
DS STÅLKONSTRUKTION A/S

Samsøvej 2, DK-9500 Hobro

Annual Report for
1 July 2022 - 31 March 2023

CVR No. 25 13 09 79

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 19/9 2023

Simon Bisgaard
Chairman of the
general meeting



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Management's statement

The Executive Board and Supervisory Board have today considered and adopted the Financial Statements of DS STÅLKONSTRUKTION A/S for the financial year 1 July 2022 - 31 March 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 March 2023 of the Company and of the results of the Company operations for 2022/23.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Hobro, 19 September 2023

Executive Board

Morten Kaad
CEO

Supervisory Board

Dr. Benedikt Benjamin Krings
Chairman

Hans Jörg Frieauff

Florian Laxander

Independent Auditor's report

To the shareholders of DS STÅLKONSTRUKTION A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 July 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DS STÅLKONSTRUKTION A/S for the financial year 1 July 2022 - 31 March 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.

Aarhus, 19 September 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jens Weiersøe Jakobsen

State Authorised Public Accountant

mne30152

Thyge Belter

State Authorised Public Accountant

mne30222

Company information

The Company	DS STÅLKONSTRUKTION A/S Samsøvej 2 DK-9500 Hobro CVR No: 25 13 09 79 Financial period: 1 July 2022 - 31 March 2023 Incorporated: 22 December 1999 Financial year: 24th financial year Municipality of reg. office: Mariagerfjord
Supervisory Board	Dr. Benedikt Benjamin Krings, chairman Hans Jörg Frieauff Florian Laxander
Executive Board	Morten Kaad
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

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

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK 9 months	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	689,637	765,078	627,123	1,331,999	1,096,996
Profit/loss before financial income and expenses	74,294	87,600	80,885	82,624	47,202
Profit/loss of financial income and expenses	130	-393	3,605	-2,822	-585
Net profit/loss	58,387	68,154	66,200	61,166	36,694
Balance sheet					
Balance sheet total	467,433	376,968	317,498	564,043	522,920
Investment in property, plant and equipment	11,428	23,040	6,275	12,570	31,604
Equity	211,377	153,750	126,200	203,402	102,236
Number of employees	215	212	197	266	255
Ratios					
Profit margin	10.8%	11.4%	12.9%	6.2%	4.3%
Return on assets*	20.6%	23.2%	25.5%	14.6%	9.0%
Solvency ratio	45.2%	40.8%	39.7%	36.1%	19.6%
Return on equity*	45.0%	48.7%	40.2%	40.0%	33.1%

From 1 July 2020 the Company demerged the Engineering business to the Group Company DS Flexhal A/S. Comparative figures in the Financial Highlights have not been adjusted.

*For the Ratios the Profit/loss statement have been adjusted to a 12 months period, for the financial year 2022/23.

Management's review

Key activities

The Company's activities comprise the design, manufacture and installation of steel structures.

Change of financial year

The company has chosen to change the financial year-end from 30 June to 31 March.

The reason for the change is the adaption to the new group relationship established.

The change imply that the financial year 2022/2023 has been shortened by 3 months and constitutes the period 1 July 2022 - 31 March 2023 or a total of 9 months, while the comparative figures for 2021/2022 in the annual accounts cover a period of 12 months.

Development in the year

The income statement of the Company for 2022/23 shows a profit of TDKK 58,387, and at 31 March 2023 the balance sheet of the Company shows positive equity of TDKK 211,377.

Management considers the results for the year satisfactory.

The results realised for the financial year 2022/23 are in line with expectations for the financial year.

Outlook

The Company has met expectations of a profit for the financial year 2022/23. The Company expects a profit in the coming year at the same level.

Special risks - operating risks and financial risks

Currency risk

The Company is exposed to currency risks with respect to day-to-day operations. Currency risks are assessed to be low. Major projects are hedged by means of foreign exchange contracts and investment of cash and cash equivalents in currency.

Interest rate risks

As a result of the Company's equity ratio and financial resources, changes in the interest rate level will have no significant direct impact on earnings. Consequently, interest rate risks are not hedged.

Credit risks

The Company's credit risks are primarily related to trade receivables. In accordance with the Company's credit risk assumption policy, all major customers and business partners are subject to continuous credit assessment.

Statement of corporate social responsibility

The Company is included in the consolidated financial statements of DS Gruppen A/S, CVR no 40 68 50 14, which prepares a corporate social responsibility report in accordance with section 99a of the Danish Financial Statements Act.

Statement on gender composition

Currently, the Company's Supervisory Board consists of three men. The Company's target is that, by 2025, at least one member of the Supervisory Board will be of the underrepresented gender, implying that by then, the Board will consist of two men and one woman, or, alternatively, three men and one woman if the target is most appropriately achieved by expanding the Supervisory Board.

Management's review

It is the overall ambition of the Company to increase the representation of the underrepresented gender at the Company's other management levels. Against this background, it is during recruitment emphasised that candidates of both genders are invited to apply, and that both genders are treated equally when they are assessed. Similarly, employees of the underrepresented gender are offered courses and further education on the same terms as employees of the overrepresented gender. Through competence development, employees showing the right potential, regardless of gender, will be considered for management positions in the Company.

The gender composition of the Company's other management levels is generally challenged by the industry trend of men making up a large proportion of the workforce. In Management's assessment, the current staff reflects the industry's distribution between men and women, but a targeted effort by the Company would increase the number of women at the other management levels.

The Company has not achieved its targets for the financial year 2022/23. In the previous financial year, DS Stålkonstruktion A/S changed owners. In that connection it has been essential to ensure management stability and in connection with the establishment of a new supervisory board. Against this background, the gender composition of the supreme governing body has been less of a focal point during the period.

Statement on data ethics

The Company is included in the consolidated financial statements of DS Gruppen A/S, CVR no 40 68 50 14, which prepares a statement of data ethics in accordance with section 99d of the Danish Financial Statements Act.

Subsequent events

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

Income statement 1 July 2022 - 31 March 2023

	Note	2022/23 TDKK 9 months	2021/22 TDKK 12 months
Revenue	1	689,637	765,078
Other operating income		90	1,185
Expenses for raw materials and consumables		-391,484	-396,538
Other external expenses		-42,615	-43,071
Gross profit		255,628	326,654
Staff expenses	2	-171,070	-226,578
Depreciation and impairment losses of property, plant and equipment		-10,264	-12,476
Profit/loss before financial income and expenses		74,294	87,600
Income from investments in subsidiaries	3	1,071	577
Financial income	4	2,023	1,240
Financial expenses	5	-2,964	-2,210
Profit/loss before tax		74,424	87,207
Tax on profit/loss for the year	6	-16,037	-19,053
Net profit/loss for the year	7	58,387	68,154

Balance sheet 31 March 2023

Assets

	Note	2022/23 TDKK	2021/22 TDKK
Land and buildings		39,340	28,128
Plant and machinery		26,480	19,651
Other fixtures and fittings, tools and equipment		13,774	16,358
Leasehold improvements		1,099	1,244
Property, plant and equipment in progress		404	15,714
Property, plant and equipment	8	81,097	81,095
Investments in subsidiaries	9	11,422	11,415
Receivables from group enterprises		44,380	0
Fixed asset investments		55,802	11,415
Fixed assets		136,899	92,510
Raw materials and consumables		49,359	66,788
Inventories		49,359	66,788
Trade receivables		78,133	115,092
Contract work in progress	10	63,256	54,710
Receivables from group enterprises		18,413	24,347
Other receivables		996	9,809
Corporation tax		13,089	0
Prepayments	11	1,737	2,081
Receivables		175,624	206,039
Cash at bank and in hand		105,551	11,631
Current assets		330,534	284,458
Assets		467,433	376,968

Balance sheet 31 March 2023

Liabilities and equity

	Note	2022/23 TDKK	2021/22 TDKK
Share capital		6,250	6,250
Reserve for net revaluation under the equity method		7,132	7,125
Retained earnings		197,995	140,375
Equity		211,377	153,750
Provision for deferred tax	12	25,133	14,034
Other provisions	13	2,529	1,690
Provisions		27,662	15,724
Other payables		0	5,221
Long-term debt	14	0	5,221
Mortgage loans		0	262
Credit institutions		0	14,204
Trade payables		64,809	72,496
Contract work in progress	10	135,671	74,979
Payables to group enterprises		3,293	1,346
Corporation tax		0	13,218
Other payables	14	24,621	25,768
Short-term debt		228,394	202,273
Debt		228,394	207,494
Liabilities and equity		467,433	376,968
Contingent assets, liabilities and other financial obligations	15		
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Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	6,250	7,125	140,375	153,750
Exchange adjustments relating to foreign entities	0	-760	0	-760
Dividend from group enterprises	0	-304	304	0
Net profit/loss for the year	0	1,071	57,316	58,387
Equity at 31 March	6,250	7,132	197,995	211,377

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
1. Revenue		
Geographical segments		
Revenue, Denmark	291,131	293,262
Other countries	398,506	471,816
	<u>689,637</u>	<u>765,078</u>

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
2. Staff Expenses		
Wages and salaries	159,133	210,308
Pensions	5,299	7,724
Other social security expenses	366	482
Other staff expenses	6,272	8,064
	<u>171,070</u>	<u>226,578</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>215</u>	<u>212</u>
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	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
3. Income from investments in subsidiaries		
Share of profits	1,071	577
	<u>1,071</u>	<u>577</u>

Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK
4. Financial income		
Interest received from group enterprises	142	93
Other financial income	401	27
Exchange gains	1,480	1,120
	<u>2,023</u>	<u>1,240</u>

	2022/23	2021/22
	TDKK	TDKK
5. Financial expenses		
Other financial expenses	866	971
Exchange loss	2,098	1,239
	<u>2,964</u>	<u>2,210</u>

	2022/23	2021/22
	TDKK	TDKK
6. Income tax expense		
Current tax for the year	1,004	13,218
Deferred tax for the year	15,033	5,835
Adjustment of tax concerning previous years	3,934	0
Adjustment of deferred tax concerning previous years	-3,934	0
	<u>16,037</u>	<u>19,053</u>

	2022/23	2021/22
	TDKK	TDKK
7. Profit allocation		
Reserve for net revaluation under the equity method	1,071	577
Retained earnings	57,316	67,577
	<u>58,387</u>	<u>68,154</u>

Notes to the Financial Statements

8. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	88,677	76,494	35,671	1,929	15,714
Additions for the year	0	3,414	783	0	7,230
Disposals for the year	0	0	-659	0	-754
Transfers for the year	13,770	8,016	0	0	-21,786
Cost at 31 March	102,447	87,924	35,795	1,929	404
Impairment losses and depreciation at 1 July	60,549	56,843	19,313	685	0
Depreciation for the year	2,558	4,601	2,959	145	0
Reversal of impairment and depreciation of sold assets	0	0	-251	0	0
Impairment losses and depreciation at 31 March	63,107	61,444	22,021	830	0
Carrying amount at 31 March	39,340	26,480	13,774	1,099	404
Amortised over	10-20 years	5-10 years	3-8 years	5-10 years	

Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK
9. Investments in subsidiaries		
Cost at 1 July	4,290	3,510
Additions for the year	0	780
Cost at 31 March	<u>4,290</u>	<u>4,290</u>
Value adjustments at 1 July	7,125	7,367
Exchange adjustment	-760	-177
Net profit/loss for the year	1,071	577
Dividend to the Parent Company	-304	-214
Other adjustments	0	-428
Value adjustments at 31 March	<u>7,132</u>	<u>7,125</u>
Carrying amount at 31 March	<u>11,422</u>	<u>11,415</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
DS Nor AS	Norway	100%
DS Skanding d.o.o.	Slovenia	100%
DS Engineering sp. z o.o.	Poland	100%

	2022/23	2021/22
	TDKK	TDKK
10. Contract work in progress		
Selling price of work in progress	512,105	306,799
Payments received on account	-584,520	-327,068
	<u>-72,415</u>	<u>-20,269</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	63,256	54,710
Prepayments received recognised in debt	-135,671	-74,979
	<u>-72,415</u>	<u>-20,269</u>

Notes to the Financial Statements

11. Prepayments

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

	2022/23	2021/22
	TDKK	TDKK
12. Provision for deferred tax		
Deferred tax liabilities at 1 July	14,034	8,199
Adjustment of deferred tax concerning previous years	-3,934	
Amounts recognised in the income statement for the year	15,033	5,835
Deferred tax liabilities at 31 March	25,133	14,034

13. Other provisions

Other provisions includes warranty provisions related to completed contracts.

	2022/23	2021/22
	TDKK	TDKK
Other provisions	2,529	1,690
	2,529	1,690

14. 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:

	2022/23	2021/22
	TDKK	TDKK
Other payables		
After 5 years	0	0
Between 1 and 5 years	0	5,221
Long-term part	0	5,221
Within 1 year	0	0
Other short-term payables	24,621	25,768
	24,621	30,989

Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK

15. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	39,340	28,128
Plant and machinery	26,480	19,651

The following assets have been placed as security with bankers:

The entity have issued indemnity letters to the mortgagor totalling TDKK 26,000. Security on land and buildings have been given. The remaining balance amounts to:	0	262
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Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	3,563	3,341
Between 1 and 5 years	5,469	5,624
After 5 years	0	559
	<u>9,032</u>	<u>9,524</u>

The company has entered into leasing contracts with associated companies for a total obligation of TDKK 1,461 which included in the above.

Guarantee obligations

There are the normal warranty obligations for the industry. Complaint costs are recognized in the income statement on an ongoing basis. The company has provided guarantees for a total of TDKK 91.817.

Other contingent liabilities

The Danish 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 DS Gruppen A/S, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

The company is involved in individual disputes, the outcome of which is currently uncertain. It is the management's opinion that the outcome of these cases will not have a significant impact on the company's financial position.

Notes to the Financial Statements

16. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
DS Gruppen A/S, Mariagerfjord	Parent company
Ortwin Goldbeck Holding SE, Bielefeld	Ultimate parent

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>
DS Gruppen A/S	Mariagerfjord

17. Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act and to the disclosure on fee to auditors appointed at the general meeting in the consolidated financial statements of DS Gruppen A/S, the Company has not included a disclosure on fee to auditors appointed at the general meeting.

Notes to the Financial Statements

18. Accounting policies

The Annual Report of DS STÅLKONSTRUKTION A/S for 2022/23 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 2022/23 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022/23 of DS Gruppen A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

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

Recognition and measurement

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

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

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

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

Leases

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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Segment information on revenue

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

Income statement

Net sales

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.

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 amortisation, 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 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.

Notes to the Financial Statements

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 changes in deferred tax for the year. The tax attributable to the profit for the 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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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.

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

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

Production buildings	10-20 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of 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.

Investments in subsidiaries

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

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.

Notes to the Financial Statements

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 raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

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 equity item.

Notes to the Financial Statements

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.

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 income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes 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 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 on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and 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

Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Return on assets*	
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity*	