FSN SKA A/S

Annual report 2021

Approved at the annual general meeting

Hasselager Centervej 1, 8260 Viby, Denmark, CVR 32 34 79 67, www.skamol.com

Chairman, Marcus Christer Egelstig

skamol

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of FSN SKA 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.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 14 March 2022

Executive Board

Poul Erik Kamstrup Kristensen

Board of Directors

Marcus Christer Egelstig Chairman	Nicholas Nehmzow Hjorth	Marcus Peer Østergaard Wintersø

Independent Auditor's Report

To the Shareholders of FSN SKA 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 FSN SKA 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

Independent Auditor's Report

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

Mads Meldgaard
State Authorised Public Accountant
mne24826

Keld A. M. Nielsen
State Authorised Public Accountant
mne40037

Company Information

The Company	FSN SKA A/S Hasselager Centervej 1 DK-8260 Viby J CVR No: 32 34 79 67 Financial period: 1 January - 31 December Municipality of reg. office: Aarhus
Board of Directors	Marcus Christer Egelstig, Chairman Nicholas Nehmzow Hjorth Marcus Peer Østergaard Wintersø
Executive Board	Poul Erik Kamstrup Kristensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Bankers	Skandinaviska Enskilda Banken AB (SEB) Bernstorffsgade 50 1577 København

Group Chart

Parent Company

- FSN-SKA A/S, Denmark
  Nom. DKK 10.219.330

Consolidated subsidiaries

- 100% Skamol A/S, Denmark
  Nom. DKK 43.095.000
  - 100% Skamol RUS LLC, Russia
    Nom RUB. 10.000
  - 100% Skamol Polska S.p.Z.o.o, Poland
    Nom. PLN 11.005.000
  - 100% Skamol Eastern Europe S.p.Z.o.o, Poland
    Nom. PLN 800.000
  - 100% Skamol Americas Inc., USA
    Nom USD 3.310.000
  - 100% Skamol Europe GmbH, Germany
    Nom. EUR 50.000
  - 100% Skamol France SAS, France
    Nom. EUR 50.000
  - 100% Skamol (Shanghai) Trading Co. Ltd., China
    Nom. CNY 641.690
  - 100% Skamol Asia Pacific PTY Ltd., Australia
    Nom. AUD 108
  - 100% Skamol United Kingdom Ltd., UK
    Nom. GBP 30.000
  - 100% NCM Core A/S, Denmark
    Nom. DKK 1.011.000
  - 100% Skamol Italia SRL, Italia
    Nom. EUR 10.000
  - 100% Skamol Spain Trading S.L., Spain
    Nom. EUR 15.000

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
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Turnover	518	394	403	385	340
Adjusted EBITDA	96	84	87	77	83
Profit/loss before financial income and expenses	35	15	36	27	44
Net financials	-13	-10	-10	-6	-7
Net profit/loss for the year	14	-2	17	14	21
Balance sheet					
Balance sheet total	663	704	716	639	622
Equity	195	372	395	371	364
Cash flows					
Cash flows from:					
- operating activities	90	55	48	41	63
- investing activities	-19	-38	-63	-50	-103
including investment in property, plant and equipment	-11	-26	-43	-42	-97
- financing activities	-88	5	48	-3	47
Change in cash and cash equivalents for the year	-16	22	33	-12	7
Number of employees	427	422	448	421	377
Ratios					
Profit margin	6,8%	3,8%	8,9%	7,0%	12,9%
Return on assets	5,3%	2,1%	5,0%	4,2%	7,1%
Solvency ratio	29,4%	55,3%	55,2%	58,1%	58,5%
Return on equity	4,9%	-0,5%	4,4%	3,8%	6,0%
Adjusted EBITDA margin	18,5%	21,3%	21,5%	20,0%	24,4%

Management’s Review

The Group's activities

Sales of specialty insulation systems to segments within Industry and Building.

Objectives and strategy

The company's Management and Board of Directors are continuously evaluating Skamol's strategy, which addresses growth areas within Skamol’s target markets.

Market development and sales

In 2021 Skamol's turnover was DKK 518 million against DKK 394 million in 2020 and adjusted EBITDA amounted to DKK 96 million in 2021 compared to DKK 84 million in 2020. The growth in turnover and EBITDA was a consequence of a disciplined execution of the strategy whereas the global volatility in energy prices limited the growth in profitability.

Skamol has in 2021 experienced growth in individual key markets, such as the Asia Pacific region, as a result of the strategic initiatives that are being executed in Skamol.

The market organisation in Skamol has been further strengthened during 2021 through an increasingly global coverage, where additional sales resources in key markets have been added to facilitate the continued growth.

Manufacturing and product development

During 2021, Skamol has executed a number of investment projects in order to increase and upgrade capacity, and reduce production costs.

Furthermore, Skamol has continued to invest in R&D activities during 2021, where new products have been developed and were introduced to the market in 2021.

Skamol will continue to invest in globalization, increasing local presence, and product development and capabilities.

Risk management

The company focuses on both internal and external risks.

Internal risks are eliminated through policies and procedures that address the issues. Furthermore, the company works with risk management through internal KPI follow-up.

The development of Skamol's IT infrastructure is also an important priority for the company. During 2021 further development of the IT infrastructure was made, e.g. continued optimization of ERP platform and process support as well as communication platforms.

Management's Review

Continuous improvements are of high importance to Skamol, and Skamol has worked on initiatives to improve productivity during 2021. This work will continue into 2022.

During 2021 Skamol has worked on strict execution of the framework for the strategic priorities and has updated the execution framework for the strategic priorities entering into 2022.

Financial risks

Interest-bearing debt amounted to DKK 342 million at the end of 2021. Net interest-bearing debt amounted to DKK 294 million.

Compared to the established drawing right, Skamol has a net cash position of totally DKK 78 million at the end of 2021.

The company follows a financial policy, which operates with a low risk profile so that currency and credit risks only occur due to commercial circumstances.

As an international company, Skamol Group is exposed to risks related to currency transactions in connection with the purchase and sale of goods and services. It is Group policy to undertake identification of currency risks on current transactions. Skamol Group's main currencies are EUR, USD, RUR, PLN, AUD, CNY and NOK.

The costs of Skamol's Russian subsidiary are primarily in RUR, whereas sales are primarily in RUR and secondarily in EUR, which means that the Skamol Group as regards earnings in the Russian business is sensitive to fluctuations in the exchange rate of the RUR. During 2021, RUR has strengthened the position towards other currencies.

The cost in Skamol's Chinese subsidary is mainly in EUR and secondly CNY, whereas sales are in CNY, which means that the Skamol Group as regards earnings in the Chinese business is sensitive to fluctuations in the exchange rate of the CNY. During 2021, CNY has strengthened the position towards other currencies.

It is Group policy to optimise the loan portfolio through continuous adjustments and to carry out an ongoing assessment of optimisation opportunities.

Policy for data ethics

Skamol does not apply advanced technologies such as AI or machine learning. Skamol handles general data in the form of customer, supplier and employee data. Data is handled in accordance with GDPR and Skamol's policies related to privacy and information security. Considering the limited handling of data, Skamol has not made specific policies in relation to data ethics but reassesses the need to do so on an ongoing basis.

Management’s Review

Result, Balance and Cash Flow

The figures in brackets are 2020-figures
In 2021 the turnover increased to DKK 518 million (DKK 394 million). EBITDA before one time items (adjusted EBITDA) amounted to DKK 96 million (DKK 84 million) corresponding to 18.5 % (21.3 %) of the turnover. Depreciations and amortizations were DKK 59.6 million (DKK 51.3 million).

The total assets were DKK 663 million (DKK 700 million).

At the end of 2021 Skamol employed 438 employees. Of these, 179 employees in Denmark and 259 outside Denmark. Compared to 2020, the total number of employees increased by 21.

Deviations compared to outlook for 2020

As expected, the Group's turnover and EBITDA increased in 2021 compared to 2020, together with a positive cashflow from operations

Outlook for 2021

Skamol expects increasing turnover and earnings in the coming years, including 2022.

Overall, Skamol estimates that there continues to be a large growth potential for Skamol's systems worldwide.

In 2022 Skamol expects an increase in turnover and EBITDA compared to 2021, and a positive cash flow from operations.

Subsequent events

In the wake of the war in Ukraine, the Russian economy has been hit by significant economic sanctions. It is currently uncertain how long these will last and to what extent it will affect Skamol’s activities in Russia and Skamol’s Russian subsidiary. However, due to the group’s low dependency on the Russian subsidiary, which contributes insignificant revenue to the overall group, there are currently no indications of material impact on the Group’s solvency and liquidity reserves.

After the closing of the financial year no other subsequent events have occurred, which have material impact of Skamol’s financial position.

Management's Review

Management

Since 2013, FSN Capital is the owner of FSN SKA A/S and Skamol. In 2021 the Board of FSN SKA A/S was composed of the following members:

Marcus Christer Egelstig, Chairman, joined 30.10.2015
Nicholas Nehmzow Hjorth, joined 10.01.2017
Marcus Peer Østergaard Wintersø, joined 04.05.2018

Employee representatives are elected for the Skamol A/S Board of Directors. The company complies with the notice about employee representation in public and private companies of the 1st July 2010. The latest election of employee representatives took place in 2019. Two employee representatives are elected to the Board of Skamol A/S. Election of employee representatives for Skamol's Board will take place again in 2023.

During 2021, a total of 1 board meeting were held in FSN SKA A/S and 4 board meetings were held in Skamol A/S. Board committees have not been established.

The general meeting has not adopted specific authorizations for e.g. allocations.

Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act

In FSN SKA A/S the Board of Directors has outlined target figures for number of under-represented gender in the top management segment. It is the Board's goal that if possible the mix of the Board shall be balanced so that each gender as a mini¬mum is represented by 1 member appointed by the general assembly. It is the target to reach the defined goal at the end of 2022, so this is aligned with a natural exchange of the Board composition. The composition of the board during 2021 did not change the gender composition, thus the target was not reached this year.

At other management levels in the group it is Skamol's intention to increase the share of the underrepresented gender towards a balanced make-up between male and female representatives. It is the policy of the company to aim for a diversified organisation through an unprejudiced selection process where no candidate is deselected due to gender, age, nationality etc. Candidates are solely selected based on experience, competences and perfor-mance.

Skamol group has at the end of 2021 a share of 40 % female representatives compared to male representatives at other management level, compared to 45% at the end of 2020. During 2021 Skamol has made efforts to continue to pay attention to making job advertisements equally attractive for men and women – both for internal and external candidates

Management's Review

Policies regarding corporate social responsibility

Skamol has defined policies regarding corporate social responsibility, including policies on

-Sustainability with environmental and climate related matters through development of products with increased energy efficiency and lifetime, and through continuous work on reduction of energy consumption and waste in production;

-Caring about people through focused work on health and safety and continuous people development and process optimisation, and by applying a Code of Conduct supporting a company culture that promotes integrity, our values, ethical guidelines and the Skamol Group policies;

-Respecting human rights through applying a Code of Conduct internally and in the cooperation with suppliers requiring compliance with the ILO Conventions, and national laws and regulations;

-Preventing corruption, bribery and money laundering by applying a Code of Conduct internally and in the cooperation with suppliers requiring compliance with all applicable laws and regulations on bribery, corruption and money laundering; by conducting integrity due diligences on all M&A processes and on an assessed risk basis in regard to customers and suppliers; and by applying a whistle blower policy and procedure to encourage staff, board members and others to report suspected or actual violations of laws, regulations or Skamol's Code of Conduct without retribution.

Skamol's potential ESG impacts on the world based on its sector and operations

Topics of higher impact in bold – high principle adverse impacts indicated with asterisk

Raw material and suppliers

- **Climate impact of raw material sourcing***
- Water use and pollution in sourcing
- Responsible use and reparation of land areas in raw material sourcing
- Biodiversity impact from raw material extraction
- **Supplier labour conditions and human rights**
- Supplier health and safety
- Supply chain transparency

Own operations

- **GHG emissions from production sites***
- **Chemicals and pollution in production**
- Resource efficiency, waste management and recycling in production
- Environmental impact of packaging material and waste
- Water consumption in production process
- **Employee health and safety**
- Labour conditions and human rights at production sited

Marketing and management

- GHG emissions from employee commutes and business travel*
- Office waste (food and stationaries)
- Employee talent and development
- Diversity and equal opportunities
- Anti-corruption and bribery
- Anti-competitive behaviour
- Data security and privacy

Customer and end-users

- GHG emissions from shipping and deliveries
- **Enabling energy savings from products in use-phase**
- **Product longevity**
- **Product take-back and circular design**
- Customers CO2 emissions
- **Product quality and safety (e.g. fire-safe products, improved indoor environment)**

Principle Adverse Impacts through the value chain

Level of impact: High | Medium | Low

GHG emissions	Biodiversity	Water	Hazardous waste	Social and employee matters

External factors impacting Skamol based on its sector and operations

+
- Demand for products that reduce energy consumption, thereby enabling cost savings and climate change mitigation
- Demand for circular products and responsible end-of-life treatment

–
- High cost and climate impact of energy intensive production
- Scrutiny of environmental impact of supply chain and production on water and biodiversity
- Immature market for end-of-life use of products

EU Taxonomy eligibility

Activity

C23.9.9 Manufacture of other non-metallic mineral products n.e.c.

Significant contribution to environmental objective

Objective 1:
Climate change *mitigation*

Eligibility

100% of Turnover | 100% of Opex | 100% of Capex

Activity type

Enabling

EU Taxonomy

Taxonomy-eligible and non-eligible activities: 1 primary activity has been identified in the taxonomy related to Skamol: Maintenance and repair of energy efficiency equipment (7.3). Skamol has no Taxonomy non-eligible activities. All turnover, OPEX and CAPEX is related to Taxonomy eligible activity.

Management's Review

Company ESG performance 2021

STRATEGIC AREA	KPIs	LONG TERM TARGET	PERFORMANCE 2021	ANNUAL TARGET 2022
1. Minimize environmental impact	1a. Reduce GHG emissions. 1b. Optimize energy efficiency (GHG emissions relative to output). 1c. Circular operations 1d. Local environmental impact from operations	1a. Net zero. 1b. 5% year by year energy efficiency. 1c. Zero waste to landfill; reuse where possible. 1d. Minimal environmental degradation of excavation sites.	1a. Tracked Scope 1 and 2 emissions, completed full scope 3 screening to identify material scopes. Created emissions factors to accurately reflect emissions of Skamol's materials. Emissions* in 2021: Scope 1: 29,681.4 tCO_2e (+3.3% from 2020**) Scope 2: 3,635.5 tCO_2e*** (-5.1% from 2020**) Scope 3: 41,248.2 tCO_2e (first time recorded) 1b. Aligned with 2021 ambition, initiated full screening of each production plant on use of natural gas, electricity, waste, and water. Optimized energy efficiency (GHG emissions relative to output) by 12% compared to 2020. 1c. Introduced recycling of pallets. 1d. Restore excavation sites, with positive impact on biodiversity. *Prepared in accordance with the GHG Protocol, using the online reporting tool CEMAsys© **2020 numbers adjusted due to broader scope. ***Location-based electricity.	1a. Set science-based targets for scope 1-3. 1b. Complete screening of individual plants; determine which initiatives to pursue to reduce environmental impact. Optimize energy efficiency (GHG emissions relative to output) by further 5% compared to 2020. 1c. Further extend recycling of pallets. 1d. Continue to restore excavation sites, with positive impact on biodiversity.
2. Sustainable products	2a. EPDs for our products. 2b. Design for cicularity.	2a. EPDs for 100% of our product groups by end of 2024. 2b. Cradle to cradle design of our products.	2a. Prepared introduction of EPD in 2022. 2b. Prepared recycling of cut offs from selected customer projects in 2022.	2a. EPDs for 25% of our product groups. 2b. Introduce recycling of cut offs from selected customer projects.
3. Motivated, safe, and healthy employees	3a. eNPS. 3b. Lost time incidents (LTI). 3c. Diversity.	3a. Year by year improvement of eNPS. 3b. Zero LTI. 3c. Balanced make-up between male and female representatives in top leadership/ management.	3a. Rolled out real-time eNPS system to track employee happiness and eNPS. Started monthly town halls in February. eNPS* % 2021: 28 2020: 22 2019: NA 2018: 27 3b. Conducted safety walks twice a month on each production plant. Lost Time Injury** per million worked hours 2021: 5.6 2020: 2.9 2019: 4.2 2018: 5.0 3c. 14% female managers compared to, 86% male managers (same percentages as in 2020). *Calculated as the percentage of Promoters subtracted the percentage of Detractors **Injury sustained by an employee that leads to loss of productive work in the form of absenteeism or delays	3a. eNPS of 30%. Better communication of ESG work on website. 3b. Reduction in LTI. Improve safety walks. 3c. Further extend balance between genders.
4. Ethical supply chains and business conduct, including human rights and anti-corruption	4a. Supply chain management. 4b. Train employees. 4c. Electronic whistleblower.	4a. Best in class supply chain management. 4b. Annual training for all employees. 4c. Electronic whistleblower access for internals and externals.	4a. Conducted external integrity due dilligence screening of agents/partners representing 75% of spend. 100% of suppliers signed Code of Conduct. 4b. Completed cyber security training for management team. Employees signing Code of Conduct*: 2021: 100% 2020: 100% 4c. Implemented electronic whistleblower access for employees. *Number of employees who has signed the CoC, as a percentage of the total number of employees.	4a. Further strengthen supply chain management by conducting a refresh risk assessment and review current procedures. 4b. Train 100% of white-collar employees in cyber security and Code of Conduct – combination of eLearning and in person presentations. 4c. Implement electronic whistleblower access for externals.

Skamol has selected the following UN SDGs to which we have an opportunity to contribute:

Opportunity to make production process more efficient and increase resource-efficiency by adopting cleaner and more environmentally friendly industrial processes (9.11).

Restore terrestrial land (15.1)

Efficient use of natural resources (12.2) and reduce waste generation through prevention, reduction, recycling and reuse (12.5)

Income Statement 1 January - 31 December

	Note	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**518.179**	**394.366**	**0**	**0**
Expenses for raw materials and consumables		-230.514	-126.080	0	0
Other external expenses		-61.703	-79.232	-20	-7.745
Gross profit/loss		**225.962**	**189.054**	**-20**	**-7.745**
Staff expenses	2	-131.265	-122.505	0	0
EBITDA		**94.697**	**66.549**	**-20**	**-7.745**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-59.628	-51.349	0	0
Profit/loss before financial income and expenses		**35.069**	**15.200**	**-20**	**-7.745**
Income from investments in subsidiaries		0	0	16.634	9.101
Financial income	4	494	181	494	1.381
Financial expenses	5	-13.424	-9.977	-3.828	-5.845
Profit/loss before tax		**22.139**	**5.404**	**13.280**	**-3.108**
Tax on profit/loss for the year	6	-8.069	-7.592	790	920
Net profit/loss for the year		**14.070**	**-2.188**	**14.070**	**-2.188**

Balance Sheet 31 December

Assets

	Note	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
		TDKK	TDKK	TDKK	TDKK
Completed development projects		21.506	17.270	0	0
Software		11.943	14.257	0	0
Acquired licenses		759	1.028	0	0
Goodwill		205.665	228.905	0	0
Development projects in progress		5.913	7.818	0	0
Intangible assets	7	**245.786**	**269.278**	**0**	**0**
Land and buildings		86.601	87.337	0	0
Plant and machinery		99.346	107.149	0	0
Other fixtures and fittings, tools and equipment		13.194	15.891	0	0
Prepayments for property, plant and equipment		9.871	16.282	0	0
Property, plant and equipment	8	**209.012**	**226.659**	**0**	**0**
Investments in subsidiaries	9	0	0	236.051	464.847
Fixed asset investments		**0**	**0**	**236.051**	**464.847**
Fixed assets		**454.798**	**495.937**	**236.051**	**464.847**
Inventories	10	**60.204**	**62.414**	**0**	**0**
Trade receivables		85.587	68.327	0	0
Receivables from group enterprises		0	0	2.122	26.813
Other receivables		12.863	11.043	0	0
Deferred tax asset	13	1.194	1.517	0	0
Corporation tax		410	667	0	2.920
Receivables		**100.054**	**81.554**	**2.122**	**29.733**
Cash at bank and in hand		**47.857**	**64.255**	**0**	**0**
Currents assets		**208.115**	**208.223**	**2.122**	**29.733**
Assets		**662.913**	**704.160**	**238.173**	**494.580**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
		TDKK	TDKK	TDKK	TDKK
Share capital	11	10.219	10.219	10.219	10.219
Reserve for net revaluation under the equity method		0	0	0	30.357
Reserve for hedging transactions		0	-585	0	-585
Reserve for exchange rate conversion		-16.953	-19.529	0	-19.529
Retained earnings		201.417	382.347	184.464	351.990
Equity		**194.683**	**372.452**	**194.683**	**372.452**
Provision for deferred tax	13	15.129	15.466	22	183
Provisions for pensions and similar obligations		533	555	0	0
Provisions		**15.662**	**16.021**	**22**	**183**
Credit institutions		263.339	226.988	43.339	121.339
Lease obligations		0	128	0	0
Other payables		7.526	7.390	0	0
Long-term debt	14	**270.865**	**234.506**	**43.339**	**121.339**
Credit institutions	14	71.000	0	0	0
Trade payables		80.904	57.942	0	0
Corporation tax		2.688	1.412	113	0
Other payables	14	27.111	21.827	16	606
Short-term debt		**181.703**	**81.181**	**129**	**606**
Debt		**452.568**	**315.687**	**43.468**	**121.945**
Liabilities and equity		**662.913**	**704.160**	**238.173**	**494.580**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	10.219	0	-585	-19.529	382.347	372.452
Extraordinary dividend paid	0	0	0	0	-195.000	-195.000
Fair value adjustment of hedging instruments	0	0	585	0	0	585
Other equity movements	0	0	0	2.576	0	2.576
Net profit/loss for the year	0	0	0	0	14.070	14.070
Equity at 31 December	**10.219**	**0**	**0**	**-16.953**	**201.417**	**194.683**

Parent Company

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
Equity at 1 January	10.219	30.357	-585	-19.529	351.990	372.452
Extraordinary dividend paid	0	0	0	0	-195.000	-195.000
Fair value adjustment of hedging instruments	0	0	585	0	0	585
Other equity movements	0	0	0	19.529	-16.953	2.576
Net profit/loss for the year	0	-30.357	0	0	44.427	14.070
Equity at 31 December	**10.219**	**0**	**0**	**0**	**184.464**	**194.683**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021	Group 2020
		TDKK	TDKK
Net profit/loss for the year		14.070	-2.188
Adjustments	15	83.373	68.705
Change in working capital	16	12.075	572
Cash flows from operating activities before financial income and expenses		**109.518**	**67.089**
Financial income		494	0
Financial expenses		-13.425	-9.626
Cash flows from ordinary activities		**96.587**	**57.463**
Corporation tax paid		-6.551	-2.122
Cash flows from operating activities		**90.036**	**55.341**
Purchase of intangible assets		-7.465	-12.621
Purchase of property, plant and equipment		-11.192	-25.636
Cash flows from investing activities		**-18.657**	**-38.257**
Repayment of loans from credit institutions		107.351	0
Reduction of lease obligations		-128	0
Raising of loans from credit institutions		0	4.504
Dividend paid		-195.000	0
Cash flows from financing activities		**-87.777**	**4.504**
Change in cash and cash equivalents		**-16.398**	**21.588**
Cash and cash equivalents at 1 January		64.255	44.882
Exchange adjustment of current asset investments		0	-2.215
Cash and cash equivalents at 31 December		**47.857**	**64.255**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		47.857	64.255
Cash and cash equivalents at 31 December		**47.857**	**64.255**

Notes to the Financial Statements

		Group		Parent Company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Geographical segments				
	Turnover EU-countries	265.252	191.497	0	0
	Turnover non-EU countries	252.927	202.869	0	0
	Net turnover	**518.179**	**394.366**	**0**	**0**

		Group 2021	Group 2020	Parent 2021	Parent 2020
2	**Staff expenses**				
	Wages and salaries	121.448	113.192	0	0
	Pensions	9.817	9.313	0	0
		131.265	**122.505**	**0**	**0**
	Including remuneration to the Executive Board of:				
	Executive Board	0	7.012	0	0
	Supervisory Board	0	0	0	0
		0	**7.012**	**0**	**0**
	Average number of employees	**427**	**422**	**0**	**0**

Remuneration to the Executive Board for 2021 has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Remuneration to the Executive Board for 2020 also includes salary and severence pay to the former CEO.

		Group 2021	Group 2020	Parent 2021	Parent 2020
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	31.138	27.665	0	0
	Depreciation of property, plant and equipment	28.490	23.684	0	0
		59.628	**51.349**	**0**	**0**

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
4 Financial income				
Interest received from group enterprises	-27	0	494	1.261
Other financial income	521	181	0	120
	494	**181**	**494**	**1.381**
5 Financial expenses				
Interest paid to group enterprises	494	0	0	0
Other financial expenses	12.903	9.977	3.828	5.845
Exchange adjustments, expenses	27	0	0	0
	13.424	**9.977**	**3.828**	**5.845**
6 Tax on profit/loss for the year				
Current tax for the year	7.907	5.108	-790	-755
Deferred tax for the year	162	2.083	0	-192
Adjustment of deferred tax concerning previous years	0	401	0	27
	8.069	**7.592**	**-790**	**-920**

Notes to the Financial Statements

7 Intangible assets

Group

	Completed development projects	Software	Acquired licenses	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	28.943	18.383	11.742	410.861	7.818
Exchange adjustment	-26	0	23	88	0
Additions for the year	5.966	1.112	0	0	387
Transfers for the year	1.829	445	0	-2	-2.292
Cost at 31 December	36.712	19.940	11.765	410.947	5.913
Impairment losses and amortisation at 1 January	11.673	4.126	10.714	181.956	0
Exchange adjustment	-8	0	12	20	0
Amortisation for the year	3.562	3.871	280	23.308	0
Transfers for the year	-21	0	0	-2	0
Impairment losses and amortisation at 31 December	15.206	7.997	11.006	205.282	0
Carrying amount at 31 December	**21.506**	**11.943**	**759**	**205.665**	**5.913**

Development projects include production, products and market development.

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	138.068	379.458	53.396	16.282
Exchange adjustment	362	-176	104	112
Additions for the year	422	2.388	1.493	6.889
Disposals for the year	0	-155	-212	-3
Transfers for the year	1.273	10.944	1.044	-13.409
Cost at 31 December	140.125	392.459	55.825	9.871
Impairment losses and depreciation at 1 January	50.732	272.309	37.505	0
Exchange adjustment	148	296	73	0
Depreciation for the year	2.644	20.668	5.294	0
Reversal of impairment and depreciation of sold assets	0	-121	-106	0
Transfers for the year	0	-39	-135	0
Impairment losses and depreciation at 31 December	53.524	293.113	42.631	0
Carrying amount at 31 December	**86.601**	**99.346**	**13.194**	**9.871**

Notes to the Financial Statements

	Parent Company	
	2021	2020
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 January	434.490	434.490
Cost at 31 December	434.490	434.490
Value adjustments at 1 January	30.357	40.775
Exchange adjustment	2.570	-19.523
Net profit/loss for the year	28.836	21.320
Dividend to the Parent Company	-248.000	0
Amortisation of goodwill	-12.202	-12.215
Value adjustments at 31 December	-198.439	30.357
Carrying amount at 31 December	**236.051**	**464.847**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Skamol A/S	Aarhus	DKK 43.095.000	100%
Skamol Americas Inc.	USA	USD 3.310.000	100%
Skamol Europe GmbH	Germany	EUR 50.000	100%
Skamol Polska S.p.Z.o.o	Poland	PLN 12.505.000	100%
Skamol Eastern Europe S.p.Z.o.o	Poland	PLN 800.000	100%
Skamol Rus LLC	Russia	RUB 10.000	100%
Skamol France SAS	France	EUR 50.000	100%
Skamol (Shanghai) Trading Co. Ltd.	China	CNY 641.690	100%
Skamol Asia Pacific PTY Ltd.	Australia	AUD 108	100%
NCM Core A/S	Aarhus	DKK 1.011.000	100%
Skamol United Kingdom Ltd.	UK	GBP 30.000	100%
Skamol Italia SRL	Italy	EUR 10.000	100%
Skamol Spain Trading S.L.	Spain	EUR 25.000	100%

Notes to the Financial Statements

10 Inventories

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	30.597	11.073	0	0
Work in progress	393	717	0	0
Finished goods and goods for resale	29.214	50.624	0	0
	60.204	**62.414**	**0**	**0**

11 Equity

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares	208.697	2.087
B-shares	11.152	111
C-shares	802.084	3.208
D-shares	802.084	4.813
		10.219

The share capital has developed as follows:

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	10.219	10.219	10.219	10.213	10.149
Capital increase	0	0	0	6	64
Capital decrease	0	0	0	0	0
Share capital at 31 December	**10.219**	**10.219**	**10.219**	**10.219**	**10.213**

Notes to the Financial Statements

12 Distribution of profit

	Parent Company 2021	Parent Company 2020
	TDKK	TDKK
Extraordinary dividend paid	195.000	0
Reserve for net revaluation under the equity method	-30.357	9.111
Retained earnings	-150.573	-11.299
	14.070	**-2.188**

13 Provision for deferred tax

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	13.949	11.534	183	155
Amounts recognised in the income statement for the year	162	2.083	0	-192
Amounts recognised in equity for the year	-176	332	-161	220
Provision for deferred tax at 31 December	**13.935**	**13.949**	**22**	**183**

The recognised tax asset comprises tax loss carry forwards expected to be utilised within the next three to four years.

The deferred tax asset exists in foreign subsidiaries and is therefore not set off against deferred tax liability

Notes to the Financial Statements

14 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
Between 1 and 5 years	263.339	226.988	43.339	121.339
Long-term part	263.339	226.988	43.339	121.339
Within 1 year	71.000	0	0	0
	334.339	**226.988**	**43.339**	**121.339**
Lease obligations				
Between 1 and 5 years	0	128	0	0
Long-term part	0	128	0	0
Within 1 year	0	0	0	0
	0	**128**	**0**	**0**
Other payables				
Between 1 and 5 years	7.526	7.390	0	0
Long-term part	7.526	7.390	0	0
Other short-term payables	27.113	21.827	15	606
	34.639	**29.217**	**15**	**606**

15 Cash flow statement - adjustments

	Group	
	2021	2020
	TDKK	TDKK
Financial income	-494	-181
Financial expenses	13.424	9.977
Depreciation, amortisation and impairment losses, including losses and gains on sales	59.768	51.349
Tax on profit/loss for the year	8.069	7.592
Other adjustments	2.606	-32
	83.373	**68.705**

Notes to the Financial Statements

16 Cash flow statement - change in working capital

	Group 2021	Group 2020
	TDKK	TDKK
Change in inventories	2.209	-22.558
Change in receivables	-19.080	21.795
Change in other provisions	-22	0
Change in trade payables, etc	28.383	1.335
Fair value adjustments of hedging instruments	585	0
	12.075	**572**

17 Contingent assets, liabilities and other financial obligations

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	7.900	2.799	0	0
Between 1 and 5 years	5.669	1.881	0	0
	13.569	**4.680**	**0**	**0**

Guarantee obligations

A guarentee in the amount of DKK 1.450k with respects to the restoration of Moler areas and a guarentee in the amount of DKK 98k with respect to product security are incumbent on the group.

Through SEB the company has guarantees for customers issued for a total of DKK 495k.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

The bank has a pledge on subsidiary shares in Skamol Eastern Europe S.p. z.o.o and Skamol Polska sp. z.o.o.

Notes to the Financial Statements

18 Related parties

	Basis
Controlling interest	
FSN Capital III Limited Partnership	Controlling shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The company is included in the consolidated report for the parent company

Name	Place of registered office
FSN Capital Holding Jersey III Limited	Jersey, Great Britain

The Group Annual Report of FSN Capital Holding Jersey III Limited may be obtained at the following address:

Kongens Nytorv 26, 2. sal
1050 Copenhagen
Denmark

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
19 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	552	319	20	16
Other assurance engagements	69	0	0	0
Tax advisory services	160	99	0	0
Andre ydelser	66	0	0	0
	847	**418**	**20**	**16**
Other audit firms				
Audit fee	479	413	0	0
Other assurance engagements	351	354	0	0
	830	**767**	**0**	**0**
	1.677	**1.185**	**20**	**16**

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of FSN SKA 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 made a few reclassification in the comparable figures.

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

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

20 Accounting Policies (continued)

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, FSN SKA 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised

20 Accounting Policies (continued)

in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

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.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

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

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

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 5-20 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 5-20 years.

Software acquired is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assessed at 5-20 years.

Developmentcost on projects include salaries, depreciation and other costs that can be directly and indirectly attributed to the company's development activities.

Development projects that are clearly defined and identifiable, where the degree of technical utilization, sufficient resources and a potential future market or development opportunity in the group can be demonstrated, and where the intention to manufacture, market or use the project are recognized as intangible fixed assets, if sufficient assurance that the capital value of future earnings can cover production, sales and administration costs as well as the development costs themselves.

Development projects that do not meet the criteria for recognition in the balance sheet are recognized as costs in the income statement as the costs are incurred.

Capitalized development costs are measured at cost less accumulated amortization and impairment losses or recoverable amount, whichever is lower. An amount corresponding to the recognized development costs is reserved in the item "Reserve for development costs" under equity. The reserve includes only development costs that are recognized in financial years beginning on or after 1 January 2016. The reserve is continuously reduced with depreciation and write-downs on the development projects.

Capitalized development costs are depreciated from the time of completion on a straight-line basis over the period in which the development work is expected to generate economic benefits. However, the depreciation period is a maximum of 10 years.

Notes to the Financial Statements

20 Accounting Policies (continued)

Property, plant and equipment

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

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

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

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

Production buildings	50	years
Other buildings	15-50	years
Plant and machinery	8-20	years
Other equipment	3-5	years
Own Moler deposits	20	years

The fixed assets' residual values are determined at nil. Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in subsidiaries are 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

Notes to the Financial Statements

20 Accounting Policies (continued)

"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.

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, raw materials and consumables equals landed cost.

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables.

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Notes to the Financial Statements

20 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

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

Notes to the Financial Statements

20 Accounting Policies (continued)

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” and ”Overdraft facilities”.

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

Financial Highlights

Explanation of financial ratios

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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$
Adjusted EBITDA margin	$\frac{\text{Adjusted EBITDA* x 100}}{\text{Turnover}}$

*Adjusted EBITDA is excl. one time items.

All in one

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"By my signature I confirm all dates and content in this document."

Nicholas Nehmzow Hjorth
Board member
On behalf of: FSN SKA AS
Serial number: PID:9208-2002-2-816241820345
IP: 80.162.xxx.xxx
2022-03-17 09:58:03 UTC
NEM ID

Poul Erik Kamstrup Kristensen
Executive Board
On behalf of: Skamol AS
Serial number: PID:9208-2002-2-427366589456
IP: 92.43.xxx.xxx
2022-03-17 10:25:26 UTC
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MARCUS EGELSTIG
Chairman
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Marcus Peer Østergaard Wintersø
Board member
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Keld Nielsen
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IP: 83.136.xxx.xxx
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Mads Meldgaard
State Authorised Public Accountant
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Serial number: CVR:33771231-RID:27370017
IP: 83.136.xxx.xxx
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MARCUS EGELSTIG
Chairman at general meeting
Serial number: 19780719xxxx
IP: 185.224.xxx.xxx
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