Spæncom A/S

Akacievej 1, Fløng, DK-2640 Hedehusene

Annual Report for 1 January - 31 December 2017

CVR No 26 27 10 10

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13/6 2018

Ole Lenarth Nielsen
Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Spæncom A/S for the financial year 1 January - 31 December 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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.

Hedehusene, 13 June 2018

Executive Board

Torben Bloch Bodh Nielsen

Board of Directors

Lars Henrik Martinsson Chairman	Leif Thomas Andersson	Nicolas Yatzimirsky
Henrik Junker	Mikael Bundgaard Poulsen	

Independent Auditor's Report

To the Shareholder of Spæncom 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Spæncom A/S for the financial year 1 January - 31 December 2017, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Financials 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.

Independent Auditor's Report

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.

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.

Independent Auditor's Report

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, 13 June 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen statsautoriseret revisor mne18651	Claus Carlsson statsautoriseret revisor mne29461

Company Information

The Company	Spæncom A/S Akacievej 1 Fløng DK-2640 Hedehusene Telephone: + 45 88 88 82 00 Website: www.spaencom.dk CVR No: 26 27 10 10 Financial period: 1 January - 31 December Incorporated: 15 November 1966 Municipality of reg. office: Hedehusene
Board of Directors	Lars Henrik Martinsson, Chairman Leif Thomas Andersson Nicolas Yatzimirsky Henrik Junker Mikael Bundgaard Poulsen
Executive Board	Torben Bloch Bodh Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	2017	2016	2015	2014	2013
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	747	680	579	644	558
Gross profit/loss	168	136	120	132	97
Operating profit/loss	37	15	-1	9	2
Profit/loss before financial income and expenses	37	15	-1	9	2
Net financials	-9	-4	-3	-11	-1
Net profit/loss for the year	21	8	-2	-5	1
Balance sheet					
Balance sheet total	460	349	326	339	323
Equity	147	126	118	120	125
Investment in property, plant and equipment	23	10	8	8	7
Number of employees	530	508	462	473	444
Ratios					
Gross margin	22,5%	20,0%	20,7%	20,5%	17,4%
Profit margin	5,0%	2,2%	-0,2%	1,4%	0,4%
Return on assets	8,0%	4,3%	-0,3%	2,7%	0,6%
Solvency ratio	32,0%	36,1%	36,2%	35,4%	38,7%
Return on equity	15,4%	6,6%	-1,7%	-4,1%	0,8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Financial Statements of Spæncom A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Annual Report has been prepared under the same accounting policies as last year.

Key Activites

The core competences of Spæncom A/S are to develop, produce and erect concrete elements. It is the vision of Spæncom A/S to be the preferred partner in all construction projects using concrete elements and to be the largest supplier of highly refined industrialized construction systems.

This vision is pursued by focusing on innovation, high quality and consistency of supply, combined with the ability to compete through value adding solutions, high productivity and focus on costs.

Development in the year

The income statement of the Company for 2017 shows a profit of TDKK 20,809, and at 31 December 2017 the balance sheet of the Company shows equity of TDKK 146,959.

The production volume for the year is close to last year. We have started to produce hollow core in Aalborg.

The Company's production of concrete elements takes place from production facilities in Aalborg, Kolding and Vemmelev and constitutes the majority of the Company's activities. The headquarter is situated in Hedehusene.

The Company's revenue for the year amounted to DKK 747.3 million, which is an increase compared to last year when revenue amounted to DKK 680 million. The Company's revenue for the year is in line with the expected revenue according to the expectations stated in the annual report for 2016.

During the financial year, overhead costs were held at a low level.

Operating profit amounted to DKK 38.8 million. The operating profit is in line with expectations stated in the annual report for 2016.

Net financials amounting to a negative DKK 8.6 million include value adjustments of the market value of shares and bonds.

The net result is considered satisfactory.

The Group

The Group comprises the parent company, Spæncom A/S, as well as the subsidiary, Spaencom Betonfertigteile GmbH & Co KG (hereinafter named SBF).

Management's Review

SBF

During the financial year, the land, buildings and production plant of SBF have been idle.

General risk

Considering the Company's activities within production of concrete elements, the Company is inherently and to a great extent dependent on the general development in the construction industry, which is generally considered to be sensitive to market fluctuations.

Operating risks

To some extent, the Company's costs depend on the development in raw material prices – especially the prices of steel, cement and energy – and to the largest possible extent, the Company attempts to hedge this risk by entering into long-term agreements with its suppliers. Similarly, the Company's production is relatively wage intensive, and consequently, the Company's costs are also influenced by the development in wages and salaries.

The Company's production and products are mainly based on well-known and thoroughly tested techniques, and the majority of the tasks are performed under well-known risks; the Company attempts to minimize the risks through certified quality assurance programmes.

Foreign exchange risks

The Company's exposure to exchange rate fluctuations is limited as only a limited part of the transactions are denominated in currencies other than DKK. The main part of the transactions in foreign currencies is denominated in EUR, which is not hedged due to Denmark's fixed exchange rate policy vis-à-vis the Euro. Transactions in other currencies are hedged if Management finds it appropriate.

The exposure to foreign currencies was insignificant at 31 December 2017.

As a main rule, the net investment in foreign subsidiaries is not hedged.

Interest rate risks

In relation to its mortgage debt, the Company is subject to an interest rate risk. The interest rate exposure is related to fluctuations in the CIBOR rate.

At year end, there were no outstanding interest rate derivatives.

Management's Review

Credit risks

The Company's customers comprise a wide range of the operators in the Danish construction industry in particular, but with a considerable part of the revenue distributed among the large operators in the industry.

As the Company predominantly contracts and invoices in accordance with AB92, projects and debts are normally secured by means of guarantees from reputable guarantors and by means of transports. The maximum credit risk that may occur for trade receivables and other receivables corresponds to the value at which they are recognized in the balance sheet. No single receivable constitutes a significant part. For the most debtor balances is insured.

The Company contracts only with reputable financial institutions controlled by respected financial supervisory authorities.

Liquidity risks

The positive development in liquidity proves that management have succeeded in continuously improving the Company's liquidity. Based on budgeted results, Spæncom expects that the current financial resources are adequate and that the short-term liquidity reserves are sufficient. These reserves include the parent company's contribution of working capital if necessary.

Environment

Spæncom has environmental considerations as a high priority, and production takes place in compliance with the applicable environmental legislation and with a focus on possible reduction of the total amount of waste and discharge. Spæncom wishes to promote a cleaner environment by minimizing consumption and waste.

Further, Spæncom has a strong focus on working environment and safety and takes part in the Consolis Group's global work regarding the improvement of safety and the working environment.

Targets and expectations for the year ahead

Revenue is expected to amount to DKK 825 million, and positive EBIT is expected.

Management’s Review

Research and development

It is a continuous effort to develop processes, methods and products which are of use to the Company and its stakeholders. This is done both within the Company and in cooperation with clients and advisors as well as in cooperation with the Consolis Group, which uses significant resources on the development of products and production methods.

Spæncom does not undertake actual research but participates in various development projects together with universities, technological institutes and other operators within the industry.

Intellectual capital resources

To ensure the continuing growth of Spæncom A/S, it is essential that the Company continuously attracts and maintains highly educated professionals such as engineers, designers and production staff. To ensure a high and a competitive product quality, the Company makes use of state-of-the-art processes in the tender and design phase. Today, the Spæncom A/S possesses the highest expertise within design and project development, in the concrete element industry.

Statement of corporate social responsibility

There are no specific policies regarding voluntary integration of corporate social responsibility as a part of the activities of the Company. Consequently, there is no separate statement regarding corporate social responsibility.

Statement on gender composition

Currently, the Company's supreme management body, the Board of Directors, consists solely of five members, which are all males. It is the Company's target, to have one female member on the Board by the end of 2021. The goal has been set based on the Group's industry that is dominated by men. In 2017, there were elected new board members who was elected based on best candidate assumptions, which were men.

Spæncom is known for its ability to retain their employees and the replacement rate is very low. The Company strives to maintain and fulfil the goals set for gender quotation at all management levels but will always employ the best qualified candidate. Both male and female employees are encouraged to apply for internally advertised positions and to develop their competences and careers. At the moment 5 out of 24 managers on all management levels are women. This is compared to the general gender composition of the company where about 10% are women.

Management's Review

Dividends and the annual general meeting

The Board of Directors will recommend to the annual general meeting that no dividend should be distributed.
The annual general meeting will be held on Tuesday 13 June at 16:00 at the Company's premises in Hedehusene (Akacievej 1).

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	2017	2016
		TDKK	TDKK
Revenue	1	**747.251**	**680.263**
Cost of sales	2	-579.219	-544.734
Gross profit/loss		**168.032**	**135.529**
Distribution expenses	2	-67.497	-68.586
Administrative expenses	2	-63.650	-51.901
Operating profit/loss		**36.885**	**15.042**
Other operating income		137	93
Other operating expenses		-101	0
Profit/loss before financial income and expenses		**36.921**	**15.135**
Financial income		1.158	1.148
Financial expenses		-9.763	-4.699
Profit/loss before tax		**28.316**	**11.584**
Tax on profit/loss for the year	3	-7.507	-3.524
Net profit/loss for the year		**20.809**	**8.060**

Balance Sheet 31 December

Assets

	Note	2017	2016
		TDKK	TDKK
Acquired licenses		2.184	480
Intangible assets	4	**2.184**	**480**
Land and buildings		90.770	93.971
Plant and machinery		42.520	34.970
Other fixtures and fittings, tools and equipment		1.084	1.341
Property, plant and equipment in progress		6.305	961
Property, plant and equipment	5	**140.679**	**131.243**
Investments in subsidiaries	6	5.000	5.000
Deposits		791	788
Fixed asset investments		**5.791**	**5.788**
Fixed assets		**148.654**	**137.511**
Raw materials and consumables		17.807	18.005
Finished goods and goods for resale		3.021	3.590
Inventories		**20.828**	**21.595**
Trade receivables		128.575	119.404
Contract work in progress	7	7.856	6.772
Receivables from group enterprises		6.048	16.126
Other receivables		304	577
Corporation tax		39	32
Prepayments	8	2.948	917
Receivables		**145.770**	**143.828**
Securities		**973**	**924**
Cash at bank and in hand		**143.830**	**45.448**
Currents assets		**311.401**	**211.795**
Assets		**460.055**	**349.306**

Balance Sheet 31 December

Liabilities and equity

	Note	2017	2016
		TDKK	TDKK
Share capital		42.105	42.105
Treasury shares		-4.384	-4.384
Retained earnings		109.238	88.430
Equity	9	**146.959**	**126.151**
Provision for deferred tax	11	18.214	12.432
Provisions		**18.214**	**12.432**
Mortgage loans		46.729	51.788
Long-term debt	12	**46.729**	**51.788**
Mortgage loans	12	5.123	4.695
Credit institutions		84.122	0
Trade payables		35.181	44.313
Contract work in progress, liabilities	7	66.328	63.109
Payables to group enterprises		11.699	7.414
Other payables		45.700	39.404
Short-term debt		**248.153**	**158.935**
Debt		**294.882**	**210.723**
Liabilities and equity		**460.055**	**349.306**
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
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Statement of Changes in Equity

	Share capital	Treasury shares	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
2017				
Equity at 1 January	42.105	-4.384	88.429	126.150
Net profit/loss for the year	0	0	20.809	20.809
Equity at 31 December	**42.105**	**-4.384**	**109.238**	**146.959**
2016				
Equity 1. januar	42.105	-4.384	80.370	118.091
Net profit/loss for the year	0	0	8.060	8.060
Equity at 31 December	**42.105**	**-4.384**	**88.430**	**126.151**

Notes to the Financial Statements

		2017	2016
		TDKK	TDKK

1 **Revenue**

Geographical segments

	2017	2016
Revenue, Denmark	747.251	680.263
	747.251	**680.263**

Business segments

	2017	2016
Own production	509.914	471.275
Erection, freight and external deliveries	237.337	208.988
	747.251	**680.263**

2 **Staff**

	2017	2016
Wages and Salaries	240.027	229.932
Pensions	19.754	18.917
Other social security expenses	1.581	1.434
	261.362	**250.283**

Wages and Salaries, pensions and other social security expenses are recognised in the following items:

	2017	2016
Cost of sales	234.712	227.565
Distribution expenses	8.742	8.318
Administrative expenses	17.908	14.400
	261.362	**250.283**
Including remuneration to the Executive Board	**2.788**	**3.158**
Average number of employees	**530**	**508**

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

	2017	2016
Current tax for the year	1.725	1.064
Deferred tax for the year	5.782	2.460
	7.507	**3.524**

Notes to the Financial Statements

4 Intangible assets

	Acquired licenses
	TDKK
Cost at 1 January	2.716
Additions for the year	2.153
Cost at 31 December	4.869
Impairment losses and amortisation at 1 January	2.236
Amortisation for the year	449
Impairment losses and amortisation at 31 December	2.685
Carrying amount at 31 December	**2.184**

5 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	247.795	191.842	19.515	961
Additions for the year	1.115	16.170	116	5.344
Disposals for the year	0	-149	0	0
Cost at 31 December	248.910	207.863	19.631	6.305
Impairment losses and depreciation at 1 January	153.823	157.743	18.244	0
Depreciation for the year	4.317	7.600	303	0
Impairment losses and depreciation at 31 December	158.140	165.343	18.547	0
Carrying amount at 31 December	**90.770**	**42.520**	**1.084**	**6.305**

Notes to the Financial Statements

5 **Property, plant and equipment** (continued)

	2017	2016
	TDKK	TDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	13.177	12.282
Administrative expenses	594	684
	13.771	**12.966**

6 Investments in subsidiaries

Cost at 1 January	92.316	92.316
Cost at 31 December	92.316	92.316
Value adjustments at 1 January	-87.316	-87.316
Value adjustments at 31 December	-87.316	-87.316
Carrying amount at 31 December	**5.000**	**5.000**

7 Contract work in progress

Selling price of work in progress	923.837	873.816
Payments received on account	-982.309	-930.153
	-58.472	**-56.337**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	7.856	6.772
Prepayments received recognised in debt	-66.328	-63.109
	-58.472	**-56.337**

8 Prepayments

Prepayments, TDKK 2.948 (2016: TDKK 917), consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

9 Equity

The share capital is broken down as follow:

	Number	Nominal value
	Number	*Nominal value*
		TDKK
A-shares	112.976	11.298
B-shares	7.466	30.807
		42.105

There have been no changes in the share capital during the last 5 years.

The Company has acquired 2,321 A-shares and 7,466 B-shares, corresponding to 2,32 % of 120.442 shares in total. The total payment for the shares amounted to kDKK 4,384, which has been transferred from retained earnings under equity. These shares have not been cancelled and are therefore held as treasury shares. The Company may choose to sell these shares at a later time. The shares have been acquired as part of the Company's strategy.

10 Distribution of profit

	2017	2016
	TDKK	TDKK
Retained earnings	20.809	8.060
	20.809	**8.060**

11 Provision for deferred tax

	2017	2016
Provision for deferred tax at 1 January	12.432	9.972
Amounts recognised in the income statement for the year	5.782	2.460
Provision for deferred tax at 31 December	**18.214**	**12.432**

Notes to the Financial Statements

12 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:

	2017	2016
	TDKK	TDKK
Mortgage loans		
After 5 years	32.354	32.971
Between 1 and 5 years	14.375	18.817
Long-term part	46.729	51.788
Within 1 year	5.123	4.695
	51.852	**56.483**

13 Contingent assets, liabilities and other financial obligations

Charges and security

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

Land and building at net book value	90.770	93.971

Performance guarantees amount to TDKK 125,937 (2016: TDKK 139,230).

In 2005, the Company provided guarantees to the subsidiary Spaencom Betonfertigteile GmbH of TEUR 3,313, corresponding to TDKK 24,649

The following properties have been provided as collateral for mortgage debt of TDKK 53.018:
- Borgergade 102, title no. 0009a, Tjæreby By, Tårnborg
- Letvadvej 37, title no. 0003df, Sofiendal By, Skalborg
- Letvadvej 37, title no. 0002gz, Sofiendal By, Skalborg
- Soneberg 7, title no. 0002d, Rådvad By, Harte

Notes to the Financial Statements

13 Contingent assets, liabilities and other financial obligations (continued)

Rental and lease obligations

	2017	2016
	TDKK	TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	5.454	5.345
Between 1 and 5 years	7.306	12.294
After 5 years	465	97
	13.225	**17.736**

Other contingent liabilities

Spæncom A/S is party to ongoing litigation. Management believes that the outcome of these lawsuits will not affect the Company's financial position beyond the receivables and obligations recognised in the balance sheet at 31 December 2017.

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 Consolis Denmark 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.

14 Related parties

	Basis
Controlling interest	
Concolis Denmark A/S, Hedehusene, Denmark	Parent
Consolis Oy AB, Nummela, Finland	Parent
Addtek Holding International AB, Stockholm, Sweden	Parent
Consolis SAS, Paris, France	Parent
Tonful Oy AB, Nummela, Finland	Parent
Consolis Holding SAS, Hauts De Seine, France	Parent
Compact Bidco B. V., Amsterdam, Netherlands	Parent
Compact Midco 3 B. V., Amsterdam, Netherlands	Parent
Compact Midco 2 B. V., Amsterdam, Netherlands	Parent

Notes to the Financial Statements

14 **Related parties** (continued)

Compact Midco 1 B. V., Amsterdam, Netherlands	Parent
Compact (BC) Lux II S.C.A, Luxembourg, Luxembourg	Parent
Compact (BC) GP S.à.r.l., Luxembourg, Luxembourg	Parent
Bain Capital Europe Fund IV L.P., George Town, Cayman Islands	Parent
Bain Capital Private Equity LP, Boston, United States	Parent
Bain Capital LP, Bosten, United States	Parent
Bain Capital Holdings LP, Boston, United States	Parent

Other related parties

Torben Bloch Bodh Nielsen	Executive Management
Lars Henrik Martinsson	Board of Directors
Leif Thomas Andersson	Board of Directors
Nicolas Yatzimirsky	Board of Directors
Henrik Junker	Board of Directors
Mikael Bundgaard Poulsen	Board of Directors
Spaencom Betonfertigteile GmbH	Subsidiary
Spaencom Verwaltungs GmbH	Subsidiary

Transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's lenght basis in accordance with section 98c(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Consolis Denmark A/S

Consolidated Financial Statements

Spæncom A/S is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office

Notes to the Financial Statements

14 Related parties (continued)

Bain Capital Holdings LP	Boston, USA
Consolis Denmark A/S	Hedehusene, Denmark

The Group Annual Report of Bain Capital Holdings LP may be obtained at the following address:

Akacievej 1
Fløng
2640 Hedehusene
Denmark

The Group Annual Report of Consolis Denmark A/S may be obtained at the following address:

Akacievej 1
Fløng
2640 Hedehusene
Denmark

15 Fee to auditors appointed at the general meeting

	2017 TDKK	2016 TDKK
PricewaterhouseCoopers		
Audit fee	224	0
Tax advisory services	53	0
Other services	50	0
	327	**0**
KPMG		
Audit fee	0	274
Tax advisory services	0	41
Other services	0	52
	0	**367**
	327	**367**

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Spæncom A/S for 2017 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 2017 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Consolis Denmark 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 Consolis Denmark 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.

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

16 Accounting Policies (continued)

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.

Revenue

Information on business segments and geographical segments based on the Companys 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 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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service 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 service.

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

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Notes to the Financial Statements

16 Accounting Policies (continued)

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, transport at ion costs etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

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.

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.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 2 - 10 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Notes to the Financial Statements

16 Accounting Policies (continued)

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 raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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	25 - 50	years
Plant and machinery	3 - 25	years
Other fixtures and fittings, tools and equipment	3 - 10	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 25,000 are expensed in the year of acquisition.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

The item 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

16 Accounting Policies (continued)

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost based on weighted average prices 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. 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 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.

Contract work in progress

Contract work in progress regarding service 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Prepayments

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

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

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 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, 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$