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# *OKNygaard A/S*

Rosbjergvej 5G, DK-8220 Brabrand

## Annual Report for 2023

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CVR No. 35394818

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 28/6 2024

Lars Møller Hansen  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of OKNygaard A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Brabrand, 28 June 2024

## Executive Board

Ole Bo Kjærgaard

Holger Randrup Hansen

## Board of Directors

Morten Hansen  
Chairman

Holger Randrup Hansen

Lars Møller Hansen

# Independent Auditor's report

To the shareholder of OKNygaard A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of OKNygaard A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Ringsted, 28 June 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Brian Pedersen  
State Authorised Public Accountant  
mne28701

Keld A. M. Nielsen  
State Authorised Public Accountant  
mne40037

## Company information

<b>The Company</b>	OKNygaard A/S Rosbjergvej 5G 8220 Brabrand  CVR No: 35394818 Financial period: 1 January - 31 December Incorporated: 2 July 2013 Financial year: 11th financial year Municipality of reg. office: Aarhus
<b>Board of Directors</b>	Morten Hansen, chairman Holger Randrup Hansen Lars Møller Hansen
<b>Executive Board</b>	Ole Bo Kjærgaard Holger Randrup Hansen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted

# Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	792,064	673,037	640,156	531,074	593,830
Gross profit	129,100	102,109	89,166	82,935	83,384
Profit/loss of primary operations	20,371	7,170	5,669	4,403	6,390
Adjusted profit/loss of primary operations*	33,929	16,012	10,572	4,403	6,390
Net financial expenses	-8,853	-3,691	-2,909	-1,627	-998
Net profit/loss for the year	9,736	3,986	2,456	3,106	4,565
<b>Balance sheet</b>					
Balance sheet total	365,880	348,370	329,513	227,424	217,126
Investment in property, plant and equipment	21,765	34,063	35,079	20,560	41,209
Equity	70,253	64,317	60,331	57,707	55,937
Number of employees	552	517	486	473	485
<b>Ratios</b>					
Gross margin	16.3%	15.2%	13.9%	15.6%	14.0%
Profit margin	2.6%	1.1%	0.9%	0.8%	1.1%
Adjusted profit margin	4.3%	2.4%	1.7%	0.8%	1.1%
Return on assets	5.8%	2.5%	1.8%	2.5%	3.2%
Solvency ratio	19.2%	18.5%	18.3%	25.4%	25.8%
Solvency ratio excl. factoring debt	27.3%	24.2%	21.8%	25.4%	25.8%
Return on equity	14.5%	6.4%	4.2%	5.5%	8.1%

\*Profit/loss of primary operations excluding integration cost and allocated group management cost for strategic and central support.

# Management's review

## Primary activities

OKNygaard's ambition is clear - we want to be the ones who create, landscape and maintain Denmark's green outdoor areas and urban spaces and we want to be recognized as Denmark's leading landscape gardener and climate contractor both locally and nationwide.

As part of Europe's largest landscaping group, idverde, OKNygaard draws on competencies and experience from its affiliated companies in Denmark, France, England, the Netherlands and Germany, and our employees are provided with the opportunity of education and development across the entire Idverde organisation and national borders.

We have our head office in Aarhus and branches throughout Denmark. This gives us the opportunity to work for both large nationwide and small local customers. During the high season, more than 600 landscape gardeners and climate specialists are ready to solve customers' tasks, no matter where in the country we are needed.

OKNygaard performs all types of tasks in connection with landscaping, climate solutions, operation, care, maintenance of outdoor areas and winter service. The landscape gardening business is divided into two business areas: Landscaping and Operation, with associated deliveries within climate, local drainage of rainwater, sewerage, renovation, green care, outdoor Facility, as well as snow clearance and prevention of icy roads. The customers are private and public companies, housing associations, institutions as well as nationwide chain companies and organizations.

## Development in activities and financial affairs

For 2023, OKNygaard realised revenue of DKK 792 millions (compared to DKK 673 millions), corresponding to a growth of 18% which exceeded our expectations. The increase is a result of strong activity in all business areas (construction, operations, and winter) and is due to a year of high production and good demand from our customers.

The profit margin before non-operating items ended at 4.4% (compared to 2.6% in 2022), which is positively affected by a higher gross margin but negatively impacted by an increase in personnel costs.

## Risk management

OKNygaard takes a proactive approach to risk management in order to ensure future growth for our business and secure our employees, values, assets and reputation. This work is performed partly by the Board of Directors and partly by day-to-day management, who actively monitor our risk management on a current basis and assess any changes and new risks. We want to act responsibly and thus have a risk policy that identifies risks, monitors them and addresses the risks that can be minimised.

## Outlook

Expectations for 2024 are characterised by an increased focus on consolidation, profitability and synergies from the integration plan in the idverde group, including increased collaboration Grøn Vækst and Lauge Bonde, sister companies acquired by idverde Denmark in 2022.

Therefore, we expect a lower revenue growth in the range of 5%-10% based for 2024. The profit margin before non-operating items is expected in the range of 4%-6%.



# Management's review

## Uncertainty concerning recognition and measurement

Measurement of contract work in progress is based on accounting estimates made by management.

The estimates are made in accordance with accounting policies and based on assumptions and experience that management considers realistic and responsible.

## Exceptional conditions

No unusual circumstances have occurred during the financial year that have had an impact on the for the period profit or balance sheet for the period as of 31 December 2023.

## Corporate social responsibility

*Mandatory Statement on corporate social responsibility pursuant to section §99a of the Danish Financial Statement Act*

The mandatory statement on corporate social responsibility pursuant to section 99a of the Danish Financial Statements Act is included in the parent company Armoriga Danmark's (CVR.: 40895493) group management report in the section on the statement on corporate social responsibility for 2023.

## Gender diversity

### ***Targets and policy for increasing the share of the under-represented gender***

OKNygaard wants to set an ambitious and realistic goal to promote representation of both genders in leading positions. Gender distribution on other management levels should, as a starting point, reflect the gender distribution throughout the company. The gender distribution of the company comprises of 20% women and 80% men. The female representation is above average in the industry, and it is a continued goal to apply for more managerial positions filled by female employees. When hiring employees, it is OKNygaards policy to focus on attracting and employing more women in an industry that is dominated by men. This is done by focusing on having at least 1- 2 relevant female candidates at job interviews, whenever possible.

The current gender composition among the board members is three men and no women. The company has set a goal of at least 25% female members in the board, elected at the annual general meeting. It is expected that this will be achieved in 2025.

The company has also set a goal of at least 33% female members at other management levels and is expected to be met by the end of 2026.

**2023**

### **Top management**

Total number of members	3
Underrepresented gender %	0%
Target figure %	25%
Year for meeting target	2025

### **Other management**

Total number of members	6
Underrepresented gender %	17%
Target figure %	33%
Year for meeting target	2026

# Management's review

## ***Initiatives carried out in 2023 to achieve the target for increasing the share of women on top management and other management levels***

- The target will be anchored in the company's existing set-up which we work with at all levels of the organization.
- The company ensures that in-house management talents are being considered for management positions by advertising vacant management positions in-house on the intranet and by encouraging management talents to apply for such positions.
- The company is committed to promoting a healthy work-life balance by offering flexibility and varying career opportunities as a natural topic of discussion/focus area during a long working life.
- The company carries out an anonymous employee satisfaction survey to gauge the employees' satisfaction with the company's policy, targets and efforts to promote equality and diversity and the results achieved, including whether the employees perceive that the company offers equal opportunities for all.
- The company has signed up to the Gender Diversity Pledge and supports its objective and the 16 principles to increase gender diversity in the business sector.

## ***Follow-up and reporting***

The Board of directors is responsible for ensuring that all employees are familiar with this policy and regularly follows up on compliance with the guidelines. The board of directors assesses every year whether the measures taken have the intended effect and reports back to the board of directors with a status on the initiatives to increase the share of the under-represented gender. On this basis, the board of directors decides whether additional measures are required to achieve gender equality in management.

## **Data ethics**

The Board has reviewed the company's data handling, data storage, cybersecurity, and data ethical standards. Our data ethics policy includes essential aspects such as data handling, personal data the company possesses, security management of personal data, description of access rights to the company's systems, the number of years data is stored in the company, etc.

In 2023, we initiated a comprehensive review that will result in an updated policy expected to be ready during 2024.

## **Subsequent events**

No events of significant importance to the financial position of the company have occurred after the end of the financial year.

## Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	1	792,064	673,037
Production expenses	2	-662,964	-570,928
<b>Gross profit</b>		<b>129,100</b>	<b>102,109</b>
Distribution expenses	2	-12,377	-11,835
Administrative expenses	2	-96,352	-83,104
<b>Operating profit/loss</b>		<b>20,371</b>	<b>7,170</b>
Other operating income		1,671	2,485
Other operating expenses		-756	-830
<b>Profit/loss before financial income and expenses</b>		<b>21,286</b>	<b>8,825</b>
Financial income	3	2,837	1,604
Financial expenses		-11,690	-5,295
<b>Profit/loss before tax</b>		<b>12,433</b>	<b>5,134</b>
Tax on profit/loss for the year	4	-2,697	-1,148
<b>Net profit/loss for the year</b>	5	<b>9,736</b>	<b>3,986</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		TDKK	TDKK
Other fixtures and fittings, tools and equipment		85,335	91,576
Leasehold improvements		701	640
<b>Property, plant and equipment</b>	<b>6</b>	<b>86,036</b>	<b>92,216</b>
Other investments	7	1	1
Deposits	7	3,248	2,228
<b>Fixed asset investments</b>		<b>3,249</b>	<b>2,229</b>
<b>Fixed assets</b>		<b>89,285</b>	<b>94,445</b>
Raw materials and consumables		3,269	3,341
<b>Inventories</b>		<b>3,269</b>	<b>3,341</b>
Trade receivables		151,639	169,074
Contract work in progress	8	53,907	26,020
Receivables from group enterprises		33,380	10,769
Other receivables		2,349	2,487
Corporation tax		10	10
Prepayments	9	12,799	2,599
<b>Receivables</b>		<b>254,084</b>	<b>210,959</b>
<b>Cash at bank and in hand</b>		<b>19,242</b>	<b>39,625</b>
<b>Current assets</b>		<b>276,595</b>	<b>253,925</b>
<b>Assets</b>		<b>365,880</b>	<b>348,370</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital	10	5,308	5,593
Retained earnings		58,945	58,724
Proposed dividend for the year		6,000	0
<b>Equity</b>		<b>70,253</b>	<b>64,317</b>
Provision for deferred tax	11	18,538	14,873
<b>Provisions</b>		<b>18,538</b>	<b>14,873</b>
Lease obligations		40,463	43,747
Other payables		6,687	6,514
<b>Long-term debt</b>	12	<b>47,150</b>	<b>50,261</b>
Credit institutions		80,343	71,950
Lease obligations	12	17,033	20,558
Trade payables		68,478	71,932
Contract work in progress	8	7,549	5,518
Payables to group enterprises		11,510	0
Other payables	12	45,026	48,961
<b>Short-term debt</b>		<b>229,939</b>	<b>218,919</b>
<b>Debt</b>		<b>277,089</b>	<b>269,180</b>
<b>Liabilities and equity</b>		<b>365,880</b>	<b>348,370</b>
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Subsequent events	15		
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## Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	5,593	58,724	0	64,317
Capital reduction	-285	285	0	0
Extraordinary dividend paid	0	-3,800	0	-3,800
Net profit/loss for the year	0	3,736	6,000	9,736
<b>Equity at 31 December</b>	<b>5,308</b>	<b>58,945</b>	<b>6,000</b>	<b>70,253</b>

# Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>1. Revenue</b>		
With reference to the exemption-on-prejudice provision in section 96(1) of the Danish Financial Statements Act, the company has omitted to provide segment information. The reason for the omission is that the company operates in a highly competitive market within the landscape gardening industry.		
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>2. Staff</b>		
Wages and salaries	247,160	224,529
Pensions	23,141	18,607
Other social security expenses	8,500	8,363
Other staff expenses	7,703	6,496
	<u>286,504</u>	<u>257,995</u>
Including remuneration to the Executive Board:		
Executive board	1,826	2,074
	<u>1,826</u>	<u>2,074</u>
Average number of employees	<u>552</u>	<u>517</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>3. Financial income</b>		
Interest received from group enterprises	2,416	1,580
Other financial income	421	24
	<u>2,837</u>	<u>1,604</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>4. Income tax expense</b>		
Deferred tax for the year	2,697	1,148
Adjustment of tax concerning previous years	-968	0
Adjustment of deferred tax concerning previous years	968	0
	<u>2,697</u>	<u>1,148</u>

## Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>5. Profit allocation</b>		
Extraordinary dividend paid	3,800	0
Proposed dividend for the year	6,000	0
Retained earnings	-64	3,986
	<b>9,736</b>	<b>3,986</b>

## 6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK
Cost at 1 January	180,917	1,710
Additions for the year	21,436	328
Disposals for the year	-13,617	0
Cost at 31 December	<b>188,736</b>	<b>2,038</b>
Impairment losses and depreciation at 1 January	89,341	1,070
Depreciation for the year	24,474	267
Reversal of impairment and depreciation of sold assets	-10,414	0
Impairment losses and depreciation at 31 December	<b>103,401</b>	<b>1,337</b>
<b>Carrying amount at 31 December</b>	<b>85,335</b>	<b>701</b>
Including assets under finance leases amounting to	57,334	0

## 7. Other fixed asset investments

	Other investments	Deposits
	TDKK	TDKK
Cost at 1 January	1	2,228
Additions for the year	0	1,034
Disposals for the year	0	-14
Cost at 31 December	<b>1</b>	<b>3,248</b>
<b>Carrying amount at 31 December</b>	<b>1</b>	<b>3,248</b>



## Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>8. Contract work in progress</b>		
Selling price of work in progress	824,051	480,253
Payments received on account	-777,693	-459,751
	<b>46,358</b>	<b>20,502</b>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	53,907	26,020
Prepayments received recognised in debt	-7,549	-5,518
	<b>46,358</b>	<b>20,502</b>

## 9. Prepayments

Periodeafgrænsningsposter består af forudbetalinger vedrørende materialer til brug for entreprisarbejde, forsikringer, abonnementer etc.

*Prepayments comprises prepaid expenses relating to materials for use in contract work, insurances, subscriptions etc.*

## 10. Share capital

The share capital consists of 5,308,300 shares of a nominal value of TDKK 1. No shares carry any special rights.

The share capital has been fully paid in at the balance sheet date.

	2023	2022
	TDKK	TDKK
<b>11. Provision for deferred tax</b>		
Deferred tax liabilities at 1 January	14,873	13,725
Amounts recognised in the income statement for the year	3,665	1,148
Deferred tax liabilities at 31 December	<b>18,538</b>	<b>14,873</b>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>12. Long-term debt</b>		
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:		
<b>Lease obligations</b>		
After 5 years	0	0
Between 1 and 5 years	40,463	43,747
Long-term part	40,463	43,747
Within 1 year	17,033	20,558
	<u>57,496</u>	<u>64,305</u>
<b>Other payables</b>		
After 5 years	0	0
Between 1 and 5 years	6,687	6,514
Long-term part	6,687	6,514
Other short-term payables	45,026	48,961
	<u>51,713</u>	<u>55,475</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
<b>13. Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with in connection with the company having provided a company charge of TDKK 20,100:		
Other fixtures and fittings, tools and equipment	28,001	29,133
Inventories	3,269	3,341
<b>Rental and lease obligations</b>		
Rental obligations regarding fixed assets, non-cancellation periods between 1 and 58 months	10,076	9,288
Rental obligations regarding rental contracts, non-cancellation periods between 1 and 91 months	43,336	31,144

# Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>13. Contingent assets, liabilities and other financial obligations</b>		
<b>Guarantee obligations</b>		
The company is responsible for work warranty commitments that the guarantee insurance company has given to third parties	109,914	119,375

#### Other contingent liabilities

The company is jointly taxed with other companies in the group and is jointly and severally liable for income taxes for the jointly taxed companies. The total known tax liability for the jointly taxed companies at the balance sheet date has not yet been calculated. Please refer to the management company Armorica Danmark ApS' annual accounts for further information.

## 14. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
Armorica Danmark ApS, Roskilde	Parent company
IDVERDE Société par actions simplifiée á associé unique	Ultimate parent company

#### Transactions

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

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

#### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

<u>Name</u>	<u>Place of registered office</u>
Armorica Danmark ApS	Roskilde, Denmark

## 15. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 16. Accounting policies

The Annual Report of OKNygaard A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Some changes have been made to the comparison figures. The changes have no effect on the year's result, equity and balance sheet total.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company has not prepared a cash flow statement.

### Recognition and measurement

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

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

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

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

### Leases

Leases in terms of which the Company 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 Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

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.

# Notes to the Financial Statements

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

## Derivative financial instruments

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

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

## 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 the fair value reserve 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.

## Income statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

# Notes to the Financial Statements

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

## Production expenses

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

Production expenses also include amortisation of goodwill to the extent that goodwill relates to production activities.

## Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

## Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

## Other operating income and expenses

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

## Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with dets danske koncernselskaber. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance sheet

# Notes to the Financial Statements

## 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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

## Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

## Fixed asset investments

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

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

## Other fixed asset investments

Other fixed asset investments consist of deposit which are recognised and measured at cost.

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

The cost of raw materials and consumables equals landed cost.

# Notes to the Financial Statements

## Receivables

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

## Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

## Prepayments

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

## Equity

### Dividend

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

### Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

## Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.



# Notes to the Financial Statements

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

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.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Adjusted profit margin	$\text{Profit/loss of primary operations excluding integration cost and allocated group management cost for strategic and central support} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Solvency ratio excl. factoring debt	$\text{Equity at year end} \times 100 / \text{Total assets at year end excl. factoring debt}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$