

# **SBS International ApS**

**Karetmagervej 1, 9490 Pandrup**

**Company reg. no. 27 15 00 04**

## **Annual report**

**1 January - 31 December 2021**

The annual report was submitted and approved by the general meeting on the 27 April 2022.

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**Matthias Tietjen**  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## **Management's statement**

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Today, the Executive Board has approved the annual report of SBS International ApS for the financial year 1 January - 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Pandrup, 27 April 2022

### **Executive board**

Dennis Lühr

Ngu Bee Ling

Matthias Tietjen

## Independent auditor's report

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### To the Shareholders of SBS International ApS

#### Opinion

We have audited the financial statements of SBS International ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

#### 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.

#### 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.

#### 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.

## Independent auditor's report

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As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

### 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.

## Independent auditor's report

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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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Aalborg, 27 April 2022

### **Redmark**

Godkendt Revisionspartnerselskab  
Company reg. no. 29 44 27 89

### **Marian Fruergaard**

State Authorised Public Accountant  
mne24699

## Company information

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### The company

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9490 Pandrup

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Fax +4570271001

Web site [www.sbs-international.com](http://www.sbs-international.com)

Company reg. no. 27 15 00 04

Established: 16 April 2003

Domicile: Pandrup

Financial year: 1 January - 31 December

### Executive board

Dennis Lühr  
Ngu Bee Ling  
Matthias Tietjen

### Auditors

Redmark  
Godkendt Revisionspartnerselskab  
Hasseris Bymidte 6  
9000 Aalborg

### Parent company

Danish Marine Service ApS

### Subsidiaries

Scandinavian Boiler Service A/S, Pandrup, Denmark  
Scandinavian Boiler Service Inc., USA  
Scandinavian Boiler Service (Asia) Pte. Ltd., Singapore  
S. B. S Gulf FZC, United Arab Emirates  
SBS Europe d.o.o., Croatia

## Management's review

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### **The principal activities of the company**

The groups activities are sales, service and upgrading within the maritime business sector.

### **Development in activities and financial matters**

The gross profit for the year totals DKK 2.072.000 against DKK 3.937.000 last year. Income or loss from ordinary activities after tax totals DKK 3.634.000 against DKK 421.000 last year.

2021 is another challenging year for SBS. The growth of 14% compared to 2020 Sales was mainly driven by a strong global economic recovery after the pandemic.

After more than two decades of strategic partnership, the renowned company SAACKE GmbH integrates Scandinavian Boiler Service (SBS) and SAACKE Marine Systems under one roof. The reasons are due to changes in the global marine business and the associated higher expectations of the supplier industry. Thus, the technologies for the marine sector as well as the associated services will continue to be offered from a single source, but more comprehensively than before.

The Bremen-based developer and manufacturer already supplies safe, environmentally friendly and energy-efficient firing systems for seagoing vessels, offshore facilities and LNG tankers. The portfolio includes development and construction of new plants and retrofits in the areas of marine boiler, burners and firing systems as well as gas combustion units (GCU).

The merger gives SAACKE's marine division a stronger and broader position vis-à-vis customers and partners. This decision was the logical step in order to be able to present ourselves successfully and unitedly on the global market with the entire product and service portfolio of both previous companies. From now on, lifecycle solutions for all SAACKE systems can be offered holistically and globally both on board ships and offshore facilities as well as alternative system suppliers. This means more than ever: everything comes from one company, everything from one source.

The declared goal of the shipping industry is to make the future less emission-intensive and to be able to guarantee CO<sub>2</sub>-neutral ship operation as quickly as possible. Within the framework of its climate strategy, SAACKE is focusing on the further development of combustion technologies for the clean use of conventional and alternative fuels.



## Income statement 1 January - 31 December

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Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Gross profit</b>	<b>2.071.695</b>	<b>3.937</b>
1 Staff costs	-1.995.001	-3.462
Depreciation and impairment of property, land, and equipment	-235.982	-339
<b>Operating profit</b>	<b>-159.288</b>	<b>136</b>
Income from investments in subsidiaries	4.250.337	-354
Income from investment in subsidiaries interest	547.211	656
Other financial income	2.956	548
2 Other financial expenses	-1.163.754	-559
<b>Pre-tax net profit or loss</b>	<b>3.477.462</b>	<b>427</b>
Tax on net profit or loss for the year	156.926	-6
<b>Net profit or loss for the year</b>	<b>3.634.388</b>	<b>421</b>
<b>Proposed appropriation of net profit:</b>		
Reserves for net revaluation according to the equity method	6.387.685	-3.856
Transferred to retained earnings	0	4.277
Allocated from retained earnings	-2.753.297	0
<b>Total allocations and transfers</b>	<b>3.634.388</b>	<b>421</b>

## Balance sheet at 31 December

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

<b>Assets</b>		
<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Non-current assets</b>		
3 Property	1.899.717	1.977
4 Other fixtures and fittings, tools and equipment	<u>0</u>	<u>216</u>
Total property, plant, and equipment	<u>1.899.717</u>	<u>2.193</u>
5 Investments in subsidiaries	<u>43.236.676</u>	<u>35.623</u>
Total investments	<u>43.236.676</u>	<u>35.623</u>
<b>Total non-current assets</b>	<b><u>45.136.393</u></b>	<b><u>37.816</u></b>
<b>Current assets</b>		
Raw materials and consumables	<u>0</u>	<u>369</u>
Total inventories	<u>0</u>	<u>369</u>
Trade receivables	0	44
Receivables from subsidiaries	17.019.354	16.592
Receivable corporate tax	156.926	0
Other receivables	105.529	69
Prepayments	<u>0</u>	<u>133</u>
Total receivables	<u>17.281.809</u>	<u>16.838</u>
Cash and cash equivalents	<u>90.716</u>	<u>155</u>
<b>Total current assets</b>	<b><u>17.372.525</u></b>	<b><u>17.362</u></b>
<b>Total assets</b>	<b><u>62.508.918</u></b>	<b><u>55.178</u></b>

## Balance sheet at 31 December

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
6 Contributed capital	790.428	790
7 Reserve for net revaluation according to the equity method	16.721.411	9.106
8 Reserve for foreign currency translation	469.354	-1.668
9 Retained earnings	15.156.567	17.910
<b>Total equity</b>	<b>33.137.760</b>	<b>26.138</b>
<b>Provisions</b>		
Other provisions	382.465	382
<b>Total provisions</b>	<b>382.465</b>	<b>382</b>
<b>Long term liabilities other than provisions</b>		
10 Mortgage loans	1.139.109	1.201
Other payables	0	269
Total long term liabilities other than provisions	1.139.109	1.470
Current portion of long term liabilities	58.900	59
Trade payables	121.062	189
Payables to subsidiaries	27.341.596	26.012
Other payables	328.026	928
Total short term liabilities other than provisions	27.849.584	27.188
<b>Total liabilities other than provisions</b>	<b>28.988.693</b>	<b>28.658</b>
<b>Total equity and liabilities</b>	<b>62.508.918</b>	<b>55.178</b>
<b>11 Charges and security</b>		
<b>12 Contingencies</b>		

## Notes

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Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

	<u>2021</u>	<u>2020</u>
<b>1. Staff costs</b>		
Salaries and wages	1.831.209	3.159
Pension costs	153.443	283
Other costs for social security	<u>10.349</u>	<u>20</u>
	<b><u>1.995.001</u></b>	<b><u>3.462</u></b>
Average number of employees	<u>5</u>	<u>9</u>
<b>2. Other financial expenses</b>		
Financial costs, group enterprises	563.171	510
Other financial costs	<u>600.583</u>	<u>49</u>
	<b><u>1.163.754</u></b>	<b><u>559</u></b>
<b>3. Property</b>		
Cost 1 January 2021	<u>2.213.749</u>	<u>2.214</u>
<b>Cost 31 December 2021</b>	<b><u>2.213.749</u></b>	<b><u>2.214</u></b>
Depreciation and writedown 1 January 2021	-236.407	-159
Depreciation and writedown for the year	<u>-77.625</u>	<u>-78</u>
<b>Depreciation and writedown 31 December 2021</b>	<b><u>-314.032</u></b>	<b><u>-237</u></b>
<b>Carrying amount, 31 December 2021</b>	<b><u>1.899.717</u></b>	<b><u>1.977</u></b>

## Notes

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Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

	<u>31/12 2021</u>	<u>31/12 2020</u>
<b>4. Other fixtures and fittings, tools and equipment</b>		
Cost 1 January 2021	1.218.081	1.218
Disposals during the year	<u>-1.099.294</u>	<u>0</u>
<b>Cost 31 December 2021</b>	<b><u>118.787</u></b>	<b><u>1.218</u></b>
Depreciation and writedown 1 January 2021	-1.002.380	-741
Depreciation and writedown for the year	-158.356	-261
Depreciation and writedown, assets disposed of	<u>1.041.949</u>	<u>0</u>
<b>Depreciation and writedown 31 December 2021</b>	<b><u>-118.787</u></b>	<b><u>-1.002</u></b>
<b>Carrying amount, 31 December 2021</b>	<b><u>0</u></b>	<b><u>216</u></b>

## Notes

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

	<u>31/12 2021</u>	<u>31/12 2020</u>
<b>5. Investments in subsidiaries</b>		
Acquisition sum, opening balance 1 January 2021	15.783.995	15.784
<b>Cost 31 December 2021</b>	<b><u>15.783.995</u></b>	<b><u>15.784</u></b>
Revaluations, opening balance 1 January 2021	11.381.397	15.017
Translation by use of the exchange rate valid on balance sheet date	2.137.349	-2.168
Results for the year before goodwill amortisation	4.469.769	-188
Dividend	0	-1.280
Property revaluation	1.227.001	0
<b>Revaluation 31 December 2021</b>	<b><u>19.215.516</u></b>	<b><u>11.381</u></b>
Amortisation of goodwill, opening balance 1 January 2021	-2.274.672	-2.054
Amortisation of goodwill for the year	-219.433	-219
<b>Depreciation on goodwill 31 December 2021</b>	<b><u>-2.494.105</u></b>	<b><u>-2.273</u></b>
Offsetting against debtors	10.348.805	10.349
Transferred to provisions	382.465	382
<b>Set off against debtors and provisions for liabilities</b>	<b><u>10.731.270</u></b>	<b><u>10.731</u></b>
<b>Carrying amount, 31 December 2021</b>	<b><u>43.236.676</u></b>	<b><u>35.623</u></b>
The item includes goodwill with an amount of	483.929	703
<b>Subsidiaries:</b>		
	<b>Domicile</b>	<b>Equity interest</b>
Scandinavian Boiler Service A/S, Pandrup	Denmark	100 %
Scandinavian Boiler Service Inc.	USA	100 %
Scandinavian Boiler Service (Asia) Pte. Ltd.	Singapore	100 %
S. B. S Gulf FZC	United Arab Emirates	90 %
SBS Europe d.o.o.	Croatia	100 %
<b>6. Contributed capital</b>		
Contributed capital 1 January 2021	790.428	790
	<b><u>790.428</u></b>	<b><u>790</u></b>

## Notes

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Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

	<u>31/12 2021</u>	<u>31/12 2020</u>
<b>7. Reserve for net revaluation according to the equity method</b>		
Reserves for net revaluation 1 January 2021	9.106.725	12.962
Share of results	6.387.685	-3.856
Revaluation of property to fair value	<u>1.227.001</u>	<u>0</u>
	<b><u>16.721.411</u></b>	<b><u>9.106</u></b>
<b>8. Reserve for foreign currency translation</b>		
Reserve for foreign currency translation 1 January 2021	-1.667.994	554
Foreign currency translation adjustments	<u>2.137.348</u>	<u>-2.222</u>
	<b><u>469.354</u></b>	<b><u>-1.668</u></b>
<b>9. Retained earnings</b>		
Retained earnings 1 January 2021	17.909.864	13.633
Profit or loss for the year brought forward	<u>-2.753.297</u>	<u>4.277</u>
	<b><u>15.156.567</u></b>	<b><u>17.910</u></b>
<b>10. Mortgage loans</b>		
Total mortgage loans	1.198.009	1.260
Share of amount due within 1 year	<u>-58.900</u>	<u>-59</u>
	<b><u>1.139.109</u></b>	<b><u>1.201</u></b>
Share of liabilities due after 5 years	<u>906.466</u>	<u>965</u>
<b>11. Charges and security</b>		
As collateral for mortgage loans, t.DKK 1.198, security has been granted on land and buildings representing a carrying amount of t.DKK 1.900 at 31 December 2021.		

## Notes

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Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

### 12. Contingencies

#### Joint taxation

With Danish Marine Service ApS, company reg. no 31578256 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The total tax payable under the joint taxation scheme totals DKK 0.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.



## Accounting policies

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The annual report for SBS International ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of SBS International ApS and its group enterprises are included in the consolidated financial statements for Danish Marine Service ApS, Pandrup, reg. no. 31578256.

### Correction of previous years errors

In connection with preparing the annual reports for 2021, the company has been found an error in a foreign entity's annual reports concerning the depreciations on one of the properties. It has the following effect on the comparative figures for 2020:

The equity per 1st of January 2020 has been increased with DKK 876.896.

The result of 2020 has been increased with DKK 448.154.

The equity per 31st of December 2020 has been increased with DKK 1.245.543.

### Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations, amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

## Accounting policies

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Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

## Accounting policies

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### Income statement

#### **Gross profit**

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

#### **Staff costs**

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

#### **Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

#### **Results from investments in subsidiaries**

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' post-tax profit or loss.

## Accounting policies

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### **Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

### Statement of financial position

#### **Property, plant, and equipment**

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

## Accounting policies

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The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	10-70 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

### Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

## Investments

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

## Accounting policies

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Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

### *Property, plant, and equipment:*

- Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

### *Inventories:*

- Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

### *Receivables:*

- Receivables are measured at amortised cost, which usually corresponds to nominal value.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

## Accounting policies

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On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

### Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

### Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

### Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

## Accounting policies

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### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

### Equity

#### Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

#### Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

### Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, SBS International ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.



## Accounting policies

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Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

### Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

### Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

## Accounting policies

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Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.