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# ***CARSOE ApS***

Mineralvej - 6-8, DK-9220 Aalborg Øst

## **Annual Report for 2023**

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CVR No. 14 26 39 42

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 27/6 2024

Casper Villadsen  
Chairman of the  
general meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company information	4
Financial Highlights	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	9
Balance sheet 31 December	10
Statement of changes in equity	12
Notes to the Financial Statements	13

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CARSOE ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

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

Aalborg Øst, 27 June 2024

## Executive Board

Hugo Holst Dissing  
CEO

## Board of Directors

Casper Villadsen  
Chairman

Hugo Holst Dissing

Johan Carlos Schwerin

# Independent Auditor's report

To the shareholder of CARSOE ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of CARSOE ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

## Management's responsibilities for the Financial Statements

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

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

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

Hellerup, 27 June 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jacob F Christiansen  
State Authorised Public Accountant  
mne18628

Daniel Mogensen  
State Authorised Public Accountant  
mne45831

## Company information

### The Company

CARSOE ApS  
Mineralvej - 6-8  
9220 Aalborg Øst

Email: [info@carsoe.com](mailto:info@carsoe.com)

Website: [www.carsoe.com](http://www.carsoe.com)

CVR No: 14 26 39 42

Financial period: 1 January - 31 December

Incorporated: 1 June 1990

Municipality of reg. office: Aalborg Øst

### Board of Directors

Casper Villadsen, chairman  
Hugo Holst Dissing  
Johan Carlos Schwerin

### Executive Board

Hugo Holst Dissing

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

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

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	17,503	423,875	431,384	525,532	700,774
Gross profit/loss	-9,571	2,859	165,451	179,447	187,441
Profit/loss of primary operations	-9,571	-67,241	-2,448	10,879	39,269
Profit/loss of financial income and expenses	3,024	30,876	10,776	13,694	-7,394
Net profit/loss for the year	-5,265	-19,115	10,131	21,733	25,304
<b>Balance sheet</b>					
Balance sheet total	157,651	215,788	328,279	370,568	574,912
Investment in property, plant and equipment	0	2,811	2,769	4,978	12,962
Equity	38,258	43,523	56,907	90,225	97,007
Number of employees	1	213	220	255	226
<b>Ratios</b>					
Gross margin	-54.7%	0.7%	38.4%	34.1%	26.7%
Profit margin	-54.7%	-15.9%	-0.6%	2.1%	5.6%
Return on assets	-6.1%	-31.2%	-0.7%	2.9%	6.8%
Solvency ratio	24.3%	20.2%	17.3%	24.3%	16.9%
Return on equity	-12.9%	-38.1%	13.8%	23.2%	52.2%

# Management's review

## Key activities

Carsoe ApS is a leading global provider of niche processing equipment and services for the onboard seafood and food processing industries. Carsoe ApS's activities comprise product development, manufacturing, engineering, installation, and service.

## Development in the year

In 2023, Carsoe ApS successfully completed and delivered key projects to our global customers. Throughout the year, our activities were focused on existing commitments. Beginning in 2024, all business operations will transition to our sister company, Carsoe Seafood ApS.

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

The income statement of the Company for 2023 shows a loss of TDKK 5,265, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 38,258.

## Special risks - operating risks and financial risks

### Operating risks

Carsoe ApS's most significant operating risks relate to its ability to gain and retain client relations, key employees and always to be at the forefront of technological development within Carsoe ApS's business areas. Refer to the sections Knowledge resources and Research and development activities below for information on how Carsoe ApS work with knowledge and development.

### Financial risks

The Group does not hedge the currency rate between Danish Krone (DKK) and the Euro (EUR) as this rate is fixed. Exposure to other currencies is limited, as euro is used as the main contract currency.

## Targets and expectations for the year ahead

In 2024, Carsoe ApS will further reduce its operations, with Carsoe Seafood ApS continuing as the primary business entity as part of the Carsoe Group.

## Research and development

Our research and development activities are primarily carried out at the head offices in Denmark in the sister company Carsoe Seafood ApS.

## Intellectual capital resources

Carsoe ApS is dedicated to supplying cutting-edge equipment and installations for manufacturing and processing in the food and seafood sectors.

Our commitment to Environmental, Social, and Governance (ESG) efforts plays a crucial role in this regard, as it is increasingly recognized as a primary factor for individuals seeking employment.

## Statement of corporate social responsibility

Corporate social responsibility is an integral part of Carsoe ApS's business strategy, and we remain committed to and focused on all aspects, from environment, employee satisfaction, human rights, anti-corruption, and our role in society in general.

We elaborate in the following on how we manage our corporate social responsibility and related risks in our work. With reference to the business model, please refer to the section "Key activities" and "Development in the year".



# Management's review

## Environment and climate

Carsøe ApS is dedicated to promoting sustainable practices within the fishing industry, prioritizing the responsible management of global fish resources. From 2023 and onwards most efforts are driven by the sister company Carsøe Seafood ApS.

## Corruption and bribery

Carsøe ApS maintains a strict zero-tolerance policy against corruption and bribery, and we take all necessary measures to prevent such risks in our business relationships.

As there are no employees in Carsøe ApS beside CEO, Carsøe ApS does not foresee any material risks related to corruption and bribery and processes as policies have been calibrated to mitigate these concerns effectively, aligning with our commitment to compliance with rules and regulations.

## Human rights

Our Code of Ethics requires employees to act with integrity and uphold acceptable ethical standards for human rights.

In the 2023 period, we did not identify any breaches of our Code of Ethics or Supplier Code of Conduct, and we are committed to maintaining our current procedures in the future.

## Employees

With no employees in Carsøe ApS, employee-related activities have been minimal.

## Statement on gender composition

2023

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### Top management

Total number of members	3
Underrepresented gender %	0%
Target figure %	25%
Year for meeting target	2026

### Other management levels

Total number of members	1
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Carsøe ApS is working to increase the number of female managers in Carsøe ApS and has set specific targets for the share of the underrepresented gender in Carsøe ApS's management in general. Carsøe ApS has a target that 25% of the management positions in Carsøe ApS should be held by women by the end of 2026.

Carsøe ApS has, as of the balance sheet date, 1 member at the company's other management levels, which exempts Carsøe ApS from the obligation to set a target due to the number of employees. Reference: Section 99b, subsection 2 of the Danish Financial Statements Act.

## Statement on data ethics

Carsøe ApS is responsible for processing customer information that is provided to us or collected about our customers. We treat customer information with the utmost respect for confidentiality and privacy. We have a clear corporate policy in place that governs how we use personal information to protect the privacy of our employees, customers, and other stakeholders. This policy is designed to ensure compliance with the Data Protection Act and the Data Protection Regulation.

## Management's review

In 2024, Carsoe has partnered with an external entity to enhance data protection and compliance. The initial phases of implementation are scheduled for completion by year-end, with data ethics integrated into Carsoe's overall growth strategy.

### **Uncertainty relating to recognition and measurement**

There has been no uncertainty regarding recognition and measurement in the Annual Report.

### **Unusual events**

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

### **Subsequent events**

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

## Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	1	17,503	423,875
Other operating income		204	6,562
Expenses for raw materials and consumables		-26,523	-375,235
Other external expenses		-755	-52,343
<b>Gross profit/loss</b>		<b>-9,571</b>	<b>2,859</b>
Staff expenses	2	0	-84,371
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	0	14,271
<b>Profit/loss before financial income and expenses</b>		<b>-9,571</b>	<b>-67,241</b>
Income from investments in subsidiaries		0	42,380
Financial income	4	11,269	2,545
Financial expenses	5	-8,245	-14,049
<b>Profit/loss before tax</b>		<b>-6,547</b>	<b>-36,365</b>
Tax on profit/loss for the year	6	1,282	17,250
<b>Net profit/loss for the year</b>	7	<b>-5,265</b>	<b>-19,115</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		TDKK	TDKK
Deposits	8	0	47
<b>Fixed asset investments</b>		<b>0</b>	<b>47</b>
<b>Fixed assets</b>		<b>0</b>	<b>47</b>
Raw materials and consumables		269	500
Work in progress		0	70
Finished goods and goods for resale		4,316	4,589
Prepayments for goods		0	838
<b>Inventories</b>		<b>4,585</b>	<b>5,997</b>
Trade receivables		64	1,796
Receivables from group enterprises		150,658	193,627
Other receivables		716	3,427
Deferred tax asset	10	1,626	186
<b>Receivables</b>		<b>153,064</b>	<b>199,036</b>
<b>Cash at bank and in hand</b>		<b>2</b>	<b>10,708</b>
<b>Current assets</b>		<b>157,651</b>	<b>215,741</b>
<b>Assets</b>		<b>157,651</b>	<b>215,788</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital	11	584	584
Retained earnings		37,674	42,939
<b>Equity</b>		<b>38,258</b>	<b>43,523</b>
Other provisions	12	0	3,664
<b>Provisions</b>		<b>0</b>	<b>3,664</b>
Other payables		7,828	7,412
<b>Long-term debt</b>	13	<b>7,828</b>	<b>7,412</b>
Credit institutions		69,416	104,734
Trade payables		163	4,247
Contract work in progress	9	1,956	11,901
Payables to group enterprises		38,953	23,665
Payables to group enterprises relating to corporation tax		0	6,219
Other payables	13	1,077	10,423
<b>Short-term debt</b>		<b>111,565</b>	<b>161,189</b>
<b>Debt</b>		<b>119,393</b>	<b>168,601</b>
<b>Liabilities and equity</b>		<b>157,651</b>	<b>215,788</b>
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Fee to auditors appointed at the general meeting	16		
Subsequent events	17		
Accounting Policies	18		

## Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	584	42,939	43,523
Net profit/loss for the year	0	-5,265	-5,265
<b>Equity at 31 December</b>	<b>584</b>	<b>37,674</b>	<b>38,258</b>

# Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>1. Revenue</b>		
<b>Geographical segments</b>		
Europe	16,721	391,068
Other continents	782	32,807
	<u>17,503</u>	<u>423,875</u>
<b>Business segments</b>		
Onshore	194	86,469
Offshore	17,309	337,406
	<u>17,503</u>	<u>423,875</u>
	2023	2022
	TDKK	TDKK
<b>2. Staff Expenses</b>		
Wages and salaries	0	73,309
Pensions	0	9,222
Other social security expenses	0	1,840
	<u>0</u>	<u>84,371</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
<b>Average number of employees</b>	<u>1</u>	<u>213</u>
	2023	2022
	TDKK	TDKK
<b>3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	0	5,666
Depreciation of property, plant and equipment	0	11,631
Gain and loss on disposal	0	-31,568
	<u>0</u>	<u>-14,271</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>4. Financial income</b>		
Interest received from group enterprises	11,029	1,674
Other financial income	22	2
Exchange adjustments	218	869
	<u>11,269</u>	<u>2,545</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>5. Financial expenses</b>		
Interest paid to group enterprises	1,477	3,423
Other financial expenses	6,691	4,916
Exchange adjustments, expenses	77	5,710
	<u>8,245</u>	<u>14,049</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>6. Income tax expense</b>		
Current tax for the year	0	6,217
Deferred tax for the year	-1,440	-23,524
Adjustment of tax concerning previous years	158	57
	<u>-1,282</u>	<u>-17,250</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>7. Profit allocation</b>		
Retained earnings	-5,265	-19,115
	<u>-5,265</u>	<u>-19,115</u>



# Notes to the Financial Statements

## 8. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	47
Disposals for the year	-47
Cost at 31 December	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>

## 9. Contract work in progress

	2023	2022
	TDKK	TDKK
Selling price of work in progress	93,587	151,434
Payments received on account	-95,543	-163,335
	<u>-1,956</u>	<u>-11,901</u>
Recognised in the balance sheet as follows:		
Prepayments received recognised in debt	-1,956	-11,901
	<u>-1,956</u>	<u>-11,901</u>

## 10. Deferred tax asset

	2023	2022
	TDKK	TDKK
Deferred tax asset at 1 January	186	-23,282
Amounts recognised in the income statement for the year	1,440	23,468
Deferred tax asset at 31 December	<u>1,626</u>	<u>186</u>

## 11. Share capital

	Number	Nominal value
		TDKK
A-shares	465,120	465
B-shares	118,615	119
		<u>584</u>

# Notes to the Financial Statements

## 12. Other provisions

The Company provides warranties of on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of TDKK 0 (2022: TDKK 3,664) have been recognised for expected warranty claims.

2023	2022
TDKK	TDKK

## 13. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

### Other payables

After 5 years	0	0
Between 1 and 5 years	7,828	7,412
Long-term part	7,828	7,412
Other short-term payables	1,077	10,423
	<b>8,905</b>	<b>17,835</b>

2023	2022
TDKK	TDKK

## 14. Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with bankers:

Owner's mortgage deed with business mortgage of a total of TDKK 40,000, which includes simple receivables/trade debtors, inventories, operating assets and intangible rights for a total accounting value of	4,649	7,794
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# Notes to the Financial Statements

2023	2022
TDKK	TDKK

## 14. Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Carsoe Group A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

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

	<u>Basis</u>
<b>Controlling interest</b>	
Carsoe Holdco A/S, Denmark	Owns all shares in the Entity, thus exercising control.
Carsoe Group A/S, Denmark	Owns all shares in Carsoe Holdco A/S, thus exercising control.
Plemont Co-Investment No.1 Seperate Limited Partnership, Jersey	Owns shares in Carsoe Group A/S, thus exercising control.

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Carsoe Group A/S	Aalborg

## 16. Fee to auditors appointed at the general meeting

Referring to section 96(3) of the Danish Financial Statements Act, fees to the auditor appointed by the Annual General Meeting has not been disclosed.

# Notes to the Financial Statements

## 17. Subsequent events

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

# Notes to the Financial Statements

## 18. Accounting policies

The Annual Report of CARSOE ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

### Cash flow statement

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

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Segment information on revenue

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Income statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

# Notes to the Financial Statements

## Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

## Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

## Gross profit/loss

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

## Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

## Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

## Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

## Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

## Financial income and expenses

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

## Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Carsoe Group A/S. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance sheet

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

# Notes to the Financial Statements

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## **Other fixed asset investments**

Other fixed asset investments consist of

## **Inventories**

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

## **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## **Contract work in progress**

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

## **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

# Notes to the Financial Statements

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

## Deferred tax assets and liabilities

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

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

## Current tax receivables and liabilities

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

## Financial liabilities

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

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

## Financial Highlights

### Explanation of financial ratios

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