation.

Minority interests

The account entries of subsidiaries are 100% recognised in the consolidated accounts. The proportional share of minority interests in the profit or loss or equity of a subsidiary is calculated annually and recognised as separate items in the income statement and balance sheet.

Conversion of foreign currency

Transactions in foreign currency are converted when first recognised at the exchange rate on the day of the transaction. Exchange rate differences between the transaction day and payment day are recognised in the income statement as a financial item.

Receivables, debt and other monetary items in foreign currencies are converted to the exchange rate on transaction day. The difference between the rate on balance sheet day and when the receivable or liability appears or is recognised in the latest annual report is recognised in the income statement under financial income and expenses.

Revaluation of intercompany balances with independent foreign subsidiaries regarded as part of the overall investment in that subsidiary is recognised directly in equity. Similarly, exchange rate gains and losses on borrowing and deferred financial instruments for exchange rate hedging of foreign subsidiaries are recognised directly in equity.

The income statements of foreign subsidiaries are converted at an average exchange rate and balance sheet items at the balance sheet date exchange rate. Exchange rate differences arising from conversion of the equity of subsidiary companies at the start of the year at balance sheet date exchange rate, and from conversion of income statements from average exchange rates to balance sheet date exchange rate, are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are recognised the first time in the balance sheet at cost price, and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised in other receivables or other debt.

Changes in fair value of derivative financial instruments classified as, and that fulfil the criteria for hedging the fair value of a recognised asset or liability, are recognised in the income statement along with changes in fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as, and that fulfil the conditions for hedging future assets and liabilities, are recognised in other liabilities or other debt, and in the equity. If a future transaction results in the recognition of assets or liabilities, the amount previously recognised under equity is transferred to the cost price of the asset or liability. If a future transaction results in income or expenses, the amount recognised in the equity is transferred to the income statement for the period in which the hedged item influences the income statement.

Changes in fair value for derivative financial instruments that do not fulfil the conditions for treatment as hedging instruments are recognised continuously in the income statement.

INCOME STATEMENT

Net turnover

DTI's turnover is divided into three categories: commercial activities, R&D activities and performance-related contract activities. Commercial activities cover work undertaken for private and public sector customers when the customer owns the rights to the outcome. R&D activities cover work undertaken for Danish and foreign funding providers. The results of such work will be made publicly available via the funding provider. Performance-related contracts cover a range of work undertaken for the Ministry of Higher Education and Science, when the ultimate purpose is to give small and medium-sized enterprises (SMEs) the opportunity to quickly and efficiently exploit new knowledge and technologies.

The earnings criterion applied is the invoicing criterion, by which revenues are recognised in the income statement in line with invoicing.

Large scale and long-term contracts at the expense of a third party are recognised according to the production criterion, which means that profits from services sold are recognised in the income statement in line with the undertaking of work.

Net turnover is recognised exclusive of VAT and taxes levied on behalf of third parties. All forms of discount given are recognised in net turnover.

Project costs

Project costs include costs incurred during the year excluding wages that can be directly attributed to individual projects.

Research and development

R&D costs plus agreed development costs for fulfilment of project contracts undertaken without remuneration are recognised in the income statement under project costs and personnel expenses, depending on their type.

Other external costs

Other external costs include those for distribution, sales, advertising, administration, premises, losses on receivables, operational leasing contracts etc.

Personnel costs

Personnel costs include salaries and wages plus expenses unrelated to pay.

Other operational income and expenses

Other operational income and expenses include accounting entries of a secondary nature in relation to the Institute's activities, including gains and losses from the sale of fixed assets.

Profit or loss on investment in subsidiaries

The proportional share of the profit or loss after tax of each subsidiary is recognised in the parent company's income statement after full elimination of internal profit or loss.

Financial income and expenses

Financial income and expenses includes interest, exchange rate gains and losses concerning securities, debt and transactions in foreign currencies, etc.

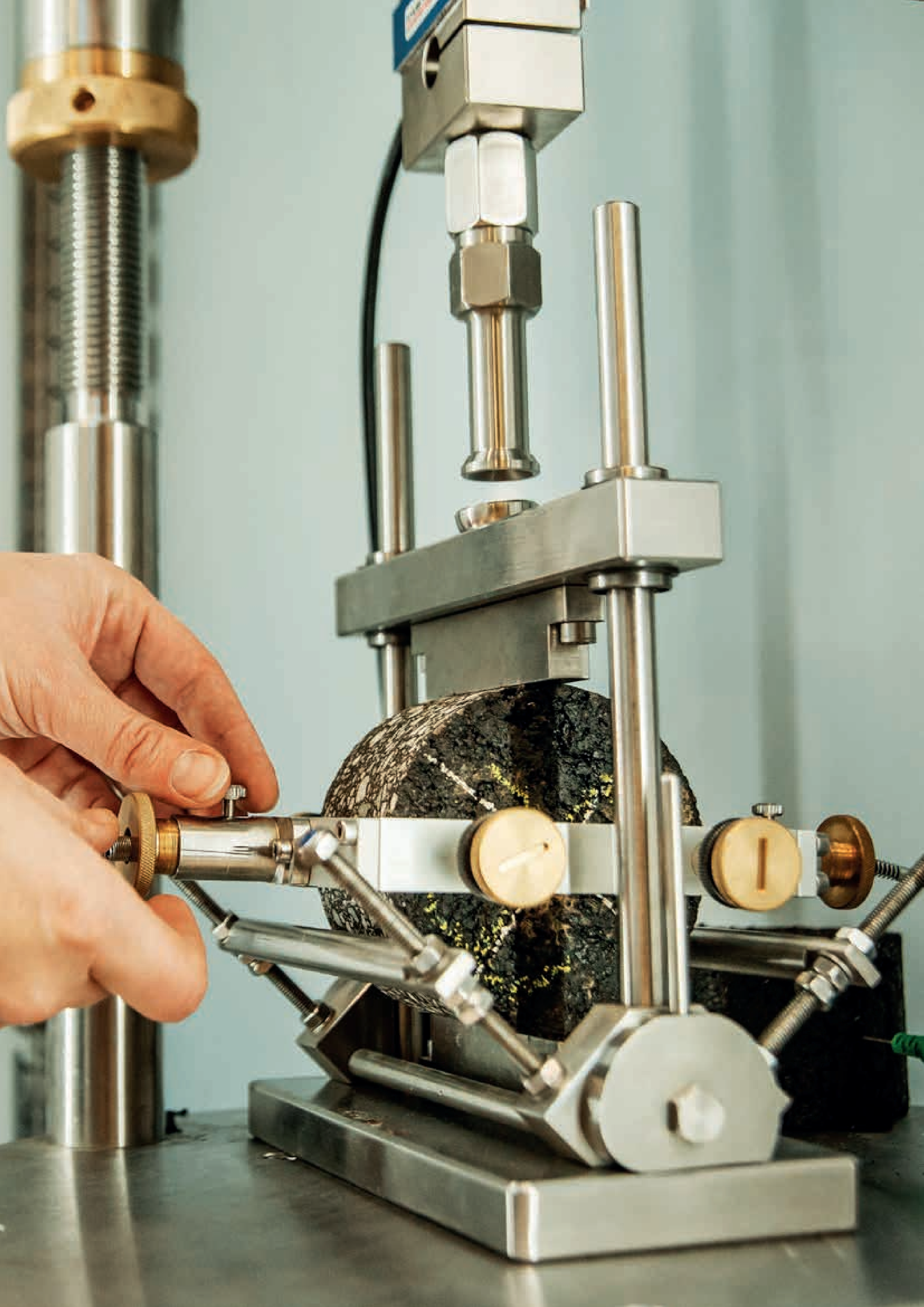
Tax on profit for the year

Because it is classified as an Approved Technological Service Institute, the Institute is exempt from tax.

Danish subsidiaries that are taxable entities are subject to the Danish rules on mandatory joint taxation. Subsidiaries become subject to joint taxation at the time they enter into consolidation in the consolidated accounts, and up until the time at which they leave consolidation.

The prevailing Danish corporation tax payable is attributed by calculating the joint taxation contribution between the jointly-taxed companies in relation their taxable earnings. Companies with a tax loss receive a joint taxation contribution from companies able to use that loss to reduce their own taxable profit.

Tax for the year, which consists of current tax payable for the year and changes in deferred tax, is recognised in the income statement by the element that can be attributed to tax for the year, and directly in equity by the element that can be attributed to items directly in equity.



BALANCE SHEET

Intangible fixed assets

Goodwill

Goodwill is amortised over the estimated financial lifetime determined on the basis of management's experience within each business unit. Goodwill is straight-line amortised over the amortisation period, which comprises five years. The statutory accounts value of goodwill is estimated regularly and amortised to recoverable amount value via the income statement if the statutory accounts value exceeds the expected future net earnings from the company or activity the goodwill is related to.

Development costs

Development costs include costs, wages and amortisation directly attributable to the Institute's development projects.
Developments that are clearly defined and identifiable, for which the technical utilisation, sufficient resources and a potential market or possible development within the company can be proven, and for which it is the intention to produce, market or use the project, are recognised as intangible fixed assets, the cost price of which can be reliably estimated, and for which there is sufficient assurance that the capital value of future earnings can cover the sales and administration costs etc., along with development costs. Other development costs are recognised in the income statement as they are incurred.

Development costs recognised in the balance sheet are measured at cost price less accumulated amortisation and depreciation or recoverable amount if lower. An amount equivalent to the activated development costs in the balance sheet incurred after 1 January 2016 is recognised under "reserve for development costs" under the equity. The reserve reduces in value as a result of amortisation.

Upon completion of development work, the development costs are amortised using the straight line method over the estimated economic useful life. The amortisation period is usually five years.

Patents and licenses

Patents and licenses are measured at cost price less accumulated amortisation. Patents are amortised using the straight line method over the remaining patent period, and licenses are amortised over the licence period (max. five years). Profit or loss from the sale of patents and licenses are calculated as the difference between sales costs and the statutory accounts value at the time of sale. Profit or loss are recognised in the income statement under other operating income and other external costs.

Property, plant and equipment

Land and buildings, production plant and machinery along with other plant, operating equipment, fixtures and fittings are measured at cost price less accumulated depreciation and impairment. Land is not depreciated.

The cost price includes the cost of acquisition and costs directly linked to acquisition until the point at which the asset is ready for use. For assets produced by the group, the cost price includes direct and indirect costs for materials, components, subsuppliers and pay. Interest is not included in the cost price.

Straight line depreciation is applied for the expected useful life based on the following estimation of the assets' expected useful life:

Buildings	10 – 50 years
Machinery, equipment etc.	5 years
Fitting out leased premises	5 – 10 years
IT equipment	3 years

Property, plant and equipment are depreciated to the recoverable value if lower than the statutory accounts value. An annual impairment test is performed on each individual asset or groups of assets. Depreciation is recognised in the income statement under amortisation/depreciation and impairment.

Profit or loss from the sale of property, plant and equipment is calculated as the difference between the sales price less sales costs and the statutory accounts value at the time of sale. Profit or loss are recognised in the income statement under other operating income and other external costs.

Leasing contracts

The capitalised residual lease commitment is recognised in the balance sheet as a payable and the interest element of the leasing payment is recognised over the term of the contract in the income statement.

All other leasing contracts are operational leasing. Payments for operational leasing and other leasing agreements are recognised in the income statement over the term of the contract. The Institute's total liability concerning operational leasing and leases is stated under contingent liabilities etc.

Investments in subsidiaries

Investments in subsidiaries are recognised under the equity method.
Investments in subsidiaries are measured as the proportional share of the company's equity value calculated according to the Institute's accounting policy with the deduction or addition of unrealised profit or loss within the group, and with the addition or deduction of the residual value of positive or negative goodwill.

Investments in subsidiaries with negative equity value according to the statutory accounts are measured at EUR 0, and any receivables from such companies are impaired if the receivable is irrecoverable. If the parent company has a legal or actual obligation to cover a negative balance that exceeds the value of the receivable, the residual amount is recognised under deferred liabilities.

Net revaluation of investments in subsidiaries is shown as a reserve for net revaluation under the equity value method in the equity, when the statutory accounts value exceeds cost price.

Inventories

Inventories are measured at cost price under the FIFO method. If the net realisable value is lower than the cost price, it is impaired to the lower value.

Cost price for goods for resale, raw materials and consumables includes cost of acquisition plus delivery costs.

Cost price for manufactured finished goods, plus goods in production includes cost price for raw materials, consumables and direct pay, plus indirect production costs. Indirect production costs include indirect materials and pay, plus maintenance of and depreciation of the machinery, premises and equipment used in the production process, along with the costs of administration and management.

The net realisable value for inventories is calculated as the sales total less completion costs and costs incurred to effectuate the sale, and are determined with regard to negotiability, obsolescence and variations in the expected sales price.

Other securities, loans and investments

Other securities, loans and investments are measured at cost price. If there are indications of impairment loss, impairment is performed.

Receivables

Receivables are measured at amortised cost price. Impairment is performed to allow for loss under predetermined principles for valuation of receivables.

Contract work in progress

Contract work in progress concerns large and long-term projects, and is measured at the sales value of the work performed. The sales value is measured based on the degree of completion on the balance sheet date and the total expected income from individual elements of work in progress. When it is likely that the total contract costs will exceed the total income from a contract, the expected loss is recognised in the income statement.

When the sales value of a contract cannot be calculated reliably, it is measured at the costs incurred or net realisable value if lower.

Individual work in progress is classified as receivables when the net value is positive, and as liabilities when the net value is negative.

Accruals

Accruals, recognised under assets, include costs incurred concerning subsequent financial years.

Corporation tax and deferred tax

Current tax liabilities and receivable current tax concerning the group's subsidiaries are recognised in the balance sheet as calculated tax on taxable income for the year, adjusted for tax on the taxable income of previous years and for tax paid on account.
Deferred tax is measured under the balance sheet liability method on all temporary differences between statutory account and taxable values of assets and liabilities.

Deferred tax assets, including the tax value of taxable deficit allowed for carry forward, are recognised at the value they are expected to be used for.

Deferred liabilities

Deferred liabilities include expected costs for guarantee commitments etc. Guarantee commitments include commitments outside the guarantee period of 1 – 2 years. Deferred liabilities are measured at net realisable value.

Payables

Other payables are measured at amortised cost price, which mainly equates to nominal value.

Accruals

Accruals, recognised under liabilities, include payments received concerning the income of subsequent years.

CASH FLOW STATEMENT

The cash flow statement shows the group's cash flow broken down into operations, investment and financing activities for the year, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the start and end of the year.
The effect on cash flow from the acquisition and sale of companies is shown separately under cash flows from investment activities. Cash flows are recognised in the cash flow statement concerning companies acquired from the date of acquisition and cash flows concerning companies solid are recognised up to the point of sale.

Cash flow from operating activity

Cash flow from operating activity is calculated as the element of the result adjusted for non-cash operating items, changes in working capital and paid corporation tax.

Cash flow from investment activity

Cash flow from investment activity includes payments from the acquisition and sale of companies and activities, plus buying and selling of intangible, tangible and financial fixed assets.

Cash flow from financing activity

Cash flow from financing activity includes changes in the size or composition of the Institute's capital and related costs, borrowing and repayments on interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term securities with a term of under 3 months, and that can be easily converted into cash whereupon there is only an insignificant risk of changes in value.

SEGMENT DETAILS

The details of turnover for the group's primary segments are provided. Segment details follow the group's accounting policy, risks and internal financial management. The primary segments include the group's various activities (divisions and companies).

FINANCIAL RATIOS

The financial ratios presented in the financial highlights for the group are calculated as follows:	
Profit margin	$\frac{\text{Operating profit or loss x 100}}{\text{Net turnover}}$
Treasury shares	$\frac{\text{Equity capital year end x 100}}{\text{Total liabilities year end}}$
Liquidity ratio	$\frac{\text{Current assets x 100}}{\text{Short-term debt}}$
Development financed by operations	Development financed by operations as a % of turnover

INCOME STATEMENT

		Group		The Institute	
EURm	**Note**	**2018**	**2017**	**2018**	**2017**
Commercial activities		101.2	102.2	81.1	78.8
Research and development activities		29.4	29.4	29.4	29.3
Performance-related contract activities		19.9	19.5	19.9	19.5
Net turnover	1	150.5	151.1	130.4	127.6
Project costs, excluding salaries		-31.6	-31.5	-21.8	-21.0
Other external costs		-24.8	-27.4	-23.5	-24.0
Personnel costs	2	-84.3	-83.2	-76.3	-72.5
Amortisation/depreciation and impairment	3	-4.4	-4.4	-3.7	-3.6
Other operating income	4	0.3	0.6	1.0	1.2
Operating profit or loss		5.7	5.2	6.1	7.7
Share of profit or loss after tax in subsidiaries		0.0	0.0	-0.3	-2.0
Share of profit or loss after tax in associated companies		0.0	0.0	0.0	0.0
Financial income	5	0.3	0.3	0.2	0.3
Financial costs	6	-0.5	-0.3	-0.4	-0.3
Profit or loss for the year before tax		5.5	5.2	5.6	5.7
Tax on profit or loss from ordinary activities	7	0.1	0.5	0.0	0.0
Profit or loss for the year before minority interests		5.6	5.7	5.6	5.7
Minority interests' share of profit or loss in subsidiaries		0.0	0.0	0.0	0.0
Net profit or loss for the year		5.6	5.7	5.6	5.7

Proposal for distribution of net profit

Adjustment of net revaluation under equity value meth-od		0.0	0.0	0.0	-1.6
Retained earnings		5.6	5.7	5.6	7.3
Net profit or loss for the year		5.6	5.7	5.6	5.7

BALANCE SHEET

		Group		The Institute	
EURm	**Note**	**2018**	**2017**	**2018**	**2017**
ASSETS					
Fixed assets					
Intangible fixed assets	8				
Goodwill		0.3	0.4	0.0	0.0
Development projects in progress		0.0	0.0	0.0	0.0
Completed development projects		0.9	1.3	0.0	0.0
Patents		0.0	0.0	0.0	0.0
		1.2	1.7	0.0	0.0
Property, plant and equipment	9				
Land and buildings		50.9	49.7	50.9	49.7
Production plant and machinery		0.5	0.7	0.0	0.0
Other plant, operating equipment, fixtures and fittings		12.1	8.7	11.9	8.5
Fitting out leased premises		0.0	0.1	0.0	0.1
Property, plant and equipment in progress		0.0	0.5	0.0	0.5
		63.5	59.7	62.8	58.8
Financial fixed assets					
Investments in subsidiaries	10	0.0	0.0	4.5	5.4
Other securities, loans and investments	11	19.7	19.9	19.7	19.9
		19.7	19.9	24.2	25.3
Total fixed assets		84.4	81.3	87.0	84.1
Current assets					
Inventories					
Inventories	12	5.6	4.7	0.3	0.3
		5.6	4.7	0.3	0.3
Receivables					
Receivables from sale of goods and services		26.8	24.7	22.4	20.4
Contract work in progress	13	11.9	12.0	11.2	11.4
Receivables from subsidiaries		0.0	0.0	5.3	7.0
Deferred tax assets	14	0.9	0.8	0.0	0.0
Other receivables		0.9	1.5	0.2	0.3
Accruals	15	0.7	0.7	0.6	0.4
		41.2	39.7	39.7	39.5
Cash	16	18.8	17.6	16.4	13.6
Total current assets		65.6	62.0	56.4	53.4
TOTAL ASSETS		150.0	143.3	143.4	137.5

BALANCE SHEET

		Group		The Institute	
EURm	Note	2018	2017	2018	2017
LIABILITIES					
Equity					
Net revaluation under equity value method		0.0	0.0	0.0	0.0
Retained earnings		95.3	90.3	95.3	90.3
Equity attributed to parent company		95.3	90.3	95.3	90.3
Minority interests		0.3	0.3	0.0	0.0
Total equity		95.6	90.6	95.3	90.3
Deferred liabilities					
Provisions for deferred tax	14	0.0	0.0	0.0	0.0
Guarantees	17	0.1	0.1	0.0	0.0
Other provisions		0.4	0.5	0.3	0.4
Total provisions		0.5	0.6	0.3	0.4
Payables					
Long-term payables					
Other long-term payables		0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0
Short-term payables					
Contract work in progress	13	21.5	19.0	18.4	17.7
Suppliers of goods and services		6.8	7.5	5.5	6.1
Debt to subsidiaries		0.0	0.0	0.6	0.0
Debt to credit institute		6.7	8.2	6.7	8.2
Corporation tax due		0.0	0.0	0.0	0.0
Other debt	18	18.4	17.4	16.6	14.8
Accruals	15	0.5	0.0	0.0	0.0
		53.9	52.1	47.8	46.8
Total payables		53.9	52.1	47.8	46.8
TOTAL LIABILITIES		150.0	143.3	143.4	137.5
Auditor's fee	19				
Guarantee and lease/leasing commitments	20				
Contingent liabilities etc.	21				
Derivative financial instruments	22				
Related parties	23				
Basis for preparation and translation policies	24				

STATEMENT OF CHANGES IN EQUITY – GROUP

EURm	Group			
	Retained earnings	Parent company's share of equity	Minority interests	Total
2018				
Equity as at 1 January	90.1	90.3	0.3	90.6
Net profit or loss for the year	5.6	5.6	0.0	5.6
Exchange rate adjustment in foreign enterprises	-0.2	-0.2	0.0	-0.2
Value adjustment of hedging instrument net	0.0	-0.4	0.0	-0.4
Equity as at 31 December	95.5	95.3	0.3	95.6
2017				
Equity as at 1 January	84.4	84.4	0.3	84.7
Net profit or loss for the year	5.7	5.7	0.0	5.7
Exchange rate adjustment in foreign enterprises	0.0	0.0	0.0	0.0
Value adjustment of hedging instrument net	0.0	0.2	0.0	0.2
Equity as at 31 December	90.1	90.3	0.3	90.6

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

EURm	Parent company		
	Reserve for net revaluation under the equity value method	Retained earnings	Total
2018			
Equity as at 1 January	0.0	90.3	90.3
Net profit or loss for the year	0.0	5.6	5.6
Exchange rate adjustment in foreign enterprises	0.0	-0.2	-0.2
Value adjustment of hedging instrument net	0.0	-0.4	-0.4
Equity as at 31 December	0.0	95.3	95.3
2017			
Equity as at 1 January	1.6	82.7	84.3
Net profit or loss for the year	-1.6	7.3	5.7
Exchange rate adjustment in foreign enterprises	0.0	0.0	0.0
Value adjustment of hedging instrument net	0.0	0.3	0.3
Equity as at 31 December	0.0	90.3	90.3

CASH FLOW STATEMENT

		Group	
EURm	Note	2018	2017
Operating profit or loss		5.7	5.3
Adjustment for non-cash items	25	4.0	1.0
Amortisation/depreciation and impairment	3	4.4	4.4
Cash flow from operations before changes in working capital		14.1	10.7
Changes in work in progress and advance payments		2.8	8.7
Changes in inventories		-1.0	0.3
Changes in supplier debt and other short-term debt		-4.7	-1.5
Changes in receivables		-0.6	-0.4
Cash flow from operations before financial items and tax		10.6	17.8
Financial incoming and outgoing payments, net		-0.3	-0.1
Corporation tax paid		0.0	0.0
Cash flow from operations		10.3	17.7
Investment in intangible activities	8	0.0	-0.2
Investment in property, plant and equipment	9	-7.8	-5.3
Investment in financial fixed assets	11	0.2	0.1
Cash flow from investment activity		-7.6	-5.4
Debt reduction		0.0	0.0
Reduction of borrowing from credit institutes		-1.5	-3.4
Cash flow from financing		-1.5	-3.4
Cash flow for the year		1.2	8.9
Cash and cash equivalents, opening		17.6	8.7
Cash and cash equivalents, closing	16	18.8	17.6

The cash flow statement cannot be directly derived from the other parts of the consolidated accounts. The changes stated in working capital do not equate to the difference between opening and closing balances for the corresponding items in the balance sheet. This is due to the stated amount in the cash flow statement solely representing movements that affect liquidity.
The difference between the opening and closing balance for items in the balance sheet is due to movements that affect and do not affect liquidity. One example of a movement with no effect on liquidity is provisions.

Movements with no effect on liquidity are placed under "Adjustment for non-cash items" in the cash flow statement.

NOTES

1 – Segment details

Turnover – divisions

EURm	Commercial activities	R&D activities	Performance-related contract activities	Total for group
2018				
AgroTech	8.7	2.9	3.1	14.7
Building and Construction	14.0	2.6	3.2	19.8
DMRI	6.3	9.3	1.1	16.7
Energy and Climate	15.1	4.9	2.5	22.5
Business and Society	15.5	0.5	2.2	18.2
Life Science	7.1	2.5	1.6	11.2
Materials	7.9	2.6	2.9	13.4
Production	6.3	4.1	3.3	13.7
International commercial activities	0.2	0.0	0.0	0.2
Production of particle acceleration equipment	12.8	0.0	0.0	12.8
Other subsidiaries*	7.3	0.0	0.0	7.3
Net turnover	101.2	29.4	19.9	150.5
2017				
AgroTech	8.3	3.0	3.1	14.4
Building and Construction	14.5	2.4	2.6	19.5
DMRI	6.8	8.9	1.1	16.8
Energy and Climate	15.0	4.6	2.5	22.1
Business and Society	14.2	0.7	2.2	17.1
Life Science	6.6	2.2	1.6	10.4
Materials	7.2	2.6	2.8	12.6
Production	5.6	4.7	3.6	13.9
International commercial activities	0.6	0.2	0.0	0.8
Production of particle acceleration equipment	14.0	0.1	0.0	14.1
Other subsidiaries*	9.4	0.0	0.0	9.4
Net turnover	102.2	29.4	19.5	151.1

** Primarily education activities at Teknologisk Institut Sverige AB and certification activities at Dancert A/S.*

Turnover – geographically

EURm	Denmark	Abroad	Total for group
2018	111.7	38.8	150.5
2017	110.0	41.1	151.1

	Group		The Institute	
EURm	2018	2017	2018	2017
2 – Personnel costs				
Salaries and wages	81.7	80.3	74.8	71.1
Pensions	1.2	1.4	0.8	0.8
Other social contributions	1.4	1.5	0.7	0.6
Total	84.3	83.2	76.3	72.5

Remuneration for the group's Executive Board and Board of Trustees amounts to EUR 1.2 million (2017: EUR 1.2 million). Remuneration for the Institute's Executive Board and Board of Trustees amounts to EUR 0.6 million. (2017: EUR 0.6 million). The group employed an average of 1,009 employees compared ti 1,041 in 2017. The Insttute employed an average of 899 employees compared to 898 in 2017.

With reference to section 98b of the Danish Financial Statements Act, remuneration paid to the Executive Board and Board of Trustees is presented as a total amount.

3 – Amortisation/depreciation and impairment

Amortisation	3.8	3.7	3.1	2.9
Impairment	0.6	0.7	0.6	0.7
Total	4.4	4.4	3.7	3.6

Impairment in 2018 concerns other plant, operating equipment, fixtures and fittings.

4 – Other operating income

Income concerning external tenants	0.2	0.5	0.5	0.8
Income from group services	0.0	0.0	0.4	0.3
Tax refunds. previous years	0.0	0.0	0.0	0.0
Profit/loss from operating equipment sold	0.1	0.1	0.1	0.1
Total	0.3	0.6	1.0	1.2

5 – Financial income

Interest income	0.0	0.0	0.0	0.0
Interest income from group enterprises	0.0	0.0	0.0	0.0
Exchange gains	0.3	0.3	0.3	0.3
Total	0.3	0.3	0.3	0.3

6 – Financial costs

Other financial costs	0.2	0.1	0.2	0.1
Exchange losses	0.3	0.2	0.2	0.2
Total	0.5	0.3	0.4	0.3

	Group		The Institute	
EURm	2018	2017	2018	2017

7 – Tax on profit for the year

	Group 2018	Group 2017	The Institute 2018	The Institute 2017
Calculated tax on taxable income for the year	0.0	0.0	0.0	0.0
Adjustment of deferred tax for the year	-0.1	-0.5	0.0	0.0
Total	-0.1	-0.5	0.0	0.0

8 – Intangible fixed assets

EURm (Group)	Goodwill	Development projects in progress	Completed development projects	Patents (Institute)	Total
Cost price as at 1 January	2.9	0.0	2.1	0.7	5.7
Exchange rate adjustment in foreign enterprises	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
Cost price as at 31 December	2.9	0.0	2.1	0.7	5.7
Impairment and depreciation as at 1 January	2.5	0.0	0.8	0.7	4.0
Exchange rate adjustment in foreign enterprises	-0.1	0.0	0.4	0.0	0.3
Amortisation	0.2	0.0	0.0	0.0	0.2
Impairment and depreciation as at 31 December	2.6	0.0	1.2	0.7	4.5
Statutory accounts value as at 31 December	0.3	0.0	0.9	0.0	1.2

Development projects concern the development of new types of power supplies by Danfysik A/S for the existing and new markets. Such projects are a natural extension of the existing product types sold, and should be seen in the context of Danfysik having enjoyed a leading position for many years within advanced power supplies for such uses as particle accelerator plant. All projects are running according to plan, and are primarily conducted by our own employees.

9 – Property, plant and equipment

Group

EURm	Land and buildings	Production plant and machinery	Other plant, operating equipment, fixtures and fittings	Fitting out of leased premises	Property, plant and equipment in progress	Total
Cost price as at 1 January	75.4	2.2	48.7	0.1	0.5	126.9
Exchange rate adjustment in foreign enterprises	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	1.9	0.0	6.4	0.0	1.1	9.4
Project-financed	0.0	0.0	-0.2	0.0	0.0	-0.2
Disposals	0.0	0.0	-3.0	0.0	-1.6	-4.6
Cost price as at 31 December	77.3	2.2	51.9	0.1	0.0	131.5
Impairment and depreciation as at 1 January	25.7	1.5	40.0	0.0	0.0	67.2
Exchange rate adjustment in foreign enterprises	0.0	0.0	0.0	0.1	0.0	0.1
Amortisation	0.7	0.2	2.2	0.0	0.0	3.1
Impairment	0.0	0.0	0.6	0.0	0.0	0.6
Depreciation and impairment related to disposal	0.0	0.0	-3.0	0.0	0.0	-3.0
Impairment and depreciation as at 31 December	26.4	1.7	39.8	0.1	0.0	68.0
Statutory accounts value as at 31 December	50.9	0.5	12.1	0.0	0.0	63.5

The Institute

EURm	Land and buildings	Other plant. operating equipment. fixtures and fittings	Fitting out of leased premises	Property. plant and equipment in progress	Total
Cost price as at 1 January	75.4	47.7	0.1	0.5	123.7
Acquisitions	1.9	6.4	0.0	1.1	9.4
Project-financed	0.0	-0.2	0.0	0.0	-0.2
Disposals	0.0	-2.9	0.0	-1.6	-4.5
Cost price as at 31 December	77.3	51.0	0.1	0.0	128.4
Impairment and depreciation as at 1 January	25.7	39.2	0.0	0.0	64.9
Amortisation	0.7	2.2	0.1	0.0	3.0
Impairment	0.0	0.6	0.0	0.0	0.6
Depreciation and impairment related to disposal	0.0	-2.9	0.0	0.0	-2.9
Impairment and depreciation as at 31 December	26.4	39.1	0.1	0.0	65.6
Statutory accounts value as at 31 December	50.9	11.9	0.0	0.0	62.8

EURm	2018	2017
10 – Investments in subsidiaries (Institute)		
Cost price as at 1 January	6.8	6.8
Acquisitions	0.0	0.0
Cost price as at 31 December	6.8	6.8
Value adjustments as at 1 January	-1.4	1.2
Exchange rate adjustments	-0.1	0.0
Distributed dividends	-0.1	-0.9
Amortisation of goodwill	0.0	0.0
Adjustment of market value of forward exchange contracts in subsidiaries	-0.4	0.3
Adjustment of internal profit margin	0.0	0.1
Adjustment for previous years	0.0	-0.2
Net profit or loss for the year	-0.3	-1.9
Value adjustments as at 31 December	-2.2	-1.4
Statutory accounts value as at 31 December	4.5	5.4

Name	Registered office	Share capital	Voting share and ownership interest in %	Equity EUR	Net profit or loss for the year EUR
Teknologisk Innovation A/S	Høje Taastrup, Denmark	TDKK 7,500	100	1,026.4	6.4
Dancert A/S	Høje Taastrup, Denmark	TDKK 500	100	147.6	-59.6
Danfysik A/S	Høje Taastrup, Denmark	TDKK 7,000	100	1,540.0	-201.9
Teknologisk Institut Sverige AB	Gothenburg, Sweden	TSEK 5,000	100	1,157.5	-33.1
DTI Polska Sp. z o.o.	Warsaw, Poland	TPLN 50	68	709.0	-95.4
DTI Spain S.L.	Barcelona, Spain	TEUR 3	67	188.2	60.2

All subsidiaries are independent units.

	Group		The Institute	
EURm	2018	2017	2018	2017

11 – Other securities, loans and investments

	Group 2018	Group 2017	The Institute 2018	The Institute 2017
Cost price as at 1 January	20.0	20.3	19.9	20.1
Acquisitions	2.4	6.6	2.4	6.6
Disposals	-2.6	-6.9	-2.6	-6.8
Cost price as at 31 December	19.8	20.0	19.7	19.9
Impairments as at 1 January	0.1	0.2	0.0	0.1
Impairment for the year	0.1	-0.1	0.0	-0.1
Impairment as at 31 December	0.2	0.1	0.0	0.0
Statutory accounts value as at 31 December	19.7	19.9	19.7	19.9

Of securities held, EUR 6.7 million is pledged as security for credit institute loans.

12 – Inventories

	Group 2018	Group 2017	The Institute 2018	The Institute 2017
Raw materials and consumables	2.6	2.5	0.0	0.0
Goods under manufacture	2.6	2.0	0.0	0.0
Manufactured and trade goods	0.4	0.2	0.3	0.3
Total	5.6	4.7	0.3	0.3

The statutory accounts value of inventories recognised at net realisable value, comprises EUR 1.2 million for the group and EUR 0 million for the Institute.

13 – Contract work in progress

	Group 2018	Group 2017	The Institute 2018	The Institute 2017
Sales value of work performed	89.3	102.9	80.2	90.7
Invoicing on account	-98.9	-109.9	-87.4	-97.0
Total	-9.6	-7.0	-7.2	-6.3
Contract work in progress recognised as:				
Contract work in progress (assets)	11.9	12.0	11.2	11.4
Contract work in progress (liabilities)	-21.5	-19.0	-18.4	-17.7
Statutory accounts value as at 31 December	-9.6	-7.0	-7.2	-6.3

	Group		The Institute	
EURm	2018	2017	2018	2017

14 – Deferred tax

Deferred tax assets				
Deferred tax as at 1 January	0.8	0.4	0.0	0.0
Adjustment of deferred tax for the year	0.1	0.4	0.0	0.0
Deferred tax asset as at 31 December	0.9	0.8	0.0	0.0
Deferred tax asset concerns:				
Intangible fixed assets	-0.2	-0.3	0.0	0.0
Property, plant and equipment	0.3	0.3	0.0	0.0
Current assets	-0.5	-0.4	0.0	0.0
Taxable deficit	1.3	1.2	0.0	0.0
Total	0.9	0.8	0.0	0.0
Provisions for deferred tax				
Deferred tax as at 1 January	0.0	0.0	0.0	0.0
Adjustment of deferred tax for the year	0.0	0.0	0.0	0.0
Deferred tax as at 31 December	0.0	0.0	0.0	0.0
Provisions for deferred tax concern:				
Property, plant and equipment	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

15 – Accruals

Accruals under assets comprise pre-paid costs concerning software licences and rent.
Accruals under liabilities comprise pre-paid income.

16 – Cash

Free funds	8.8	7.4	6.4	3.4
Tied-up funds	10.0	10.2	10.0	10.2
Total	18.8	17.6	16.4	13.6

Tied-up funds comprise funds in a deposit account, and for onward payment to project partners.

17 – Guarantee commitments

Guarantee commitments falling due after 1 year total EUR 0 million. (2017: EUR 0 million.).

	Group		The Institute	
EURm	2018	2017	2018	2017
18 – Other debt				
Holiday pay obligation	11.6	11.5	10.9	10.7
A-tax payable	0.0	0.0	0.0	0.0
VAT payable	1.0	0.8	1.0	0.8
Other accounts payable	5.8	5.0	4.7	3.2
Miscellaneous deposits	0.0	0.1	0.0	0.1
Total	18.4	17.4	16.6	14.8
19 – Fee paid to PricewaterhouseCoopers				
Mandatory audit	0.1	0.1	0.1	0.1
Declarations with guarantee	0.1	0.1	0.1	0.1
Tax consultancy	0.0	0.0	0.0	0.0
Total	0.2	0.2	0.2	0.2
20 – Guarantee commitments				
Guarantees for payments received on account	4.8	6.6	0.3	0.3

21 – Contingent liabilities etc.

The Institute is party to certain disputes, the outcome of which is not expected to affect its financial position.

The Institute is taking part in projects which, under certain circumstances, could lead to an obligation to repay funding received. Where this is deemed likely, a provision is made for the obligation.

The Institute provides surety for the use of Mastercard by the employees.

The Institute (parent company) provides surety for guarantees given by Danfysik to Jyske Bank.

The Institute (parent company) provides a guarantee for lending facilities provided to Danfysik by Jyske Bank and Nordea.

Rent and leasing commitments

Rent commitment				
Commitment within the next 5 years	1.9	2.6	0.8	1.1
Commitment next year	0.8	1.2	0.2	0.5
Operational leasing contracts				
Commitment within the next 5 years	0.0	0.1	0.0	0.0
Commitment next year	0.0	0.0	0.0	0.0

22 – Derivative financial instruments

In order to hedge individual contracts in foreign currencies, the group uses forward exchange contracts. The contracts concerned can be specified as follows:

		Contractual value		Gains and losses Recognised in the equity	
EURm	Period	2018	2017	2018	2017
The Institute	0-12 months	0.0	0.0	0.0	0.0
	Over 12 months	0.0	0.0	0.0	0.0
Total		0.0	0.0	0.0	0.0
The group	0-12 months	8.4	4.5	0.2	0.1
	Over 12 months	3.4	0.6	0.1	0.0
Total		11.8	5.1	0.3	0.1

Forward exchange contracts are in GBP, AUD and USD.

23 – Related parties

The Institute's related parties with significant influence include the Board of Trustees and the Executive Board. The Institute has no transactions with related parties other than the usual dealings with subsidiaries. Transactions are made on market terms.

24 – Basis for preparation and translation policies

This Annual Report has been prepared on the basis of the original Danish Annual Report of the Institute, which was presented in the Institute’s functional currency, DKK. The financial statements have been prepared as if EUR had been the Institute’s functional currency. Consequently, all figures in the financial statements have been translated from the functional currency (DKK) to EUR using an average exchange rate for the year.

The original Danish Annual Report can be obtained at www.teknologisk.dk.

25 – Adjustment for non-cash items

	Group	
EURm	2018	2017
Adjustment of provision for holiday pay obligation	1.2	0.4
Adjustment for personnel cases and wages due	1.5	0.0
Adjustment of provision for bonus payments	1.6	0.8
Adjustment of outstanding costs	0.5	1.0
Adjustment concerning discharged employees	0.2	0.3
Adjustment of provision for debtors	-0.3	-0.3
Adjustment of provision concerning work in progress	-0.3	-0.5
Adjustment of pre-paid costs	-0.7	-0.8
Other adjustments net	0.2	0.1
Total	4.0	1.0

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