
MALMOS A/S

Gammel Marbjergvej 11, DK-4000 Roskilde

Annual Report for 2023

CVR No. 19 22 69 80

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/4 2024

Michael Gøthche
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of MALMOS A/S 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 and cash flows 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.

Roskilde, 17 April 2024

Executive Board

Kim Thinggaard

Michael Gøthche

Board of Directors

Morten D. Hansen
Chairman

Holger Randrup Hansen

Lars Møller Hansen

Independent Auditor's report

To the shareholder of MALMOS A/S

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 and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of MALMOS A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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.

Ringsted, 17 April 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Per Larsen

State Authorised Public Accountant

mne27778

Kenneth Østergaard

State Authorised Public Accountant

mne47262

Company information

The Company	MALMOS A/S Gammel Marbjergvej 11 DK-4000 Roskilde CVR No: 19 22 69 80 Financial period: 1 January - 31 December Municipality of reg. office: Roskilde
Board of Directors	Morten D. Hansen, chairman Holger Randrup Hansen Lars Møller Hansen
Executive Board	Kim Thinggaard Michael Gøthche
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted
Lawyers	Argument Advokatfirma Aalborgvej 57 9520 Skørping
Bankers	Nykredit Under Krystallen 1 1780 København V

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
Key figures					
Profit/loss					
Revenue	257,165	228,896	212,646	194,742	171,714
Gross profit	82,935	79,516	79,501	71,143	65,006
Profit/loss of ordinary primary operations	12,822	15,633	15,803	13,827	12,353
Profit/loss before non-recurring costs and financial income and expenses	19,327	23,615	22,489	19,522	14,259
Profit/loss before financial income and expenses	14,647	17,869	21,388	16,044	14,259
Profit/loss of financial income and expenses	-1,810	-404	-1,390	-1,006	-993
Net profit/loss for the year	10,000	13,613	15,590	11,320	10,329
Balance sheet					
Balance sheet total	128,876	123,480	127,766	85,246	76,084
Investment in property, plant and equipment	12,508	10,802	7,224	4,820	8,911
Equity	28,315	30,815	33,202	27,613	25,293
Cash flows					
Cash flows from:					
- operating activities	12,997	21,990	16,547	26,157	27,012
- investing activities	-10,852	-7,705	-4,609	-3,336	-7,350
- financing activities	-15,262	-13,441	-3,385	-12,044	-4,898
Change in cash and cash equivalents for the year	-13,117	844	8,553	10,777	14,764
Number of employees	107	98	96	92	90
Ratios					
Gross margin	32.2%	34.7%	37.4%	36.5%	37.9%
Profit margin before non-recurring costs	7.5%	10.3%	10.6%	10.0%	8.3%
Profit margin	5.7%	7.8%	10.1%	8.2%	8.3%
Return on assets	11.4%	14.5%	16.7%	18.8%	18.7%
Solvency ratio	22.0%	25.0%	26.0%	32.4%	33.2%
Solvency ratio excl. net debt to factor	29.0%	31.8%	33.1%	32.4%	33.2%
Return on equity	33.8%	42.5%	51.3%	42.8%	44.7%

Management's review

Key Activities

Malmos wants to set the tone for the landscapes of the future based on our vision of bringing nature into our cities. We provide nature-based solutions that help prepare our society for the future and improve the well-being of people. We started out as a landscaping firm but today, we are known as a green partner. We see nature as our partner – whether in cities, on land, in the ground or along the coast. We succeed because we work together – together as a strong Malmos team in our day-to-day work, and particularly in cooperation and partnerships with our customers and collaborators.

The Company's activities thus comprise landscape construction and nature-based solutions, primarily by early involvement, in partnerships, through the conclusion of construction contracts and through stand-alone work.

Development of the year and follow-up on development expectations from last year

2023 was a year in which we raised the bar and growth was the key word.

Achieving a growth rate of 12%, we realised revenue of DKK 257 million, which exceeded our expectations. The timing difference of activities from 2022 and a first half of the year generally characterised by high production volumes and order intake resulted in double-digit revenue growth for the full year. We have, thus, for the fourth year in a row, realised organic revenue growth, which is extremely satisfying and in line with our strategy.

The profit margin before non-operating items was 7.5%, exceeding our expectations for 2023 of about 5 to 7%. As the increased incremental revenue did not result in major fluctuations in the Company's expected fixed costs, Management is very satisfied with the results for the year.

In 2023, we entered into agreements to the extent that, by the end of the year, we had a historically high volume of orders for fulfilment over the coming years. This is a direct effect of our strategic work.

Strategy and the way forward

In 2023, we revised Malmos' strategy and direction for the coming years.

This was, for example, reflected in the introduction of a new overall dream and five supporting ambitions aimed at our internal organisation and the external market alike while, at the same time, supporting the societal agenda in general:

"WE SET THE TONE FOR THE LANDSCAPES OF THE FUTURE"

- We contribute to solving climate challenges while providing nature with new life.
- We are known for our integrity and high quality.
- We understand and offer services throughout the entire landscaping value chain, and we prioritise high professional standards.
- We challenge the status quo and use data and technology ambitiously when performing our services.
- We succeed because we work together.

Management's review

This strategy and these specific focus areas, including the underlying strategic action plans, will thus form the basis for our business growth and development in the years to come.

A responsible company setting the tone for the landscapes of the future

The environment, including climate and sustainability, has been a top priority for Malmos for years and is part of our DNA. We have deliberately chosen to include sustainability, climate and the environment in our corporate mission and consider it necessary to be the preferred partner throughout the value chain.

In the autumn of 2023, we attained the comprehensive B-Corp certification, which marked the next step on our ambitious journey of working with the environment, social responsibility and sustainability. The certification covers the entire organisation, from Management and business partners to the environment and impact on society. We are extremely proud of having achieved this recognition, which shows that we are on the right track. At the same time, it provides us with a methodology and framework for setting new goals for the future.

At Malmos, our target is to be the preferred landscaping partner, and based on a range of initiatives, we have made a mark in the industry, for example by increasing our efforts in terms of utilising existing resources. A specific goal of our Environmental Action Plan is to inform our customers of environmentally friendly alternatives, for example reuse of crushed materials rather than adding new materials.

At the same time, Malmos' owner, idverde Denmark, has prepared an ambitious sustainability strategy establishing a number of goals for the Group's work towards 2024, including:

- Annually increase the commitment to achieve employee satisfaction of minimum 85%.
- Increase the activities contributing positively to biodiversity by 10% annually
- Scrutinise every tender to offer possible sustainable alternatives

These activities fall perfectly in line with Malmos' DNA, and they have our full support.

Decent jobs and quality education

At Malmos, we want to develop our workplace to secure a developing working life for all our employees, which also enables them to contribute to our Company's growth and leading role in the industry. Within this framework, we aim at including employees who cannot handle a full-time job, but part of one. In 2023, this work once again impacted several of our employees, because our flexible approach to the labour market has enabled us to adjust the individual employee's working conditions, thus achieving the optimal working day for both the Company and, particularly, for the individual employee.

Malmos has defined a specific objective of not letting background or social challenges be an obstacle for working. Social sustainability and responsibility are thus goals pursued by Malmos. We will continue our work of improving our approach and ensuring that the resources and support our employees need to succeed are in place at work and in life in general.

We take employee development seriously and play an active part in the training of people for jobs in our industry, for example through trainees, course participation and, not least, a strong apprentice academy that supports the training of our apprentices to make sure that they are as competent and well-prepared for future challenges as possible.

Management's review

Skilled labour is key to the green transition, and it has become more important than ever to train skilled workers, and to ensure that they have the right qualifications. In 2024, we will continue our focus on training unskilled workers through individual educational programmes under the auspices of AMU, a Danish organisation offering labour market courses. Today, declining youth cohorts and low enrolment in vocational education and training are a real challenge. We engage actively with all age groups and focus on ensuring that Malmos is ready for the future.

Malmos – completely safe

In 2023, work environment and health and safety were once again focal points at Malmos. Keeping our employees safe and letting them return home safely are among our most important tasks.

During the year, a number of new initiatives were launched to foster the culture pursued by Malmos. In the spring, we launched a campaign focusing on the registration of near-misses and observations. The purpose was to draw attention to situations which might have turned into accidents and to spread the message of how the sharing of information will lead to fewer accidents. In the autumn, we held a health and safety week across the Company, celebrating a healthy work environment while focusing on the mental health and safety of our organisation.

The number of accidents was within the industry norm; nonetheless, we want that number to be as low as possible and consider health and safety a mandatory item high on any agenda. Therefore, this will take priority again in 2024.

Risk management

Malmos takes a proactive approach to risk management in order to ensure future growth for our business and secure our employees, values, assets and reputation. This work is performed partly by the Board of Directors and partly by day-to-day management, who actively monitor our risk management on a current basis and assess any changes and new risks. We want to act responsibly and thus have a risk policy that identifies risks, monitors them and addresses the risks that can be minimised.

Research and development

Research and development activities are primarily, but not entirely, centred around biodiversity, vertical green walls and 'Wild on purpose', where, through various collaborations and activities, we work to increase knowledge and opportunities to promote the diversity of animal species, plant life and thus the planet's entire eco-system, and to respond to the climate challenges.

At Malmos LAB, which acts as our greenhouse for the future, we create the Malmos of the future. We take up all good suggestions and make an informed decision about any development of ideas, interesting thoughts, future products, new working methods, etc.

Our expectations for 2024

We left 2023 with top-line growth, a considerable volume of orders and satisfactory bottom-line results. In 2024, once more, we expect double-digit revenue growth in the range of 10%-20% based on the strategic objectives and efforts made for the coming years. The profit margin before non-operating items is expected to reach the upper limit of the industry level, i.e. 6%-8%.

Uncertainty relating to recognition and measurement

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

Management's review

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		257,165	228,893
Other operating income		1,825	2,236
Expenses for raw materials and consumables		-151,418	-129,113
Other external expenses		-24,637	-22,500
Gross profit		82,935	79,516
Staff expenses	1	-61,871	-56,206
Depreciation and impairment losses of property, plant and equipment	2	-6,417	-5,441
Profit/loss before financial income and expenses		14,647	17,869
Financial income	3	1,507	815
Financial expenses		-3,317	-1,219
Profit/loss before tax		12,837	17,465
Tax on profit/loss for the year	4	-2,837	-3,852
Net profit/loss for the year	5	10,000	13,613

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Land and buildings		8,059	8,303
Other fixtures and fittings, tools and equipment		27,461	22,263
Leasehold improvements		353	442
Property, plant and equipment	6	35,873	31,008
Other receivables	7	540	499
Fixed asset investments		540	499
Fixed assets		36,413	31,507
Raw materials and consumables		25	25
Inventories		25	25
Trade receivables		36,093	35,582
Contract work in progress	8	4,739	3,317
Receivables from group enterprises		29,029	17,860
Other receivables		4	6
Prepayments	9	507	0
Receivables		70,372	56,765
Cash at bank and in hand		22,066	35,183
Current assets		92,463	91,973
Assets		128,876	123,480

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		1,000	1,000
Retained earnings		19,315	17,315
Proposed dividend for the year		8,000	12,500
Equity		28,315	30,815
Provision for deferred tax	10	13,600	10,763
Provisions		13,600	10,763
Mortgage loans		3,091	3,302
Lease obligations		7,054	4,883
Long-term debt	11	10,145	8,185
Mortgage loans	11	211	208
Credit institutions		31,273	26,502
Lease obligations	11	3,167	1,965
Trade payables		26,813	23,109
Contract work in progress	8	5,369	6,507
Payables to group enterprises		495	24
Payables to group enterprises relating to corporation tax		0	1,254
Other payables		9,488	14,148
Short-term debt		76,816	73,717
Debt		86,961	81,902
Liabilities and equity		128,876	123,480
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Subsequent events	16		
Accounting Policies	17		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	17,315	12,500	30,815
Ordinary dividend paid	0	0	-12,500	-12,500
Net profit/loss for the year	0	2,000	8,000	10,000
Equity at 31 December	1,000	19,315	8,000	28,315

Cash flow statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Result of the year		10,000	13,613
Adjustments	12	10,593	8,794
Change in working capital	13	-4,532	7,688
Cash flow from operations before financial items		16,061	30,095
Financial income		1,507	815
Financial expenses		-3,317	-1,219
Cash flows from ordinary activities		14,251	29,691
Corporation tax paid		-1,254	-7,701
Cash flows from operating activities		12,997	21,990
Purchase of property, plant and equipment		-12,508	-10,802
Fixed asset investments made etc		-41	-7
Sale of property, plant and equipment		1,697	3,104
Cash flows from investing activities		-10,852	-7,705
Repayment of mortgage loans		-208	-204
Repayment of loans from credit institutions		4,771	-940
Reduction of lease obligations		-4,577	-4,558
Repayment of payables to group enterprises		-10,698	0
Lease obligations incurred		7,950	6,105
Raising of payables to group enterprises		0	2,156
Dividend paid		-12,500	-16,000
Cash flows from financing activities		-15,262	-13,441
Change in cash and cash equivalents		-13,117	844
Cash and cash equivalents at 1 January		35,183	34,339
Cash and cash equivalents at 31 December		22,066	35,183
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		22,066	35,183
Cash and cash equivalents at 31 December		22,066	35,183

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
1. Staff Expenses		
Wages and salaries	52,119	47,749
Pensions	8,497	7,351
Other social security expenses	1,004	941
Other staff expenses	251	165
	<u>61,871</u>	<u>56,206</u>
Including remuneration to the Executive Board and Board of Directors:		
Executive board	3,595	3,166
Board of directors	450	450
	<u>4,045</u>	<u>3,616</u>
Average number of employees	<u>107</u>	<u>98</u>
	2023	2022
	TDKK	TDKK
2. Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	6,417	5,441
	<u>6,417</u>	<u>5,441</u>
Which is specified as follows:		
Leasehold improvements	99	215
Buildings	244	243
Other fixtures and fittings, tools and equipment	3,229	2,855
Motor vehicles	2,845	2,128
	<u>6,417</u>	<u>5,441</u>
	2023	2022
	TDKK	TDKK
3. Financial income		
Interest received from group enterprises	1,416	806
Other financial income	91	9
	<u>1,507</u>	<u>815</u>

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
4. Income tax expense		
Current tax for the year	0	1,254
Deferred tax for the year	2,837	2,598
	<u>2,837</u>	<u>3,852</u>

	2023	2022
	TDKK	TDKK
5. Profit allocation		
Proposed dividend for the year	8,000	12,500
Retained earnings	2,000	1,113
	<u>10,000</u>	<u>13,613</u>

6. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 1 January	12,642	45,346	1,767
Additions for the year	0	12,498	10
Disposals for the year	0	-4,456	0
Cost at 31 December	<u>12,642</u>	<u>53,388</u>	<u>1,777</u>
Impairment losses and depreciation at 1 January	4,339	23,083	1,325
Depreciation for the year	244	6,074	99
Reversal of impairment and depreciation of sold assets	0	-3,230	0
Impairment losses and depreciation at 31 December	<u>4,583</u>	<u>25,927</u>	<u>1,424</u>
Carrying amount at 31 December	<u>8,059</u>	<u>27,461</u>	<u>353</u>
Amortised over	<u>50 years</u>	<u>3-8 years</u>	<u>7 years</u>
Including assets under finance leases amounting to	<u>0</u>	<u>13,693</u>	<u>0</u>

Notes to the Financial Statements

7. Other fixed asset investments

	Other receivables
	TDKK
Cost at 1 January	499
Additions for the year	41
Cost at 31 December	540
Carrying amount at 31 December	540

8. Contract work in progress

	2023	2022
	TDKK	TDKK
Selling price of work in progress	460,335	320,003
Payments received on account	-460,965	-323,193
	-630	-3,190
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	4,739	3,317
Prepayments received recognised in debt	-5,369	-6,507
	-630	-3,190

9. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
10. Provision for deferred tax		
Deferred tax liabilities at 1 January	10,763	8,165
Amounts recognised in the income statement for the year	2,837	2,598
Deferred tax liabilities at 31 December	13,600	10,763
Property, plant and equipment	3,336	2,896
Trade receivables	-33	-33
Contract work in progress	10,580	7,903
Amortization	-3	-3
Tax loss carry-forward	-280	0
	13,600	10,763

	2023	2022
	TDKK	TDKK
11. 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:

Mortgage loans		
After 5 years	2,209	2,435
Between 1 and 5 years	882	867
Long-term part	3,091	3,302
Within 1 year	211	208
	3,302	3,510
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	7,054	4,883
Long-term part	7,054	4,883
Within 1 year	3,167	1,965
	10,221	6,848

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
12. Cash flow statement - Adjustments		
Financial income	-1,507	-815
Financial expenses	3,317	1,219
Depreciation, amortisation and impairment losses, including losses and gains on sales	5,946	4,538
Tax on profit/loss for the year	2,837	3,852
	<u>10,593</u>	<u>8,794</u>

	2023	2022
	TDKK	TDKK
13. Cash flow statement - Change in working capital		
Change in receivables	-2,238	5,986
Change in trade payables, etc	-2,294	1,702
	<u>-4,532</u>	<u>7,688</u>

	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:		
Mortgage deeds registered to the mortgagor and bank totalling kDKK1,000, providing security on land and buildings as well as other property, plant and equipment at a total carrying amount of:	8,059	8,303
Limited suretyship towards the parent company Armorica Danmark ApS' bank accounts. The suretyship is limited to thousands of DKK 500.		

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
14. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	110	127
Between 1 and 5 years	193	307
	<u>303</u>	<u>434</u>
Rent obligations, period of non-terminability 5 years	8,976	10,023

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 Armoriga Danmark ApS, 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

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>
Armoriga Danmark ApS, CVR-nr. 40 89 54 93	Roskilde

16. Subsequent events

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

Notes to the Financial Statements

17. Accounting policies

The Annual Report of MALMOS A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Recognition and measurement

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

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

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

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

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

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

Income statement

Revenue

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

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 and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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.

The Company is jointly taxed with danish group companies. 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

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	50 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	7 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

Other fixed asset investments

Fixed asset investments consist of depositories.

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 raw materials and consumables equals landed cost.

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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

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

Deferred tax assets and liabilities

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

Notes to the Financial Statements

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the onaccount taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

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.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin before non-recurring costs	$\text{Profit/loss before non-recurring costs} \times 100 / \text{Revenue}$
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	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Solvency ratio excl. net debt to factor	$\text{Equity at year end} \times 100 / (\text{Total assets at year end} - \text{net debt to factor})$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$