Dacapo Holding A/S

Neptunvej 1, DK-8600 Silkeborg

Annual Report for 1 January - 31 December 2021

CVR No 27 40 03 96

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 25/3 2022

Kristian Saxtrup Sylvest
Chairman of the General Meeting

Contents

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Dacapo Holding A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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.

Silkeborg, 25 March 2022

Executive Board

Kristian Saxtrup Sylvest
Executive Officer

Board of Directors

Jesper Klein-Petersen Chairman	Henrik Saxtrup Sylvest	Kristian Saxtrup Sylvest

Independent Auditor's Report

To the Shareholders of Dacapo Holding A/S

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Dacapo Holding A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group'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 Group's and 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 Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 25 March 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen	Christine Tveteraas
statsautoriseret revisor	statsautoriseret revisor
mne30224	mne34341

Company Information

The Company	Dacapo Holding A/S Neptunvej 1 DK-8600 Silkeborg CVR No: 27 40 03 96 Financial period: 1 January - 31 December Municipality of reg. office: Silkeborg
Board of Directors	Jesper Klein-Petersen, Chairman Henrik Saxtrup Sylvest Kristian Saxtrup Sylvest
Executive Board	Kristian Saxtrup Sylvest
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

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

	Group				
	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,303,393	876,389	880,851	883,029	738,614
Gross profit/loss	255,743	99,625	96,317	113,247	98,187
Operating profit/loss	165,748	27,425	28,457	45,107	40,812
Net financials	-7,399	-7,858	-10,062	-11,728	-11,511
Net profit/loss for the year	122,587	16,272	21,131	27,089	21,941
Balance sheet					
Balance sheet total	753,953	554,363	471,195	451,697	396,067
Equity	188,846	97,019	83,492	70,248	41,138
Cash flows					
Cash flows from:					
including investment in property, plant and equipment	-8,368	-8,032	-29,770	-10,649	-10,008
Number of employees	142	121	120	117	99
Ratios					
Gross margin	19.6%	11.4%	10.9%	12.8%	13.3%
Profit margin	12.7%	3.1%	2.9%	4.7%	5.2%
Solvency ratio	25.0%	17.5%	17.7%	15.6%	10.4%
Return on equity	85.8%	18.0%	27.5%	48.6%	69.9%

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Management's Review

Key activities

The Company's business activity is stockholding and trading of stainless steel primarily in Northern Europe, secondarily in the rest of the World.

The products can be divided into four main groups: Tubes, bars, flats and Fittings and the company are based in 6 countries: Belgium, Denmark, Germany, Holland, Norway and Sweden.

The products are physically stored in only one location, from where it is distributed to all customers in all countries, regardless of which group company has sold the goods. Tubes, bars and flats are stored in Silkeborg, Denmark and fittings are stored in Helmond, The Netherlands.

The stainless steel is purchased from specialized manufacturers in Europe and in Asia and distributed fromwarehouses in Denmark and The Netherlands to industrial consumers world-wide through direct conventionalsales channels and indirectly as supply partner to other steel resellers.

Digitalization is a cornerstone of the Company's strategy, and digital solutions are continuously developedand applied within all work processes in the Company's value chain.

A significant and increasing part of sales are carried out digitally either via the Company's commercial webportal or in one-to-one digital linkups with key customers and suppliers.

Market overview

Development in the year

The Group's income statement for the fiscal year ended 31th. December, 2021 shows a net profit of DKK 122,587 thousand and the balance sheet shows equity of DKK 188,846 thousand which in addition to subordinated debt of DKK 22,300 thousand add up to a total liable capital of DKK 211,146 thousand and a solvency of 28,0%.

During the year the Covid-19 pandemic loosened its grip on the stainless steel market in Europe, resulting in a rebound of demand to just above 2019 levels and around 15 % higher than 2020. Right from the start of the year The Company saw an increase in sold steel volumes in all product categories along with a continuous incline in prices throughout the year. Y.o.y. steel volumes grew by 20%, revenue by 49% to 1.303,393 thousand, and EBITDA by 541% to 169,596 thousand resulting in an EBITDA/rev. ratio of 13,1%, which is very satisfactory. The Company generated a small positive cash flow, while significantly increasing net working capital. The Company incurred DKK 15,000 thousand in non-recurring costs related to extraordinary bonus salary payout to all employees and extraordinary costs related to adjusted import costs in previous financial years.

The average 2021 stainless steel prices ended up 30% vs. 2020 and gross margin grew by more than 8%-point. The Nickel increased by 23 % y.o.y. rising steadily throughout the year, with a set back after Q1, which partly explains the increase in sales prices, however ex. mill base prices, particularly in the flat products category also increased as a result of increased capacity utilization among EU producers, helped by EU import restrictions via the Safeguard mechanism. The Company believes the EU imposed restrictions on import of stainless steel are net-damaging to the EU industrial sector as a whole.

During the year the Company opened sales offices in Nürnberg and Leipzig and increased total head count by 20 to 145. Sale activities and business development in markets where The Company is not yet established with its own sales company were separated into a new subsidiary Dacapo International B.V., in order to accelerate international expansion. In Q1 2022 The Company establishes a new sales subsidiary in Slovakia.

Uncertainty relating to recognition and measurement

Uncertainty regarding raw materials, exchange rates, inflation and and general economic development will continue to influence the market. The war in Ukraine has added further uncertainty factors. The Group will continue to focus on cost efficiency and customer profitability to maintain flexibility and resilience to adverse changes.

Outlook

2022 started with a very strong burst of demand alongside continued steep increase in the Nickel price and a fear of lack of availability. The situation in Ukraine and the sanctions against Russia impacts the market at many levels and blurs the outlook significantly. The Company believes prevailing high price levels are unsustainable over the medium term, which along with geopolitical uncertainties can impact demand negatively, possibly leading to a worsening of the business conditions as 2022 progresses. Relevant measures to mitigate the effects of such a deterioration are being taken.

Particular risks

The Group uses currency hedges to hedge purchases of goods. The Group is dependent on the development in the prices of raw materials, especially nickel and molybdenum.

Market protectionism and escalation in trade conflicts between the main economic regions of the World, can impact the Company.

The explosive rise in energy prices spurred by the Ukrainian crisis impacts especially the integrated steel making companies in Europe, possibly leading to significant reduction in production and availability, which can only partly be substituted by imports from outside of EU.

Statement of corporate social responsibility

Business model

The Company's business activity is stockholding and trading of stainless steel primarily in Northern Europe, secondarily in the rest of the World.

The products can be divided into four main groups: Tubes, bars, flats and Fittings and the company are based in 6 countries: Belgium, Denmark, Germany, Holland, Norway and Sweden.

Management's Review

The products are physically stored in only one location, from where it is distributed to all customers in all countries, regardless of which group company has sold the goods. Tubes, bars and flats are stored in Silkeborg, Denmark and fittings are stored in Helmond, The Netherlands.

Environment and climate

The most significant risk of the Company's activities related to environment and climate is the impact of the material handling and transportation of steel. The very nature of steel, its production and its use inheritably leaves a significant carbon footprint, on which the Company only has limited influence.

Regardless, the Company endeavors to limit the environmental impact of its existence within all relevant processes and activities. Careful specification and selection of new technology and better utilization of logistical capacity as well as adapted travelling behavior of sales teams are among the initiatives being taken.

An application for the installation of wind turbines, which would make The Company self-relying with electricity was rejected by the municipal authorities in Silkeborg citing a.o. environmental concerns. The Company is projecting other investments, with the objective of becoming self-sufficient with electricity.

The increase in handled steel volume and conversion to use of electrical cars has caused the group's electricity consumption to increase compared to 2020, but the electricity consumption per ton handled has decreased by approximately 5 %.

The company expects to continue its work on becoming self-sufficient with electricity in 2022.

Labour rights

The main risk related to labor rights concerns employee's motivation as well as physical and phycological well-being. Despite the Covid-19 driven changes in working patterns with much more work taking place alone or in smaller groups, it is the Company's opinion that the negative impact on employee's wellbeing has been only minor.

It is company policy is to maintain and increase employee satisfaction and wellbeing.

The Company maintains a satisfactory staff retention level which duly reflects an intention to offer all employees, regardless of gender or organizational level & responsibility, a safe and motivating work environment. The Company assigns high priority to strict adherence to applicable rules and legislation related to its human resources.

Continuous personal development and upgrading of personal skills for all employees regardless of function and level is a key priority.

As the world and the markets change due to digitalization and environmental requirements, the competencies of the organization will have to change, which is also reflected in the on- & off-hiring that

Management's Review

too place in the organization in 2021.

The Company has further developed an internal on-line education program, which assist employees to improve their skills and knowledge within all aspects of the Company's activities including GPDR, IT-security, company guidelines and products.

The company will continue to focus on the online education in 2022.

Human rights

The main risk related to human rights is that employees may feel that they are not treated equally and fairly.

The Company has a zero-tolerance policy with regards to racial, religious, sexual or any other type of discrimination. There has been no incidents of such during the year.

The Company expect that suppliers and business partners ensure that human rights are observed, and that no discrimination due to race, religion, cast, age, nationality, sexual orientation, sex, handicap, union membership or political association takes place.

Management will continue to train employees and continue to set focus and create awareness on the zero-tolerance policy with regards to racial, religious, sexual or any other type of discrimination.

Anti-corruption

The main risk related to anti-corruption is that employees may give gifts/use other means to illegally influence a client or partner decision or vice versa.

The Company has a strict policy with regards corruption and bribery, and any direct or indirect engagement in or knowledge of any such activity is considered a serious non-acceptable offence.

In 2021, we do not have knowledge of any breaches in Dacapo regarding corruption and bribery in any of the countries in which The Company is active.

The company expects to continue its focus on creating awareness of the strict policy in 2022.

CSR outlook

In cooperation with Eco Vadis and some of our major customers, we are maintaining our CSR policies and documentation thereof within Eco Vadis' CRM analysis, system covering 21 criteria across four themes of Environment, Fair labor & human rights, ethics, and sustainable procurement. The methodology is built on international CSR standards including the Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000.

In September 2020 the Company obtained approval of its environmental management systems acc. ISO 14001:2015, for all group companies. Renewal of certification of quality assurance management systems acc. ISO 9001, was also achieved.

Data safety and ethics

The Company handles and processes a wide range of data related to its business flow and internal processes, in full observance of relevant local legislation and internal policies for privacy, data integrity and security. The Company is of the opinion that there is no need for a specific policy for data ethics, but will assess such need from time to time.

Statement on gender composition

The Board of Directors consist of 3 male members and no females. It is the objective to have one female director latest in 2022, however this far no suitable candidate has been identified.

The Company has a male CEO and an executive management group consisting of one female and eight male executives. In Denmark the group employs 18 females (hereof two manager and two team leaders) and 56 males (hereof four team leaders and one managers). Within the group there are a total of 31 females and 113 males are employed. The overweight of males can be explained by the fact that a lot of the work at the warehouses is heavy work. One third of the 113 male represented, are employed at the warehouses in DK and NL.

When the Company initiates recruitment processes, there is emphasis on identifying female candidates for the open positions in order to obtain a higher degree of gender in the Company.

Events after the balance sheet date

No circumstances have occurred after the balance sheet date that distort the assessment of the annual report.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**1,303,393**	**876,389**	**5,760**	**4,800**
Expenses for raw materials and consumables		-970,103	-748,165	0	0
Other external expenses		-77,547	-28,599	-426	-390
Gross profit/loss		**255,743**	**99,625**	**5,334**	**4,410**
Staff expenses	2	-80,813	-63,880	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-9,182	-8,320	-1,166	-1,169
Profit/loss before financial income and expenses		**165,748**	**27,425**	**4,168**	**3,241**
Income from investments in subsidiaries		0	0	107,485	14,151
Financial income		2,079	482	18	46
Financial expenses	3	-9,478	-8,340	-2,946	-3,109
Profit/loss before tax		**158,349**	**19,567**	**108,725**	**14,329**
Tax on profit/loss for the year	4	-35,762	-3,295	445	484
Net profit/loss for the year		**122,587**	**16,272**	**109,170**	**14,813**

Balance Sheet 31 December

Assets

	Note	Group 2021 TDKK	Group 2020 TDKK	Parent Company 2021 TDKK	Parent Company 2020 TDKK
Completed development projects		4,339	5,098	0	0
Intangible assets	5	**4,339**	**5,098**	**0**	**0**
Land and buildings		77,255	76,122	77,255	76,122
Other fixtures and fittings, tools and equipment		13,527	12,443	0	0
Property, plant and equipment	6	**90,782**	**88,565**	**77,255**	**76,122**
Investments in subsidiaries	7	0	0	185,738	105,303
Investments in associates	8	0	0	0	0
Deposits	9	162	152	0	0
Fixed asset investments		**162**	**152**	**185,738**	**105,303**
Fixed assets		**95,283**	**93,815**	**262,993**	**181,425**
Finished goods and goods for resale		385,658	270,739	0	0
Prepayments for goods		24,995	4,190	0	0
Inventories		**410,653**	**274,929**	**0**	**0**
Trade receivables		215,869	143,396	0	0
Receivables from associates		16,440	15,186	16,440	14,990
Other receivables	14	13,133	19,779	989	2,458
Receivable from shareholders and Management		5	0	5	0
Deferred tax asset	12	0	4,941	0	0
Corporation tax		134	156	134	156
Prepayments	10	2,199	2,022	0	0
Receivables		**247,780**	**185,480**	**17,568**	**17,604**
Cash at bank and in hand		**237**	**139**	**46**	**0**
Currents assets		**658,670**	**460,548**	**17,614**	**17,604**
Assets		**753,953**	**554,363**	**280,607**	**199,029**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
		TDKK	TDKK	TDKK	TDKK
Share capital		900	900	900	900
Revaluation reserve		14,830	14,830	14,830	14,830
Reserve for net revaluation under the equity method		0	0	145,902	65,467
Reserves for exchange rate conversion		-1,208	-534	0	0
Reserve for hedging transactions		1,889	-4,828	-1,890	-2,643
Retained earnings		136,781	74,951	-6,550	6,765
Proposed dividend for the year		15,000	0	15,000	0
Equity attributable to shareholders of the Parent Company		**168,192**	**85,319**	**168,192**	**85,319**
Minority interests		20,654	11,700	0	0
Equity		**188,846**	**97,019**	**168,192**	**85,319**
Provision for deferred tax	12	11,955	10,469	4,994	5,323
Provisions		**11,955**	**10,469**	**4,994**	**5,323**
Subordinate loan capital		22,300	6,600	0	0
Mortgage loans		31,868	26,030	31,868	26,030
Lease obligations		4,197	2,951	0	0
Other payables		0	1,857	0	0
Long-term debt	13	**58,365**	**37,438**	**31,868**	**26,030**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Mortgage loans	13	2,327	1,316	2,327	1,316
Credit institutions		210,108	218,940	0	6,513
Lease obligations	13	1,191	2,681	0	0
Trade payables		216,337	163,765	0	31
Payables to group enterprises		0	0	70,478	69,411
Corporation tax		11,745	1,218	0	0
Payables to group enterprises relating to corporation tax		10,893	0	0	0
Other payables	13,14	42,186	21,517	2,748	5,086
Short-term debt		**494,787**	**409,437**	**75,553**	**82,357**
Debt		**553,152**	**446,875**	**107,421**	**108,387**
Liabilities and equity		**753,953**	**554,363**	**280,607**	**199,029**

Distribution of profit	11
Contingent assets, liabilities and other financial obligations	17
Related parties	18
Fee to auditors appointed at the general meeting	19
Accounting Policies	20

Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Reserves for exchange rate conversion	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	900	14,830	0	-534	-4,828	74,951	0	85,319	11,700	97,019
Exchange adjustments	0	0	0	-674	0	0	0	-674	-75	-749
Extraordinary dividend paid	0	0	0	0	0	-25,700	0	-25,700	-2,856	-28,556
Fair value adjustment of hedging instruments, end of year	0	0	0	0	8,611	0	0	8,611	664	9,275
Tax on adjustment of hedging instruments for the year	0	0	0	0	-1,894	0	0	-1,894	-187	-2,081
Other equity movements	0	0	0	0	0	-6,640	0	-6,640	-2,009	-8,649
Net profit/loss for the year	0	0	0	0	0	94,170	15,000	109,170	13,417	122,587
Equity at 31 December	**900**	**14,830**	**0**	**-1,208**	**1,889**	**136,781**	**15,000**	**168,192**	**20,654**	**188,846**

Statement of Changes in Equity

Parent Company

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Reserves for exchange rate conversion	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	900	14,830	65,467	0	-2,643	6,765	0	85,319	0	85,319
Exchange adjustments	0	0	-674	0	0	0	0	-674	0	-674
Dividend from group enterprises	0	0	-25,700	0	0	0	0	-25,700	0	-25,700
Fair value adjustment of hedging instruments, end of year	0	0	5,964	0	966	0	0	6,930	0	6,930
Tax on adjustment of hedging instruments for the year	0	0	0	0	-213	0	0	-213	0	-213
Other equity movements	0	0	-6,640	0	0	0	0	-6,640	0	-6,640
Net profit/loss for the year	0	0	107,485	0	0	-13,315	15,000	109,170	0	109,170
Equity at 31 December	**900**	**14,830**	**145,902**	**0**	**-1,890**	**-6,550**	**15,000**	**168,192**	**0**	**168,192**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021 TDKK	Group 2020 TDKK
Net profit/loss for the year		122,587	16,272
Adjustments	15	50,859	20,034
Change in working capital	16	-131,604	-18,209
Cash flows from operating activities before financial income and expenses		**41,842**	**18,097**
Financial income		2,080	482
Financial expenses		-9,479	-8,342
Cash flows from ordinary activities		**34,443**	**10,237**
Corporation tax paid		-9,975	-3,899
Cash flows from operating activities		**24,468**	**6,338**
Purchase of intangible assets		-2,273	-2,493
Purchase of property, plant and equipment		-8,368	-8,032
Fixed asset investments made etc		-10	0
Sale of property, plant and equipment		0	1,614
Cash flows from investing activities		**-10,651**	**-8,911**
Repayment of loans from credit institutions		-8,832	-228
Repayment of other long-term debt		0	-4,000
Raising of mortgage loans		6,848	5,568
Lease obligations incurred		1,121	1,117
Raising of other long-term debt		15,700	0
Dividend paid		-28,556	0
Cash flows from financing activities		**-13,719**	**2,457**
Change in cash and cash equivalents		**98**	**-116**
Cash and cash equivalents at 1 January		139	255
Cash and cash equivalents at 31 December		**237**	**139**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		237	139
Cash and cash equivalents at 31 December		**237**	**139**

Notes to the Financial Statements

		Group		Parent Company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Geographical segments				
	Denmark	393,360	348,055	5,760	4,800
	Other EU-contries	812,008	459,906	0	0
	Other contries	98,025	68,428	0	0
		1,303,393	**876,389**	**5,760**	**4,800**
2	**Staff expenses**				
	Wages and salaries	72,279	61,643	0	0
	Pensions	4,469	1,972	0	0
	Other social security expenses	1,290	165	0	0
	Other staff expenses	2,775	100	0	0
		80,813	**63,880**	**0**	**0**
	Including remuneration to the Board of Directors of:				
	Executive Board and Board of Directors	5,721	3,558	5,721	3,558
		5,721	**3,558**	**5,721**	**3,558**
	Average number of employees	**142**	**121**	**66**	**57**
3	**Financial expenses**				
	Interest paid to group enterprises	0	0	1,400	1,505
	Other financial expenses	9,478	8,340	1,546	1,604
		9,478	**8,340**	**2,946**	**3,109**

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
4 Tax on profit/loss for the year				
Current tax for the year	36,625	2,507	-6	0
Deferred tax for the year	1,120	3,148	-328	1,859
Adjustment of tax concerning previous years	-1,210	-2,360	102	-2,343
Adjustment of deferred tax concerning previous years	1,308	0	0	0
	37,843	**3,295**	**-232**	**-484**
which breaks down as follows:				
Tax on profit/loss for the year	35,762	3,295	-445	-484
Tax on changes in equity	2,081	0	213	0
	37,843	**3,295**	**-232**	**-484**

5 Intangible assets

Group

	Completed development projects
	TDKK
Cost at 1 January	28,994
Additions for the year	2,273
Cost at 31 December	31,267
Impairment losses and amortisation at 1 January	23,896
Amortisation for the year	3,032
Impairment losses and amortisation at 31 December	26,928
Carrying amount at 31 December	**4,339**

The company has recognized development projects regarding its IT-systems, which is used on a daily basis, which in turn justifies the recognized value.

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	60,718	39,636
Exchange adjustment	0	-2
Additions for the year	2,298	6,321
Disposals for the year	110	-455
Cost at 31 December	63,126	45,500
Revaluations at 1 January	18,626	0
Revaluations at 31 December	18,626	0
Impairment losses and depreciation at 1 January	3,540	27,194
Exchange adjustment	0	-1
Depreciation for the year	957	4,985
Reversal of impairment and depreciation of sold assets	0	-205
Impairment losses and depreciation at 31 December	4,497	31,973
Carrying amount at 31 December	**77,255**	**13,527**
Including assets under finance leases amounting to	0	2,802

Notes to the Financial Statements

6 Property, plant and equipment (continued)

Parent Company

	Land and buildings
	TDKK
Cost at 1 January	60,718
Additions for the year	2,298
Disposals for the year	110
Kostpris at 31 December	63,126
Revaluations at 1 January	18,626
Revaluations at 31 December	18,626
Impairment losses and depreciation at 1 January	3,540
Depreciation for the year	957
Impairment losses and depreciation at 31 December	4,497
Carrying amount at 31 December	**77,255**

7 Investments in subsidiaries

	Parent Company	
	2021	2020
	TDKK	TDKK
Cost at 1 January	39,836	39,946
Disposals for the year	0	-110
Cost at 31 December	39,836	39,836
Value adjustments at 1 January	65,467	54,092
Exchange adjustment	-674	-623
Net profit/loss for the year	107,485	14,049
Dividend to the Parent Company	-25,700	0
Fair value adjustment of hedging instruments for the year	5,964	-1,857
Other adjustments	-6,640	-376
Reversals for the year of revaluations in previous years	0	182
Value adjustments at 31 December	145,902	65,467
Carrying amount at 31 December	**185,738**	**105,303**

Notes to the Financial Statements

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Dacapo Stainless AS	Norway	100%
Dacapo Stainless AB	Sweden	100%
Dacapo Stainless B.V.	Netherlands	100%
Dacapo Stainless GmbH	Germany	100%
Dacapo Stainless BVBA	Belgium	100%

8 Investments in associates

Cost at 1 January	7,104	7,104	7,104	7,104
Cost at 31 December	7,104	7,104	7,104	7,104
Value adjustments at 1 January	-7,104	-7,104	-7,104	-7,104
Value adjustments at 31 December	-7,104	-7,104	-7,104	-7,104
Carrying amount at 31 December	**0**	**0**	**0**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Dacapo SA	Geneva, Switzerland	25%

9 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 January	152
Additions for the year	10
Cost at 31 December	162
Carrying amount at 31 December	**162**

Notes to the Financial Statements

10 Prepayments

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

11 Distribution of profit

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Extraordinary dividend paid	25,700	0	0	0
Proposed dividend for the year	15,000	0	15,000	0
Reserve for net revaluation under the equity method	13,417	0	107,485	0
Retained earnings	68,470	16,272	-13,315	14,813
	122,587	**16,272**	**109,170**	**14,813**

12 Provision for deferred tax

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Intangible assets	955	-19	0	0
Property, plant and equipment	6,191	5,148	5,818	6,147
Amortisation expense	-306	-306	0	0
Other debt	5,939	5,146	0	0
Tax loss carry-forward	-824	-4,441	-824	-824
Transferred to deferred tax asset	0	4,941	0	0
	11,955	**10,469**	**4,994**	**5,323**
Deferred tax asset				
Calculated tax asset	0	4,941	0	0
Carrying amount	**0**	**4,941**	**0**	**0**

The tax assets arise primarily from tax losses carried forward.

Management expects that the group will obtain positive earnings and thus, the deferred tax assets can be used in the future.

Notes to the Financial Statements

13 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
Between 1 and 5 years	22,300	6,600	0	0
Long-term part	22,300	6,600	0	0
Within 1 year	0	0	0	0
	22,300	**6,600**	**0**	**0**
Mortgage loans				
After 5 years	25,577	21,084	25,577	21,084
Between 1 and 5 years	6,291	4,946	6,291	4,946
Long-term part	31,868	26,030	31,868	26,030
Within 1 year	2,327	1,316	2,327	1,316
	34,195	**27,346**	**34,195**	**27,346**
Lease obligations				
Between 1 and 5 years	4,197	2,951	0	0
Long-term part	4,197	2,951	0	0
Within 1 year	1,191	2,681	0	0
	5,388	**5,632**	**0**	**0**
Other payables				
Between 1 and 5 years	0	1,857	0	0
Long-term part	0	1,857	0	0
Other short-term payables	42,187	21,518	2,746	5,087
	42,187	**23,375**	**2,746**	**5,087**

Notes to the Financial Statements

14 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts and interest rate swaps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Assets	3,827	0	0	0
Liabilities	2,423	6,190	2,423	3,389

Forward exchange contracts have been concluded to hedge the currency risk in future purchase of goods in USD. The fair value adjustment is registered on equity and is expected to be realized in profit and loss after balance date. The currency hedges runs 0 to 6 months.

Interest rate swap contracts have been conclued to hedge future interest payments on floating rate loans. The contracts have term of 7 years. Under the contracts, an interest rate of EUBOR 3 months is exchanges for a fixed rate of interes of 4.85 %.

Group

	Value adjust-ment, income statement	Value adjust-ment, equity	Fair value at 31 December
	TDKK	TDKK	TDKK
Forward exchange contracts	0	7,594	1,404

Parent Company

	Value adjust-ment, income statement	Value adjust-ment, equity	Fair value at 31 December
	TDKK	TDKK	TDKK
Forward exchange contracts	0	966	2,423

Notes to the Financial Statements

	Group 2021	Group 2020
	TDKK	TDKK

15 Cash flow statement - adjustments

	2021 TDKK	2020 TDKK
Financial income	-2,079	-482
Financial expenses	9,478	8,340
Depreciation, amortisation and impairment losses, including losses and gains on sales	9,182	8,321
Tax on profit/loss for the year	35,762	3,295
Other adjustments	-1,484	560
	50,859	**20,034**

16 Cash flow statement - change in working capital

	2021 TDKK	2020 TDKK
Change in inventories	-135,723	-52,755
Change in receivables	-67,265	-26,540
Change in trade payables, etc	71,384	61,086
	-131,604	**-18,209**

17 Contingent assets, liabilities and other financial obligations

Contingent assets

Dacapo Stainless A/S is part of an ongoing case regarding import duty on imported goods. Management is convinced that they will prevail once the case is settled. The contingent asset amount to kDKK 7.817.

Contingent liabilities

Lease obligations under operating leases. Total future lease payments:	12,535	13,550	8,974	8,749
Of this, lease obligations to group companies amounts to	5,875	5,760	2,875	5,760

Unsecured claims and inventory owned by Dacapo Stainless B.V. have been put up as security for credit facilities in ABN Amro Bank, The Netherlands. Bank loans amounts to DKK 33,915k. Unsecured claims amounts to DKK 51,336k. Inventory amounts to DKK 83,954k.

Notes to the Financial Statements

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

Unsecured claims owned by Dacapo Stainless AB have been put up as security for credit facilities in CofaceFinans A/S. Unsecured claims amounts to DKK 30,052k.

Unsecured claims owned by Dacapo Stainless AS have been put up as security for credit facilities in CofaceFinans A/S. Unsecured claims amounts to DKK 9,045k.

Dacapo Stainless A/S has a company charge of DKK 130,000k as security for credit facilities in for bank loans, which amounts to DKK 149,526k. The company charge consists of unsecured claims DKK 102,843k, inventory DKK 301,704k, operating equipment DKK 11,056k, which has been put as security for credit facilities in Nykredit as weel as pledges in shares in group companies, which amounts to DKK 127,409k.

Dacapo Stainless A/S participates in a joint danish taxation arrangement in which Dacapo Holding A/S, Neptunvej 1, 8600 Silkeborg, Denmark serves as the administration company for taxation purposes. The jointly taxed companies are jointly and severally liable for tax on the jointly taxed incomes etc of the jointly taxed companies. Moreover, the jointly taxed 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 corpo ration taxes and withholding taxes may increase the Company’s liability.

18 Related parties

	Basis
Controlling interest	
Dacapo Holding A/S	Parent company

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.

Notes to the Financial Statements

19 Fee to auditors appointed at the general meeting

PricewaterhouseCoopers				
Audit fee	323	0	0	0
Other services	74	0	0	0
	397	**0**	**0**	**0**
Deloitte				
Audit fee	0	415	0	0
Other services	0	25	0	0
	0	**440**	**0**	**0**
Other				
Audit fee	308	246	0	0
	308	**246**	**0**	**0**
	705	**686**	**0**	**0**

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Dacapo Holding A/S for 2021 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.

There have been minor changes to comparative figures. The changes do not affect result for the year or equity.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Dacapo Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

20 Accounting Policies (continued)

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group 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 Group.

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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Revenue

Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. The Dacapo Group has not performed a segmentation of activities as it considers its activities as one segment.

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 Group.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 intangible assets and property, plant and equipment.

Other operating income and expenses

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

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses 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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

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 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.

Property, plant and equipment

On acquisition land and buildings are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed land and buildings comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and supsuppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of land and buildings are recognised in cost over the construction period.

After the initial recognition land and buildings are measured at fair value.

Fair value is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The fair value of land and buildings has been determined at 31 December 2021 for each building by using a Discounted Cash Flow model under which expected future cash flows are discounted to present value. The calculations are based on building budgets for the coming years. Allowance has been made for developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The individual, budgeted cash flows are discounted at an individually fixed discount rate added a terminal value.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Other property, plant and equipment are measured at cost less accumulated depreciation and less any

Notes to the Financial Statements

20 Accounting Policies (continued)

accumulated impairment losses.

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

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

Buildings	50	years
Other fixtures and fittings, tools and equipment	3-10	years

Depreciation period and residual value are reassessed annually.

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 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.

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 deposits.

Notes to the Financial Statements

20 Accounting Policies (continued)

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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

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

Prepayments

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

Dividend

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

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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

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

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Notes to the Financial Statements

20 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

pwc