



## Jutlandia Terminal A/S

Europakaj 1  
6700 Esbjerg  
CVR No. 13835233

## Annual report 2022

The Annual General Meeting adopted the  
annual report on 20.04.2023

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**Mikael Hedager Würtz**  
Conductor

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# Entity details

## Entity

Jutlandia Terminal A/S

Europakaj 1

6700 Esbjerg

Business Registration No.: 13835233

Registered office: Esbjerg

Financial year: 01.01.2022 - 31.12.2022

## Board of Directors

Kasper Svarrer

Jens Peder Ravn Thomsen

Ulf Preisler

Kim Hedegaard Sørensen

Kristian Svarrer

Mikael Hedager Würtz

## Executive Board

Kristian Svarrer

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6700 Esbjerg

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Jutlandia Terminal A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 20.04.2023

## Executive Board

**Kristian Svarrer**

## Board of Directors

**Kasper Svarrer**

**Jens Peder Ravn Thomsen**

**Ulf Preisler**

**Kim Hedegaard Sørensen**

**Kristian Svarrer**

**Mikael Hedager Würtz**

# Independent auditor's report

## To the shareholders of Jutlandia Terminal A/S

### Opinion

We have audited the financial statements of Jutlandia Terminal A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content 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.

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 the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary 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 the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 20.04.2023

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Jørn Jepsen**

State Authorised Public Accountant  
Identification No (MNE) mne24824

# Management commentary

## Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Gross profit/loss	46,398	62,376	52,954	61,842	59,079
Operating profit/loss	3,066	7,982	6,243	4,675	143
Net financials	66	30	17	(215)	(148)
Profit/loss for the year	2,440	6,243	4,846	3,463	(17)
Total assets	40,607	47,540	45,130	49,602	38,408
Investments in property, plant and equipment	745	4,570	2,164	1,805	12,243
Equity	19,440	23,200	18,957	14,111	10,648
<b>Ratios</b>					
Return on equity (%)	11.44	29.62	29.31	27.97	(0.15)
Equity ratio (%)	47.87	48.80	42.01	28.45	27.72

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$



### Primary activities

The Company's primary activities are terminal services and offshore activities.

### Development in activities and finances

During the financial year, the company has achieved a satisfactory result.

The activity in the Oil and Gas, Wind, Terminal and Agency departments have been high the whole year, which has positively affected the result in all business units.

The primarily focus has been on maintaining a high service level, despite the high activity level and this has indeed succeeded.

### Profit/loss for the year in relation to expected developments

The profit is lower than expected in the budgets for 2022 and this is mostly due to the high activity in all business areas and at the Port of Esbjerg.

### Outlook

We expect a positive result for 2023 in the range of 1,000 tDKK to 3,000 tDKK.

### Environmental performance

The Company is environmentally conscious and is continuously working to reduce the environmental impact of Corporate operations.

### Voluntary report on social responsibility

Jutlandia Terminal A/S has just started to report about ESG, why the ESG report does not constitute a complaint report according to Danish GAAP §99a.

Our ESG-report can be found here: <https://www.jut.dk/>

### Business model

The company focuses on conducting business with development, sales and marketing of terminal and offshore solutions adapted to customers' needs, and meet strategic challenges on an economic and socially responsible way. The company has a number of formal and informal policies and attitudes for, how the company fulfills its social responsibility.

### Work environment

The working environment is a high priority throughout the company. Our working environment policy covers all basics topics to develop and maintain a good physical and mental working environment in the company so that the employees thrive and to counter the risk of employees becoming ill from a poor working environment.

The company is certified according to the international working environment standard ISO 45001. The number of occupational accidents (LTI) in 2022 has accounted for zero per 1 million working hours, which is in line with the defined objective of zero LTI.

Allocation of funds in pools for training also ensures ongoing competence development for everyone employees.

**Employees**

It is essential that the company can continue to recruit and retain employees with a high level of education and competence. This requires continuous updating and acquisition of new skills.

The presence of the necessary knowledge in all employee groups is ensured i.a. at the time of employment and throughout ongoing training. The training is organized both generally and individually.

**Human rights**

Through our employee policy and efforts around well-being, working environment, education and equal rights we work daily to ensure the human rights of our employees; we want to be a safe workplace where employees are guaranteed their right to freedom of expression, freedom of association and freedom of religion, and where we respect each other's privacy.

No breach of these policies has been identified in 2022 or earlier.

**Underrepresented gender**

It is a company goal that all our employees should feel that they have the same opportunities for career development and leadership positions - regardless of gender. The management in the company will ensure equal opportunities for men and women, and work for a better balance between men and women at all levels in the company. This will be done i.a. by encouraging diversity in the composition of teams, as well as ensuring equal opportunities and access to career development.

A policy has been established for management level with a view to increasing the proportion of the underrepresented gender and the general diversity. In connection with the employment of new employees, the company strives to ensure that, as far as possible, there are always qualified candidates of each gender.

**Data ethics policy**

The company works actively with both data security and GDPR, the EU's data protection regulation on personal data, and the ethical aspects of data. Particular focus is on how data is collected, processed, used, shared and deleted.

# Income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
<b>Gross profit/loss</b>		<b>46,398</b>	<b>62,376</b>
Staff costs	1	(40,438)	(51,364)
Depreciation, amortisation and impairment losses	2	(2,894)	(3,030)
<b>Operating profit/loss</b>		<b>3,066</b>	<b>7,982</b>
Other financial income from group enterprises		428	299
Other financial income		56	52
Financial expenses from group enterprises		(208)	(81)
Other financial expenses		(210)	(240)
<b>Profit/loss before tax</b>		<b>3,132</b>	<b>8,012</b>
Tax on profit/loss for the year	3	(692)	(1,769)
<b>Profit/loss for the year</b>	4	<b>2,440</b>	<b>6,243</b>

# Balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Goodwill		0	0
<b>Intangible assets</b>	5	<b>0</b>	<b>0</b>
Land and buildings		142	168
Other fixtures and fittings, tools and equipment		6,126	8,329
Property, plant and equipment in progress		0	100
<b>Property, plant and equipment</b>	6	<b>6,268</b>	<b>8,597</b>
Other receivables		4,312	3,985
<b>Financial assets</b>	7	<b>4,312</b>	<b>3,985</b>
<b>Fixed assets</b>		<b>10,580</b>	<b>12,582</b>
Manufactured goods and goods for resale		292	167
<b>Inventories</b>		<b>292</b>	<b>167</b>
Trade receivables		20,787	16,717
Contract work in progress		590	1,109
Receivables from group enterprises		7,224	15,120
Deferred tax	8	518	475
Other receivables		178	30
Prepayments	9	392	211
<b>Receivables</b>		<b>29,689</b>	<b>33,662</b>
<b>Cash</b>		<b>46</b>	<b>1,129</b>
<b>Current assets</b>		<b>30,027</b>	<b>34,958</b>
<b>Assets</b>		<b>40,607</b>	<b>47,540</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Contributed capital	10	1,325	1,325
Retained earnings		11,115	15,675
Proposed dividend		7,000	6,200
<b>Equity</b>		<b>19,440</b>	<b>23,200</b>
Lease liabilities		2,630	4,362
<b>Non-current liabilities other than provisions</b>	<b>11</b>	<b>2,630</b>	<b>4,362</b>
Current portion of non-current liabilities other than provisions	11	1,545	1,358
Bank loans		7,816	3,516
Prepayments received from customers		406	157
Trade payables		3,605	4,106
Joint taxation contribution payable		735	1,828
Other payables		4,430	9,013
<b>Current liabilities other than provisions</b>		<b>18,537</b>	<b>19,978</b>
<b>Liabilities other than provisions</b>		<b>21,167</b>	<b>24,340</b>
<b>Equity and liabilities</b>		<b>40,607</b>	<b>47,540</b>
Contingent liabilities	13		
Assets charged and collateral	14		
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# Statement of changes in equity for 2022

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividend DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	1,325	15,675	6,200	23,200
Ordinary dividend paid	0	0	(6,200)	(6,200)
Profit/loss for the year	0	(4,560)	7,000	2,440
<b>Equity end of year</b>	<b>1,325</b>	<b>11,115</b>	<b>7,000</b>	<b>19,440</b>

# Cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		3,066	7,982
Amortisation, depreciation and impairment losses		2,945	3,030
Working capital changes	12	(946)	(6,038)
<b>Cash flow from ordinary operating activities</b>		<b>5,065</b>	<b>4,974</b>
Financial income received		484	351
Financial expenses paid		(417)	(321)
Taxes refunded/(paid)		(1,828)	(1,354)
<b>Cash flows from operating activities</b>		<b>3,304</b>	<b>3,650</b>
Acquisition etc of property, plant and equipment		(745)	(4,570)
Acquisition of fixed asset investments		(327)	(116)
Sale of fixed asset investments		129	56
<b>Cash flows from investing activities</b>		<b>(943)</b>	<b>(4,630)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>2,361</b>	<b>(980)</b>
Loans raised		0	3,590
Repayments of loans etc		(1,545)	(1,407)
Dividend paid		(6,200)	(2,000)
Change in short term debt to banks		4,301	1,763
<b>Cash flows from financing activities</b>		<b>(3,444)</b>	<b>1,946</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(1,083)</b>	<b>966</b>
Cash and cash equivalents beginning of year		1,129	163
<b>Cash and cash equivalents end of year</b>		<b>46</b>	<b>1,129</b>
Cash and cash equivalents at year-end are composed of:			
Cash		46	1,129
<b>Cash and cash equivalents end of year</b>		<b>46</b>	<b>1,129</b>

# Notes

## 1 Staff costs

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	37,153	47,313
Pension costs	2,792	3,599
Other social security costs	493	452
	<b>40,438</b>	<b>51,364</b>
Average number of full-time employees	53	64

	<b>Remuneration of Management 2022 DKK'000</b>	<b>Remuneration of Management 2021 DKK'000</b>
Total amount for management categories	922	965
	<b>922</b>	<b>965</b>

## 2 Depreciation, amortisation and impairment losses

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Depreciation of property, plant and equipment	2,945	3,030
Profit/loss from sale of intangible assets and property, plant and equipment	(51)	0
	<b>2,894</b>	<b>3,030</b>

## 3 Tax on profit/loss for the year

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	735	1,828
Change in deferred tax	(43)	(59)
	<b>692</b>	<b>1,769</b>

## 4 Proposed distribution of profit and loss

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Ordinary dividend for the financial year	7,000	6,200
Retained earnings	(4,560)	43
	<b>2,440</b>	<b>6,243</b>



## 5 Intangible assets

	<b>Goodwill DKK'000</b>
Cost beginning of year	580
<b>Cost end of year</b>	<b>580</b>
Amortisation and impairment losses beginning of year	(580)
<b>Amortisation and impairment losses end of year</b>	<b>(580)</b>
<b>Carrying amount end of year</b>	<b>0</b>

## 6 Property, plant and equipment

	<b>Land and buildings DKK'000</b>	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Property, plant and equipment in progress DKK'000</b>
Cost beginning of year	4,474	32,555	100
Additions	0	745	0
Disposals	0	(1,221)	(100)
<b>Cost end of year</b>	<b>4,474</b>	<b>32,079</b>	<b>0</b>
Depreciation and impairment losses beginning of year	(4,306)	(24,226)	0
Depreciation for the year	(26)	(2,919)	0
Reversal regarding disposals	0	1,192	0
<b>Depreciation and impairment losses end of year</b>	<b>(4,332)</b>	<b>(25,953)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>142</b>	<b>6,126</b>	<b>0</b>
Recognised assets not owned by entity	0	3,005	0

## 7 Financial assets

	<b>Other receivables DKK'000</b>
Cost beginning of year	3,985
Additions	327
<b>Cost end of year</b>	<b>4,312</b>
<b>Carrying amount end of year</b>	<b>4,312</b>

## 8 Deferred tax

	2022 DKK'000	2021 DKK'000
Property, plant and equipment	518	475
<b>Deferred tax</b>	<b>518</b>	<b>475</b>

<b>Changes during the year</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Beginning of year	475	416
Recognised in the income statement	43	59
<b>End of year</b>	<b>518</b>	<b>475</b>

### Deferred tax assets

The management has per. 31.12.2022 recognized deferred tax asset of DKK 518 thousand based on budgets which support full utilization of the tax asset.

## 9 Prepayments

Prepayments consist of prepaid insurance, lease payments and licenses.

## 10 Share capital

	Number	Par value DKK'000	Nominal value DKK'000	Recorded par value DKK'000
A-aktier	1,325	1	1,325	1,325
	<b>1,325</b>		<b>1,325</b>	<b>1,325</b>

## 11 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000
Lease liabilities	1,545	1,358	2,630
	<b>1,545</b>	<b>1,358</b>	<b>2,630</b>

## 12 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	(126)	(21)
Increase/decrease in receivables	(8,949)	236
Increase/decrease in trade payables etc	8,129	(6,253)
	<b>(946)</b>	<b>(6,038)</b>

### 13 Contingent liabilities

	2022 DKK'000	2021 DKK'000
Recourse and non-recourse guarantee commitments	250	250
<b>Contingent liabilities</b>	<b>250</b>	<b>250</b>

The Entity participates in a Danish joint taxation arrangement where Kristian Svarrer Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 14 Assets charged and collateral

The Entity has guaranteed the subsidiary bank loans.  
The subsidiary bank debt amounts to DKK'000 9.671.

### 15 Related parties with controlling interest

Kristian Svarrer, Esbjerg owns Kristian Svarrer Holding ApS, Esbjerg which owns 70% of Harbour Group Holding ApS, Esbjerg, which owns all shares in the company. Kristian Svarrer thus has a controlling influence on the company.

### 16 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

### 17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Kristian Svarrer Holding ApS, Esbjerg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Harbour Group Holding ApS, Esbjerg

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue and other external expenses.

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year.

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including, expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

**Other financial income from group enterprises**

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

**Other financial income**

Other financial income comprises dividends etc. received on other investments, interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies etc.

**Financial expenses from group enterprises**

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

**Other financial expenses**

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with parent companies and subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Buildings	20 years
Other fixtures and fittings, tools and equipment	2-10 years

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

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

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

**Lease liabilities**

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise payment of dividend.

Cash and cash equivalents comprise cash.