BEIERHOLM
VI SKABER BALANCE

Samek ApS

Hermesvej 2, 9530 Støvring

CVR no. 33 07 69 83

Annual report
for the financial year 01.10.22 - 30.09.23

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 12.03.24

Anders Kold
Dirigent

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Group information etc.

The company

Samek ApS
Hermesvej 2
9530 Støvring
Registered office: Rebild
CVR no.: 33 07 69 83
Financial year: 01.10 - 30.09

Executive Board

Anders Kold

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Bank

Danske Bank

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 01.10.22 - 30.09.23 for Samek ApS.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30.09.23 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.10.22 - 30.09.23.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Støvring, March 12, 2024

Executive Board

Anders Kold

To the capital owner of Samek ApS

Opinion

We have audited the consolidated financial statements and financial statements of Samek ApS for the financial year 01.10.22 - 30.09.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 30.09.23 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.10.22 - 30.09.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and financial statements" section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the consolidated financial statements and financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and financial statements, it is our responsibility to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the consolidated financial statements and financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

Management's responsibilities for the consolidated financial statements and financial statements

Management is responsible for the preparation of consolidated financial statements and 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 consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and 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 consolidated financial statements and financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 consolidated financial statements and financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and 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 consolidated financial statements and 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 consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and 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.

Aalborg, March 12, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Bjørn

State Authorized Public Accountant
MNE-no. mne28606

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2022/23	2021/22	2020/21	2019/20	2018/19
Profit/loss					
Revenue	762,873	729,175	571,055	508,915	500,937
Index	152	146	114	102	100
Operating profit/loss	45,691	62,463	60,263	31,281	26,952
Index	170	232	224	116	100
Total net financials	-10,987	-7,492	-4,636	-6,270	-5,968
Index	184	126	78	105	100
Profit for the year	25,493	43,387	43,035	19,955	16,763
Index	152	259	257	119	100
Balance					
Total assets	831,928	758,414	580,434	509,063	510,145
Index	163	149	114	100	100
Investments in property, plant and equipment	91,746	74,320	26,086	26,615	44,285
Index	207	168	59	60	100
Equity	257,561	235,599	185,478	146,983	138,942
Index	185	170	133	106	100
Cashflow					
Net cash flow:					
Operating activities	87,188	6,302	21,303	56,380	25,541
Investing activities	-101,389	-135,680	-19,671	-30,228	-53,785
Financing activities	20,413	131,648	-1,984	-4,639	34,858
Cash flows for the year	6,212	2,270	-352	21,513	6,614

Ratios

	2022/23	2021/22	2020/21	2019/20	2018/19
Profitability					
Return on equity	7%	21%	26%	14%	12%
Return on invested capital	8%	12%	13%	7%	7%
Profit margin	6%	9%	11%	6%	5%
Asset turnover	1	1	1	1	1
Equity ratio					
Solvency ratio incl. noncontrolling interests	31%	31%	32%	29%	27%
Solvency ratio excl. noncontrolling interests	20%	20%	21%	19%	17%
Others					
Number of employees (average)	693	665	618	589	534

Cash consists of cash from the end of 2020/21. In previous years, these consisted of cash and shortterm payables to credit institutions. Financial highlights for the past 3 to 4 years have not been restated in accordance with the change in accounting policies, see section 101(3) of the Danish Financial Statements Act.

Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$
Return on invested capital:	$\frac{\text{EBITA x 100}}{\text{Avg. invested capital excl. goodwill}}$
EBITA:	Operating profit plus amortisation and im-pairment losses on goodwill.
Invested capital excl. goodwill:	Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.
Profit margin:	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Asset turnover:	$\frac{\text{Revenue}}{\text{Avg. total assets}}$
Solvency ratio:	$\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The group's activities comprise owning investments in other companies as well as any activity that in the opinion of the executive board is related to this.

The group's primary activity in 2022/23 has been the ownership of shares in Mekoprint A/S and Mekoprint Properties A/S through Mekoprint Holding A/S.

Development in activities and financial affairs

The income statement for the period 01.10.22 - 30.09.23 shows a profit/loss of DKK 25,493k against DKK 43,387k for the period 01.10.21 - 30.09.22. The balance sheet shows equity of DKK 257,561k.

The group increased its revenue by 5% to DKK 763 million and generated a profit after tax of DKK 25 million which is DKK 18 million lower than 2021/22. This translates to a drop in the profit margin after tax from 6% in 2021/22 to 3.5% in 2022/23, which is primarily due to a general increase in the total cost of operation and costs related to lower market demand and organizational changes associated with this. The profit level of 2022/23 is lower than budgeted and expected, but the financial performance is still satisfactory given the market conditions outside of our control.

Cash flows from operating activities for 2022/23 were positive at DKK 88 million compared to DKK 6 million in 2021/22. This increase in cash flow is primarily related to a significant decrease in stock levels and receivables across all Mekoprint business areas by DKK 19 million. Where in 2021/22 stock levels and receivables increased by total DKK 54 million. After investments and financing, the year's total cash flows were positive at DKK 6 million in 2022/23 against a total cash flow of DKK 2 million in 2021/22.

Outlook

The turnover level for the financial year 2023/24 is expected to grow up to 19% compared to 2022/23 and the profit level after tax for the financial year 2023/24 is also expected to be higher than 2022/23. However, the financial performance of 2023/24 is very easily affected by the current negative trends in the general macroeconomic situation.

Financial risks

Operating and activity risks

As a manufacture-to-order company, Mekoprint A/S is dependent on customer activity, and the ability to adapt production capacity to market needs in an agile manner is deemed to be the company's most important operational risk.

The company closely monitors the activity risk, which covers a large number of customers in various industries and markets. The activity risk cannot be eliminated, but is deemed to be reduced to a reasonable level by this spread and distribution.

Currency risks

The majority of the group's transactions take place in DKK and EUR. The group is only to a limited extent exposed to other currencies.

Interest rate risks

The group's interest rate risks, which are solely associated with operating credits and mortgage debt, are considered to be minimal.

Credit risks

The group's receivables are distributed on a large number of customers and large receivables from well-consolidated business partners. No special risks are deemed to exist in this regard.

External environment

Governance responsibility

Governance at Mekoprint is all about responsible management and leadership with clear roles, responsibilities and procedures in a complete Management System described in our ISO 9001:2015. The overall Governance is performed by the Board of Directors following an annual cycle incl. a yearly risk assessment, strategy update & action planning.

Mekoprint has worked with an internal/external Code of Conduct since 2012, which is a set of ethical rules that guide the cooperation between Mekoprint, Mekoprint's employees and Mekoprint's suppliers to ensure that the production of products and provision of services are consistent with Mekoprint's objective to act responsibly and fairly towards all groups of stakeholders.

The most important risks associated to our Governance responsibility is unethical behaviour which is not discovered in time to avoid consequences for the company incl. our financials and other employee satisfaction.

Focus area	Target	2022/23	2021/22	2020/21	Comment	KPI definition
Leadership quality Employee survey	Minimum 80 % and average of 85 %	*96 %*	90 %	-	Evaluated up to 4 times/year with Team follow-up actions	Average 1-10 rating divided by 10
Board meeting attendance %	80 % attendance at 4 annual meetings	*92 %*	-	-		Total number of participants for all meetings divided by total full participant number
Whistleblower #	0 pr. year	*0*	0	0	Concerns should be safe to discuss with peers or management	Number of whistleblower cases

In 2022/23 we've used over 12 Gigawatt Energy and processed more than 6,000 tons of raw materials into 198 million items across 12,000 different components. These numbers indicate a great level of complexity handled throughout the company with a broad range of opportunities for further resource, process and product optimization.

Selection of raw materials is ultimately a customer decision, but we are targeting an advisory role to help our customers select more environmentally friendly raw materials and not least reduce the associated CO2 carbon footprint incl. emissions related to transportation of materials and final components. The basis for this is currently being established in order to develop that advisory role by 2025 incl. the use of a CO2 calculator among other tools.

Our current improvement focus is on our own use of Energy, CO2 neutralization and waste levels with targets and available metrics to measure progress as shown in the table.

Main initiatives and results in 2022/23:

- Energy optimization - leading to a reduction in Electricity, District heating and Natural Gas of 13%
- Neutralizing all CO2 scope 1-2 emissions by 2025 - on track with new solar cells, heat pumps and forestation
- Organizational awareness of waste streams - has increased recycling and reduced remaining district waste
- Focus on food waste - has led to a significant drop of 29% compared to 2021/22
- Production process scrap reduction – remains a focus area in 2023/24 to improve

The most important risks associated to our Environmental responsibility is potential pollution - and from waterbased processes in particular. These processes are being monitored thoroughly to ensure stable processes and avoid pollution with preventive maintenance and ongoing tests.

Environmental responsibility focus areas and progress reporting*

Focus area	Target	2022/23	2021/22	2020/21	Comment	KPI definition
Electricity vs. Turnover	Reduce 20 % from 2020/21 to 2024/25	6.834 MWh 9,8 MWh/million	7.944 MWh 10,9 MWh/million	7.127 MWh 12,5 MWh/million	Target reached two years ahead of time.	Annual electricity MWh divided by Annual Turnover
Heating vs. Turnover**	Reduce 50 % from 2020/21 vs. Turnover in 2024/25	5.839 MWh 8,4 MWh/million	7.260 MWh 10,0 MWh/million	7.078 MWh 12,4 MWh/million	To be reduced further by heat pumps & ventilation optimization	Annual Heating MWh divided by Annual Turnover
CO2 emission scope 1-2	Below SBTi requirement***	2.046 tons	2.533 tons	2.253 tons	CO2 reduction in recent three years is below SBTi requirement	All scope 1-2 CO2 emissions divided by Annual Turnover
CO2 neutralization scope 1-2	100 % CO2 neutral by the end of 2025	152 tons 7,4 %	28 tons 1 %	N/A	Detailed action plan in progress to reach 2025 target with heat pumps, wood, solar cells, wind power and forestation.	Neutralized tons CO2 divided by total tons CO2 emission.
CO2 emission scope 3****	Below SBTi requirement***	115 tons	106 tons	22 tons	2020/21 level was unusually low due to Covid19 epidemic	Sum of CO2 emissions from all company cars and public transportation
Water consumption	Reduce 20 % from 2020/21 to 2024/25 relative to Turnover	16.966 m3 23,88m3/mio oms	17.452 m3 24m3/mio oms	14.821 m3 25,96m3/mio oms kr	Ongoing focus area	Total 1.000 m3 water consumption divided by Turnover in Period.
Reduced production scrap	25 % reduction from 2 % in 2020/21 to 1,5 % of Turnover in 2024/25	2,1%	1,83%	2,05%	Follow-up in progress to evaluate efforts to reach target	Total cost of scrap from all production processes divided by Turnover in Period.
Hazardous waste	Decrease YoY	253 tons	360 tons	373 tons	Continued significant annual drop from 579 tons in 2018/19	Total weight measured at waste collection
Food waste	50 % reduction from 2021/22 to 2024/25	11.480 kg	16.140 kg	Not registrated	Special focus area 2022/23	Total weight measured at waste collection
Domestic waste (remaining non recyclable)	20 % reduction from 2021/22 to 2024/25 relative to Turnover	300.105 kg	307.690 kg	Not registrated	Residual from other waste streams	Total weight measured at waste collection
Environmentally friendly packaging	99 % environmentally friendly by 2024/25	92 %	91 %	90 %	Ongoing focus area	Total purchase cost of packaging from environmentally frinend

* Related to Mekoprint Group Turnover of 698 million DKK excl. new subsidiary companies Microturn and Seritronic to be included

** Heating includes Natural Gas, District Heating

*** SBTi is an abbreviation for "Science Based Targets initiative" which is being evaluated for Mekoprint participation in 2024/25.

**** CO2 scope 3 includes company transportation. Scope 3 related to purchasing and transportation of goods is being evaluated.

Corporate sustainability (ESG)

At Mekoprint we play a special role in the efficient and responsible conversion of raw materials into components that are used extensively throughout society from high-end medical, industrial and other professional devices to millions of consumer related pumps, actuators and control systems. Due to this we are positioned in the middle of a very extensive value chain with a far reaching assessment of how we can work in increasingly sustainable ways. Being a sustainably decent and innovative company is however our DNA – which is rooted in our four founding core values: Curious, Ambitious, Action oriented and Responsible. With this in mind, we have a natural dedication to the highest standards for corporate sustainability in our ways of working internally and externally.

To support this dedication we have been evaluating the draft EU "Corporate Sustainability Reporting Directive" (CSRD) in collaboration with two external Sustainable Advisory companies and the Danish Industry (DI) association in 2023. Based on this we've completed a "Double Materiality Assessment" of our most important impacts, risks and opportunities towards all stakeholders in society with direct or indirect relation to Mekoprint. This has led to our preliminary ESG reporting in the following pages, which will be followed up by a GAP assessment in order to define and perform a fully validated Environmental, Social and Governance (ESG) reporting in 2024 based on all substantial topics for the stakeholders of Mekoprint in relation to the new EU CSRD standard.

Our overall long term 2030 ambition is to become a leading sustainable development and production partner, which means our corporate sustainability efforts are an integrated part of our strategy and action plans. The current main focus is to ensure ESG transparency and improvements – and to prepare a proactive customer facing advisory role with a special emphasis on CO2 reduction.

Our ESG related standards, policies, processes and due-diligence approach is audited every year by the 3rd party company EcoVadis, which leads to a "Sustainability rating". In 2023 this resulted in a rating of 67 which places Mekoprint in the top 3 % of comparable companies. Additionally, we signed the UN Global Compact in 2017 and have since then worked with 5 selected UN Sustainable Development Goals listed below. A yearly progress report is made to the UN providing status information on targets for each of the selected 5 Global goals that are now also included in the ESG reporting on the following pages.

Subsequent events

No important events have occurred after the end of the financial year.

Corporate social responsibility

Social responsibility has always been a natural part of Mekoprint's culture, with a particular focus on being a great place to work with highly independent teams. This applies to everything from human rights to a joint effort to develop an engaged working environment with room for differences and a focus on helping each other.

The internal high standards for our work environment is also set for our suppliers with all expectations described in a "Mekoprint Partner Code of Conduct". Finally, we have a special long-term focus on the support of children and young people, with increasing local cooperation regarding job opportunities in an industrial company as a career path - and also support for local initiatives with volunteers who make a special effort for children and young people.

Our current social improvement focus is particularly gender diversity in management positions, sustaining a high level of work-life satisfaction and promoting job-training and technical education opportunities for young people.

A special initiative in 2022/23 was the preparation and completion of an organization wide "psychological work environment survey" (Danish APV) with follow-up action plans related to special focus areas.

The most important risks associated to our Social responsibility is a drop in Employee Satisfaction which will lead to higher Employee Turnover level, sick leave % and general inefficiency.

Social responsibility focus areas and progress reporting

Focus area	Target	2022/23	2021/22	2020/21	Comment	KPI definition
Employee #	N/A	*693*	665	618	Employee growth primarily related to acquisitions	Average number of employees during the year
Employee turnover	Maximum 15 %	*13,4 %*	14,2 %	8,7 %	Unusually low during Covid-19 in 2020/21	Number of people leaving a job at Mekoprint divided by the average number of people in the year
Sick leave %	Maximum 4 %	*3,2 %*	4,1 %	4,1 %	A special focus area incl. inspiration for healthy living.	Total number of sick days divided by total number of work days
Employee satisfaction Employee survey	Denmark eNPS 55 % in 2024/25 (Top 5 % benchmark)	*78 %*	71 %	62 %	Steady YoY progress based on a dedade of management focus on employee engagement.	Total amount of rating 9-10 responses subtracted with all negative ratings and then divided by total number of survey participants
	International eNPS 50 % 2024/25 (Top 10 % benchmark)	*51 %*	15 %	26 %	Significant progress related to increased management team focus on	
Openness to speak Employee survey	95 % in 2024/25	*95 %*	88 %	-	Goal reached with dedicated management focus	Total average 1-10 score divided by 10
Incident rate* % for Denmark employees	Yearly reduction	*5 %*	-	-	Baseline year for follow-up	Total number of incidents divided by average number of employees
Gender diversity All employees	No targets currently needed	*54 % female 46 % male*	50 % female 50 % male	52 % female 48 % male	Increase in share of female employees due to acquisitions	Each gender share of total number of employees
Gender diversity Management positions	Minimum 40 % female managers by end of 2026	*32 % female managers*	28 % female managers	28 % female managers	A special focus area in all new recruitments.	Number of female managers divided by total number of managers
Employee training % of total time	To be defined	*75 hours pr. employee*			Baseline year	Number of hours in training divided by number of Employees

1. Employee job satisfaction

- is measured several times a year based on 10 key questions with external benchmark through Peakon Workday. In the most recent survey at the end of the Financial year 2022/23, the Job Satisfaction status has increased from a top 10% level last year to a new record top 5% level as an average across the Mekoprint Group. This Is a very positive development of great importance towards short and long term organizational performance.

2. Financial performance

– is measured on a Product Team level to provide transparency and clear ownership for targeted cost improvement and business development actions. The overall 2025 financial target is profitable growth towards a Turnover of 1 billion DKK and 8% Profit before tax supported by a Return on Invested Capital of 20%. This can be reached by 2025, but is highly uncertain due to the current negative macro-economical trend.

3. Customer satisfaction

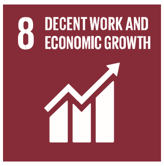
– is measured once a year with an open survey to provide feedback from customer contacts directly to the Mekoprint counterparts which allows immediate followup. In 2023 the Net Promotor Score increased from 37% to 43%, which brings us significantly closer to the 2025 strategic target of 50%. This is a very important step in our efforts to focus on highly value creating partnerships with customer needs that match our capabilities and collaborative culture.

4. Corporate sustainability (ESG)

– is evaluated once a year with a "Corporate Sustainability score" by the third party auditing company EcoVadis. In 2023 the auditor provided Mekoprint with an "Advanced" score of 67, which was an increase from 66 in 2022. This is in the top 3% when benchmarked with comparable companies, which is highly satisfactory compared to our strategic 2025 target of being in the top 10% category. Despite of this we remain committed to continued improvements and are targeting a full ESG reporting in 2024 based on a "Double Materiality Assessment" of the most important topics in the EU based ESG standard. Please refer to the following pages about our current ESG status and focus areas.

Gender equality has always been natural at Mekoprint, as has equality in general across age, geographical origin and religious as well as sexual orientations. This applies to e.g. equal pay for equal qualifications and equal respect for all.

This Global Goal is supported by Mekoprint targets for "Women in management" and "Freedom of opinion (as an expression of diversity in general)". Please read further details on page 23.



Decent work and economic growth have always gone hand in hand at Mekoprint. The management philosophy is that high job satisfaction is crucial for developing happy customers, which in turn are crucial for natural and thus sustainable economic growth. This Global Goal is supported by Mekoprint targets for "Job satisfaction", "Proportion under education" and "Economic annual growth".

Long-term investments in smarter technologies with better resource utilisation are among the most important characteristics of Mekoprint's continued development. This Global Goal is supported by targets for "Infrastructure investment % of Turnover", "Annual new job creation" and "Organizational investment in competencies for Green Transition and Customer Advisory".

Mekoprint's overall purpose as a company is to create a better world together, with declining resource consumption and an increased positive environmental impact in partnerships throughout the supply chain. Therefore, responsible consumption and production is a completely natural part of everyday life for all employees – in all processes. This Global Goal is supported by Mekoprint targets for "CO2 footprint", "Reduced electricity consumption", "Reduced scrap" and "Environmentally friendly packaging".

In order to create the best possible solutions with a sustainable use of resources, there is a need to activate knowledge and encourage action among all parties involved. That is why "Partnerships for the Goals" is crucial for us to succeed in developing products that are increasingly sustainable. This Global Goal is supported by Mekoprint targets for "Revenue share for customers with a focus on Green Transition", "Customer satisfaction with advice on increased sustainability", "Supplier share with a Sustainable profile" and "External maturity validation".

For more information about our targets and status please refer to our latest UN Communication of Progress at https://unglobalcompact.org/participation/report/cop/active/468144.

Gender composition of the management

Supreme management body

	30.09.23	30.09.22	30.09.21	30.09.20	30.09.19
Number of members	1	*)	*)	*)	*)
Underrepresented sex (%)	0%	*)	*)	*)	*)

*) The table does not contain information for 2022 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

<u>Exempt from the requirement to set targets due to the Board of Directors having less than three members</u>

The company's Board of Directors consists of 1 member. Since the company's Board of Directors has less than the statutory minimum of three members, there is no need to report on gender distribution in the Board of Directors. However, the company is not exempt from having to state the total number of people on the Board of Directors (see the table above).

<u>Accounting policies</u>

The gender diversity ratio in the supreme management body is calculated as the proportion of female board members on the Board of Directors. It only includes board members elected by the general meeting. Employee representatives are not included.

Other management levels

Other levels of management include the Executive Board, and people with responsibility for personnel who report directly to the Executive Board.

	30.09.23	30.09.22	30.09.21	30.09.20	30.09.19
Number of managers	1	*)	*)	*)	*)
Underrepresented sex (%)	0%	*)	*)	*)	*)

*) The table does not contain information for 2022 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

<u>Exempt from the requirement to set targets due to having less than three people in other management levels</u>

The company's other management levels consist of 1 manager, including the company's CEO and CFO. Since the company has less than the minimum of three managers at other management levels, there is no need to report on gender distribution at the other management levels. However, the company is not exempt from having to state the total number of people at the other management levels, and the proportion of the underrepresented sex (see the table above).

Accounting policies

The gender diversity ratio at other management levels is calculated as the proportion of female managers with responsibility for personnel out of the total number of managers with responsibility for personnel at the other management levels.

Data ethics

The extent of the digitalization and data quantity is developing rapidly, which is making high demands on to process and protect data. The management expects, that the Mekoprint Group is acting in a responsible manner, also in relation to data, and that the level of transparency is increasing in relation to customers, employees and business partners. In order to ensure compliance a data policy has been defined and approved by the board of directors.

Treasury shares

Treasury shares consist of:

	Total nominal value DKK'000	Percent of capital
Holding of treasury shares as at 01.10.22	72	55%
Holding of treasury shares as at 30.09.23	72	55%

Income statement

Note		Group 2022/23 DKK '000	Group 2021/22 DKK '000	Parent 2022/23 DKK '000	Parent 2021/22 DKK '000
2	**Revenue**	**762,873**	**729,175**	**0**	**0**
	Costs of raw materials and consumables	-301,799	-279,474	0	0
	Other external expenses	-123,459	-129,902	-47	-40
	Gross result	**337,615**	**319,799**	**-47**	**-40**
3	Staff costs	-253,918	-228,603	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**83,697**	**91,196**	**-47**	**-40**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-37,812	-28,100	0	0
	Other operating expenses	-194	-633	0	0
	Operating profit/loss	**45,691**	**62,463**	**-47**	**-40**
5	Income from equity investments in group enterprises	0	0	19,058	32,287
6	Financial income	73	166	2	12
7	Financial expenses	-11,060	-7,658	-1,179	-1,107
	Total net financials	**-10,987**	**-7,492**	**17,881**	**31,192**
	Profit before tax	**34,704**	**54,971**	**17,834**	**31,152**
8	Tax on profit for the year	-9,211	-11,584	267	248
	Profit for the year	**25,493**	**43,387**	**18,101**	**31,400**

9 Proposed appropriation account

Balance sheet

ASSETS

Note		Group 30.09.23 DKK '000	Group 30.09.22 DKK '000	Parent 30.09.23 DKK '000	Parent 30.09.22 DKK '000
	Goodwill	68,322	47,174	0	0
10	**Total intangible assets**	**68,322**	**47,174**	**0**	**0**
	Land and buildings	247,384	220,739	0	0
	Leasehold improvements	2,110	2,057	0	0
	Plant and machinery	171,628	150,627	0	0
	Other fixtures and fittings, tools and equipment	12,804	12,141	0	0
	Property, plant and equipment under construction	9,133	27,968	0	0
11	**Total property, plant and equipment**	**443,059**	**413,532**	**0**	**0**
12	Equity investments in group enterprises	0	0	209,294	201,553
13	Deposits	1,178	425	0	0
	Total investments	**1,178**	**425**	**209,294**	**201,553**
	Total non-current assets	**512,559**	**461,131**	**209,294**	**201,553**
	Raw materials and consumables	71,980	79,135	0	0
	Work in progress	16,093	19,285	0	0
	Manufactured goods and goods for resale	64,821	53,551	0	0
	Total inventories	**152,894**	**151,971**	**0**	**0**
	Trade receivables	137,779	122,716	0	0
	Income tax receivable	0	0	1,522	1,267
	Other receivables	10,374	10,928	1,600	1,140
14	Prepayments	6,799	6,357	0	0
	Total receivables	**154,952**	**140,001**	**3,122**	**2,407**
	Cash	**11,523**	**5,311**	**485**	**65**
	Total current assets	**319,369**	**297,283**	**3,607**	**2,472**
	Total assets	**831,928**	**758,414**	**212,901**	**204,025**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 30.09.23 DKK '000	Group 30.09.22 DKK '000	Parent 30.09.23 DKK '000	Parent 30.09.22 DKK '000
15	Contributed capital	130	130	130	130
	Reserve for net revaluation according to the equity method	0	0	115,314	106,040
	Foreign currency translation reserve	142	-497	0	0
	Retained earnings	155,860	142,222	40,688	35,684
	Proposed dividend for the financial year	10,000	10,000	10,000	10,000
	Equity attributable to owners of the parent	**166,132**	**151,855**	**166,132**	**151,854**
16	Non-controlling interests	91,429	83,744	0	0
	Total equity	**257,561**	**235,599**	**166,132**	**151,854**
17	Provisions for deferred tax	53,044	51,671	0	0
	Total provisions	**53,044**	**51,671**	**0**	**0**
18	Mortgage debt	86,548	68,109	0	0
18	Payables to other credit institutions	40,703	63,520	6,698	7,816
18	Lease commitments	62,751	50,817	0	0
18	Payables to associates	3,715	3,511	0	0
18	Other payables	77,777	58,305	38,730	42,948
	Total long-term payables	**271,494**	**244,262**	**45,428**	**50,764**
18	Short-term part of long-term payables	44,297	28,163	816	882
	Payables to other credit institutions	81,109	92,587	0	0
	Prepayments received from customers	358	446	0	0
	Trade payables	69,301	60,115	52	53
	Payables to group enterprises	0	1,840	470	472
	Income taxes	6,900	9,661	0	0
	Other payables	47,864	34,070	3	0
	Total short-term payables	**249,829**	**226,882**	**1,341**	**1,407**
	Total payables	**521,323**	**471,144**	**46,769**	**52,171**
	Total equity and liabilities	**831,928**	**758,414**	**212,901**	**204,025**

19 Contingent liabilities
20 Charges and security

Figures in DKK '000	Contributed capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:									
Statement of changes in equity for 01.10.21 - 30.09.22									
Balance as at 01.10.21	130	0	-214	-154	116,463	6,667	122,892	62,586	185,478
Foreign currency translation adjustment of foreign enterprises	0	0	-283	0	0	0	-283	-102	-385
Capital increase	0	0	0	0	0	0	0	10,631	10,631
Purchase of treasury shares	0	0	0	0	-1,678	0	-1,678	-606	-2,284
Sale of treasury shares	0	0	0	0	2,278	0	2,278	822	3,100
Dividend from treasury shares	0	0	0	0	3,839	0	3,839	64	3,903
Dividend paid	0	0	0	0	0	-6,667	-6,667	-3,839	-10,506
Purchase of non-controlling interests	0	0	0	0	0	0	0	2,172	2,172
Other changes in equity	0	0	0	154	-78	0	76	27	103
Net profit/loss for the year	0	0	0	0	21,398	10,000	31,398	11,989	43,387
Balance as at 30.09.22	130	0	-497	0	142,222	10,000	151,855	83,744	235,599

Figures in DKK '000	Contributed capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Statement of changes in equity for 01.10.22 - 30.09.23									
Balance as at 01.10.22	130	0	-497	0	142,222	10,000	151,855	83,744	235,599
Foreign currency translation adjustment of foreign enterprises	0	0	639	0	0	0	639	223	862
Purchase of treasury shares	0	0	0	0	-1,922	0	-1,922	-727	-2,649
Sale of treasury shares	0	0	0	0	1,921	0	1,921	726	2,647
Dividend from treasury shares	0	0	0	0	5,556	0	5,556	22	5,578
Dividend paid	0	0	0	0	0	-10,000	-10,000	-3,184	-13,184
Purchase of non-controlling interests	0	0	0	0	0	0	0	3,238	3,238
Other changes in equity	0	0	0	0	-40	0	-40	17	-23
Net profit/loss for the year	0	0	0	0	8,123	10,000	18,123	7,370	25,493
Balance as at 30.09.23	130	0	142	0	155,860	10,000	166,132	91,429	257,561

Figures in DKK '000	Contributed capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Parent:									
Statement of changes in equity for 01.10.21 - 30.09.22									
Balance as at 01.10.21	130	84,352	0	0	31,742	6,667	122,891	0	122,891
Distributed dividend from group enterprises	0	-11,162	0	0	11,162	0	0	0	0
Purchase of treasury shares	0	-1,678	0	0	0	0	-1,678	0	-1,678
Sale of treasury shares	0	2,278	0	0	0	0	2,278	0	2,278
Dividend from treasury shares	0	0	0	0	3,667	0	3,667	0	3,667
Dividend paid	0	0	0	0	0	-6,667	-6,667	0	-6,667
Other changes in equity	0	-37	0	0	0	0	-37	0	-37
Net profit/loss for the year	0	32,287	0	0	-10,887	10,000	31,400	0	31,400
Balance as at 30.09.22	130	106,040	0	0	35,684	10,000	151,854	0	151,854

Figures in DKK '000	Contributed capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Statement of changes in equity for 01.10.22 - 30.09.23									
Balance as at 01.10.22	130	106,040	0	0	35,684	10,000	151,854	0	151,854
Purchase of treasury shares	0	-1,922	0	0	0	0	-1,922	0	-1,922
Sale of treasury shares	0	1,921	0	0	0	0	1,921	0	1,921
Dividend from treasury shares	0	0	0	0	5,500	0	5,500	0	5,500
Dividend paid	0	0	0	0	0	-10,000	-10,000	0	-10,000
Other changes in equity	0	678	0	0	0	0	678	0	678
Net profit/loss for the year	0	8,597	0	0	-496	10,000	18,101	0	18,101
Balance as at 30.09.23	130	115,314	0	0	40,688	10,000	166,132	0	166,132

Consolidated cash flow statement

Note		Group 2022/23 DKK '000	Group 2021/22 DKK '000
	Profit for the year	**25,493**	**43,387**
21	Adjustments	58,204	47,810
	Change in working capital:		
	Inventories	19,070	-34,386
	Receivables	-156	-19,104
	Trade payables	-3,986	4,240
	Other payables relating to operating activities	14,130	-15,562
	Cash flows from operating activities before net financials	**112,755**	**26,385**
	Interest income and similar income received	73	166
	Interest expenses and similar expenses paid	-11,060	-7,658
	Income tax paid	-14,580	-12,591
	Cash flows from operating activities	**87,188**	**6,302**
	Purchase of intangible assets	-26,174	-48,383
	Purchase of property, plant and equipment	-49,640	-74,320
	Sale of property, plant and equipment	84	670
	Purchase of securities and equity investments	-28,126	-16,052
	Sale of securities and equity investments	2,390	2,171
	Dividend recieved	77	234
	Cash flows from investing activities	**-101,389**	**-135,680**
	Purchase of treasury shares	-2,649	-2,284
	Sale of treasury shares	2,648	3,100
	Raising of additional capital	0	10,631
	Dividend paid	-7,684	-6,840
	Repayment of payables to credit institutions	11,797	109,172
	Repayment of lease commitments	15,792	14,191
	Repayment of payables to associates	204	3,511
	Repayment of other long-term payables	305	167
	Cash flows from financing activities	**20,413**	**131,648**
	Total cash flows for the year	**6,212**	**2,270**
	Cash, beginning of year	5,311	3,041
	Cash, end of year	**11,523**	**5,311**
	Cash, end of year, comprises:		
	Cash	11,523	5,311
	Total	**11,523**	**5,311**

1. Subsequent events

No important events have occurred after the end of the financial year.

2. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

	Group		Parent	
	2022/23 DKK '000	2021/22 DKK '000	2022/23 DKK '000	2021/22 DKK '000
Revenue comprises the following activities:				
Micromechanics	101,404	76,041	0	0
Mechanics	262,153	290,272	0	0
Graphic Electronics	235,045	214,997	0	0
Cables	160,825	126,571	0	0
Other	3,446	21,294	0	0
Total	762,873	729,175	0	0
Revenue comprises the following geographical markets:				
Denmark	247,274	293,798	0	0
Other countries	515,599	435,377	0	0
Total	762,873	729,175	0	0

	Group		Parent	
	2022/23 DKK '000	2021/22 DKK '000	2022/23 DKK '000	2021/22 DKK '000

3. Staff costs

	2022/23	2021/22	2022/23	2021/22
Wages and salaries	226,477	206,462	0	0
Pensions	16,288	13,354	0	0
Other social security costs	1,850	1,347	0	0
Other staff costs	9,303	7,440	0	0
Total	253,918	228,603	0	0
Average number of employees during the year	693	665	0	0
Remuneration for the management:				
Salaries for the Executive Board	3,540	3,550	0	0
Pension for the Executive Board	236	253	0	0
Total remuneration for the Executive Board	3,776	3,803	0	0
Remuneration for the Board of Directors	360	360	0	0
Remuneration for the Executive Board and Board of Directors	4,136	4,163	0	0

4. Fees to auditors appointed by the general meeting

	2022/23	2021/22	2022/23	2021/22
Statutory audit of the financial statements	812	531	42	41
Other assurance engagements	111	94	0	0
Total	923	625	42	41

Notes

	Group		Parent	
	2022/23 DKK '000	2021/22 DKK '000	2022/23 DKK '000	2021/22 DKK '000

5. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	19,058	32,287

6. Financial income

Other financial income	73	166	2	12

7. Financial expenses

Other financial expenses	11,060	7,658	1,179	1,107

8. Tax on profit for the year

Current tax for the year	7,825	11,458	-267	-248
Adjustment of deferred tax for the year	1,386	126	0	0
Total	9,211	11,584	-267	-248

9. Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	8,597	32,287
Proposed dividend for the financial year	10,000	10,000	10,000	10,000
Non-controlling interests	7,370	11,989	0	0
Retained earnings	8,123	21,398	-496	-10,887
Total	25,493	43,387	18,101	31,400

10. Intangible assets

Figures in DKK '000	Goodwill
Group:	
Cost as at 01.10.22	50,455
Additions during the year	26,424
Cost as at 30.09.23	76,879
Amortisation and impairment losses as at 01.10.22	-3,282
Amortisation during the year	-5,275
Amortisation and impairment losses as at 30.09.23	-8,557
Carrying amount as at 30.09.23	68,322

11. Property, plant and equipment

Figures in DKK '000	Land and buildings	Leasehold improve-ments	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Group:					
Cost as at 01.10.22	256,993	3,194	471,343	60,069	27,968
Foreign currency translation adjustment of foreign enterprises	289	0	1,150	0	0
Additions during the year	29,327	192	46,510	6,585	9,132
Disposals during the year	0	0	-3,466	-1,591	-27,967
Cost as at 30.09.23	286,609	3,386	515,537	65,063	9,133
Depreciation and impairment losses as at 01.10.22	-36,252	-1,137	-320,717	-47,928	0
Depreciation during the year	-2,973	-139	-23,222	-4,331	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	30	0	0
Depreciation and impairment losses as at 30.09.23	-39,225	-1,276	-343,909	-52,259	0
Carrying amount as at 30.09.23	247,384	2,110	171,628	12,804	9,133

Carrying amount of assets held under finance leases as at 30.09.23	0	0	82,744	0	0

12. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Parent:	
Cost as at 01.10.22	95,515
Disposals during the year	-1,535
Cost as at 30.09.23	93,980
Revaluations as at 01.10.22	106,038
Foreign currency translation adjustment of foreign enterprises	591
Reversal of revaluations of disposed assets	-1,704
Net profit/loss from equity investments	19,118
Dividend relating to equity investments	-8,816
Other adjustments relating to equity investments	87
Revaluations as at 30.09.23	115,314
Carrying amount as at 30.09.23	209,294
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0

Name and registered office:	Ownership interest
Subsidiaries:	
Mekoprint Holding A/S, Rebild	72.24%

13. Other non-current financial assets

Figures in DKK '000	Deposits
Group:	
Cost as at 01.10.22	425
Foreign currency translation adjustment of foreign enterprises	-4
Additions during the year	757
Cost as at 30.09.23	1,178
Carrying amount as at 30.09.23	1,178

	Group		Parent	
	30.09.23 DKK '000	30.09.22 DKK '000	30.09.23 DKK '000	30.09.22 DKK '000
14. Prepayments				
Other prepayments	6,799	6,357	0	0

15. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share class A	80	80
Share class B	50	50
Total		130

	Group		Parent	
	30.09.23 DKK '000	30.09.22 DKK '000	30.09.23 DKK '000	30.09.22 DKK '000

16. Non-controlling interests

Non-controlling interests, beginning of year	83,744	62,586	0	0
Foreign currency translation adjustment of foreign enterprises	223	-102	0	0
Capital increase	0	10,631	0	0
Purchase of treasury shares	-727	-606	0	0
Sale of treasury shares	748	885	0	0
Dividend paid	-3,184	-3,838	0	0
Purchase of non-controlling interests	3,238	2,172	0	0
Other changes in equity	17	27	0	0
Net profit/loss for the year (distribution of net profit)	7,370	11,989	0	0
Total	91,429	83,744	0	0

17. Deferred tax

Deferred tax as at 01.10.22	51,672	49,535	0	0
Additions relating to mergers and acquisition of enterprises	-15	1,951	0	0
Deferred tax recognised in the income statement	1,386	126	0	0
Deferred tax recognised in equity	0	60	0	0
Deferred tax as at 30.09.23	53,043	51,672	0	0

18. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 30.09.23	Total payables at 30.09.22
Group:				
Mortgage debt	4,660	66,135	91,208	72,495
Payables to other credit institutions	22,200	2,200	62,903	73,652
Lease commitments	16,621	10,791	79,372	63,580
Payables to associates	0	0	3,715	3,511
Other payables	816	39,046	78,593	59,187
Total	44,297	118,172	315,791	272,425
Parent:				
Payables to other credit institutions	0	0	6,698	7,816
Other payables	816	0	39,546	43,830
Total	816	0	46,244	51,646

19. Contingent liabilities

Group:

Lease commitments

The group has concluded operating lease agreements on tools and cars amounting to DKK 452k, and all agreements ends before 31.12.24.

The group has lease commitments with an annual lease of DKK 8,156k. There is a term of notice of up to 12 month of DKK 8,156k and more than 12 month of DKK 15,319 k.

Recourse guarantee commitments

The group has placed a guarantee to credit institution Nordea Finans in Mekoprint A/S' payments concerning lease agreements with outstanding balance DKK 70,290k at 30.09.23.

The group has placed a guarantee to credit institution Nykredit in Mekoprint Properties A/S with outstanding balance DKK 91,905k at 30.09.23.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

20. Charges and security

Group:

Land and buildings with a carrying amount of DKK 241,665k have been provided as security for mortgage debt of DKK 91,208k.

The following companies in the group Mekoprint Seritronic A/S and Mekoprint Seritronic Sales ApS has provided a company charge of DKK 21,000k as security for debt to credit institutions. As at 30.09.23, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 250k
- Other plant, fixtures and fittings, tools and equipment, DKK 2,719k
- Inventories, DKK 18,338k
- Trade receivables, DKK 18,351k

In addition to security for debt to mortgage credit institutions buildings have been provided as security for mortgage debt of DKK 53,000k to Danske Bank.

Parent:

Danske Bank has a mortgage in nom. DKK 250,000 in the company's shares in Mekoprint Holding A/S.

21. Adjustments for the cash flow statement

	Group	
	2022/23 DKK '000	2021/22 DKK '000
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	37,812	28,100
Other operating expenses	194	633
Financial income	-73	-166
Financial expenses	11,060	7,658
Tax on profit or loss for the year	9,211	11,585
Total	58,204	47,810

22. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

22. Accounting policies - continued -

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis in the balance sheet of the parent based on the actual ownership interest in the acquired equity investments. In the consolidated financial statements, goodwill is recognised in full regardless of the ownership interest held in the subsidiary, i.e. including goodwill relating to the shares of non-controlling interests in subsidiaries.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets in the consolidated financial statements and under equity investments in subsidiaries in the parent's balance sheet. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

22. Accounting policies - continued -

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

22. Accounting policies - continued -

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Revenue

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

22. Accounting policies - continued -

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Goodwill	10	0
Buildings	40	60
Leasehold improvements	20	0
Plant and machinery	7-20	0-15
Other plant, fixtures and fittings, tools and equipment	3-10	0-15

Goodwill is amortised over 10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise’s activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

22. Accounting policies - continued -

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

22. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the ‘Depreciation, amortisation and impairment losses' section.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

22. Accounting policies - continued -

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

On the acquisition of non-controlling interests in subsidiaries, the principles for business combinations in the balance sheet of the parent, see the description in the 'Business combinations' section, are applied.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

22. Accounting policies - continued -

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

22. Accounting policies - continued -

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Acquisition costs and consideration for treasury shares as well as dividends therefrom are recognised directly in equity under retained earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management’s intended use of the asset or settlement of the liability.

22. Accounting policies - continued -

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and the purchase and sale of treasury shares and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

22. Accounting policies - continued -

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.