



TBS Maskinpower ApS

Smedebakken 7
7200 Grindsted
CVR No. 39006979

Annual report 2023

The Annual General Meeting adopted the annual report on 27.05.2024

Jan Garder

Chairman of the General Meeting

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Entity details

Entity

TBS Maskinpower ApS
Smedebakken 7
7200 Grindsted

Business Registration No.: 39006979
Registered office: Varde
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Jan Garder, CEO
Jens Bertram Gaarsvig Hansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of TBS Maskinpower ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Starup, 27.05.2024

Executive Board

Jan Garder
CEO

Jens Bertram Gaarsvig Hansen

Independent auditor's report

To the shareholders of TBS Maskinpower ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of TBS Maskinpower ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity 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 the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 parent 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 consolidated financial statements and the parent 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 Entity'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 the parent 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 Entity'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 the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Kolding, 27.05.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Lars Ørum Nielsen

State Authorised Public Accountant

Identification No (MNE) mne26771

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	801,223	804,914	561,783	475,769	332,311
Gross profit/loss	109,379	93,462	68,210	61,082	44,966
Operating profit/loss	10,830	7,073	4,099	4,855	6,538
Net financials	(9,133)	(4,877)	(3,374)	(2,294)	(3,009)
Profit/loss for the year	1,493	2,555	1,231	2,214	2,458
Profit for the year excl. minority interests	1,314	2,326	985	1,646	2,291
Balance sheet total	592,029	423,516	447,440	371,254	292,189
Investments in property, plant and equipment	30,145	22,144	11,885	7,639	4,268
Equity	26,909	17,402	14,847	13,616	11,402
Equity excl. minority interests	16,529	16,146	13,820	12,835	11,189
Cash flows from operating activities	(65,029)	49,020	(26,977)	(69,180)	(34,084)
Cash flows from investing activities	(19,361)	(20,296)	(1,445)	(10,861)	(9,119)
Cash flows from financing activities	70,780	(45,717)	53,520	83,945	32,035
Ratios					
Gross margin (%)	13.65	11.61	12.14	12.84	13.53
Net margin (%)	0.19	0.32	0.22	0.47	0.74
Return on equity (%)	8.04	15.52	7.39	13.70	22.81
Equity ratio (%)	2.79	3.81	3.09	3.46	3.83

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

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

Return on equity (%):

Profit/loss for the year excl. minority interests * 100

Average equity excl. minority interests

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The Group's activity consist in sale, service and repair of agricultural machinery, as well as the sale of spare parts for agricultural machinery.

Development in activities and finances

The Group's revenue amounted to DKK 806.656 k against a revenue of DKK 804.914 k last year. The profit after tax for the year amounted to DKK 1.860 k against a profit of DKK 2.555 k last year. The equity represent DKK 17.401 k as of 31.12.2023. The company has acquired 70% of Holmsland Maskinforretning from Januar 2023. The company has also acquired further 27% of AgroTek A/S, so the company owns 52% in total of AgroTek A/S by December 2023.

Profit/loss for the year in relation to expected developments

The profit for the year 2023 are lower than the expectations primarily due to increased complexity in market conditions as a result of increased interest coat and geopolitical uncertainty.

Outlook

The management expects an increase in profit after tax for year 2024. The Group will still seek to improve market shares in Denmark in 2024.

Knowledge resources

The Entity's most critical resources include the skills and knowledge of the employees. Thus, the Entity continually invest in development of the employees.

Environmental performance

The company takes its social responsibility seriously. It is reflected in all decision-making within the company. Policies and actions in relation to CSR issues are described in more detail elsewhere in this report.

Statutory report on corporate social responsibility

As part of our statutory reporting, we report on risks and activities in relation to social responsibility concerning employee conditions, environment and climate, human rights and corruption and bribery. We also report on gender balance in management, and on data ethics, all in accordance with articles 99a, 99b and 99d of the Danish Financial Statements Act. This is described in the following sections.

Business model

TBS's core operations encompass the sales and repair of agricultural machinery across our eight departments in Jutland and Funen, along with distributing spare parts for agricultural and contractor machinery. Our primary focus is the Danish market, though we also export a select range of used machinery to other European countries. With our business expanding significantly in recent years, we acquired additional land in Gravens in 2022 and plan to commence construction of a new facility there in 2023. Moving forward, we are committed to adhering to relevant standards and continuing our work on improving employee conditions, upholding human rights, and enhancing environmental protection throughout 2023.

Employee conditions

The primary risk in relation to employee conditions could arise in relation to the health and safety of our employees. If such a risk would occur, this could impact our ability to attract and retain employees. We strive to ensure that our employees are motivated and that we live up to regulations regarding health and safety. Due to other internal activities our expected implementation of a new employee handbook, which employees shall receive when joining the company was postponed. The handbook covers working hours, holiday, time

registration, insurance and other employee-related matters. We also offer apprenticeships; our number of apprenticeships in 2023 was exceeding several times than prescribed by AUB (Arbejdsgivernes Uddannelsesbidrag).

During 2023, employees have attended training courses in relation to their areas of expertise in order to ensure that they are always able to complete their daily work tasks in a safe and consistent manner. In the financial year, we have reviewed our health and safety activities for potential opportunities for improvement and for sharing good practice among our staff. We have finalized and inaugurated a renovation of various workshop and office facilities, including focus on safe access to equipment and general health and safety for employees. We believe that our activities in 2023 have contributed to maintaining a good workplace environment in the TBS-group.

Environment and climate

Regarding the environment and climate, a primary risk we face is the potential use of non-compliant materials or inputs in our repair workshop. Such a scenario could negatively affect the local environment by contributing to downstream pollution when customers use the repaired equipment.

We are dedicated to adhering to Denmark's environmental and climate regulations and restrictions. For instance, we ensure that all products used in our repair workshops comply with the relevant regulations. Moreover, we continuously seek ways to optimize our operations to both minimize environmental impacts and reduce long-term costs.

Reflecting on 2023, we are confident that our actions during the financial year have helped to reduce our negative environmental and climate impact. We have begun optimizing the lighting in our facilities and will extend these efforts into 2024. Additionally, we plan to launch ESG reporting in 2024, aiming to fully comply with Stage 1 ESG reporting requirements by the end of 2025.

Human rights

The primary risk concerning human rights could be if discrimination against an employee occurs that is in breach of universal human rights standards and principles and applicable Danish regulation. We have zero-tolerance towards breaching human rights and while we do not have a stand-alone formalized human rights policy, our coming employee handbook sets out our expectations around mutual respect, non-discrimination, trust, well-being and safety.

By promoting mutual respect and teamwork in our workplace we ensure that we treat each other with respect for human rights during our daily work. Our coming employee handbook also confirms our respect for trade unions and the agreements they negotiate. We hold regular employee development dialogues to ensure that we address their well-being and career goals. We have policies for handling personal data for customers, business partners and employees as required by the General Data Protection regulation.

We are not aware of any breaches historically concerning human rights, including during the financial year reported on.

Corruption and bribery

At TBS Maskinpower, we strive to conduct our business in an ethical manner. We have a zero-tolerance policy in relation to corruption and bribery. The primary risk concerning corruption and bribery could be if an employee uses illegal means to obtain an advantage from a business partner, customer or other stakeholder or vice versa. If the risk would occur this could lead to breach of regulation and fines.

In 2023, we implemented a whistleblower system to implement our commitments. We have a zero-tolerance policy in relation to corruption and bribery. We have a special focus on guidelines concerning anti-money laundering, which restrict us from accepting cash payments of 20,000 DKK and above. These guidelines are shared and enforced with all employees.

In 2023 there we had no record of breaches concerning corruption or bribery.

General comments

We expect to continue our effort with the above-mentioned focus areas, regarding anti-corruption, environment, climate, human rights and employee conditions in the future.

Statutory report on the underrepresented gender

	2023
Supreme management body	
Total number of members	2
Underrepresented gender (%)	0.00

The company is in the process of expanding the management team with a board of directors consisting of 5 members.

	2023
Other management levels	
Total number of members	3
Underrepresented gender (%)	0.00
Target figures (%)	40.00
Year of expected achievement of target figures	2027

We strive towards an equal representation of both genders in the other management level. In TBS, our policy is to focus on any barriers that may prevent the underrepresented gender from being appointed to managerial positions. This applies to all steps of recruitment – from job descriptions and advertisements to job interviews. Whenever it is possible, we strive to ensure that both women and men are considered for interviews for management positions.

Across our organization we predominantly have men employed, approximately 95%, largely due to the nature of our business and the industry we are in.

As we have grown our business in recent years, we have considered available options during recruitment to obtain a greater gender balance, because we believe it is a strength to our business to have a diverse workforce.

Statutory report on data ethics policy

We are conscious and aware of the many opportunities and uncertainties that come with the use of digital tools. As part of our work to ensure best practice in handling data responsibly and in accordance with the General Data Protection Regulation (GDPR), we have articulated our requirements and expectations to our employees around GDPR in a policy. We do not use complex technologies, our data landscape is fairly simple at the moment. Based on the above, we have not found it necessary to develop a specific policy around data ethics. However, we continuously consider ethical matters, in the way we handle and use data in order to ensure the rights and

expectations of our employees and our customers.

Events after the balance sheet date

See note 1.

Consolidated income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	2	801,223	804,914
Other operating income		5,055	341
Cost of sales		(655,035)	(670,978)
Other external expenses	3	(41,864)	(40,815)
Gross profit/loss		109,379	93,462
Staff costs	4	(90,549)	(80,573)
Depreciation, amortisation and impairment losses	5	(7,595)	(5,816)
Other operating expenses		(405)	0
Operating profit/loss		10,830	7,073
Income from investments in associates		356	1,410
Other financial income	6	554	355
Other financial expenses	7	(9,687)	(5,232)
Profit/loss before tax		2,053	3,606
Tax on profit/loss for the year	8	(560)	(1,051)
Profit/loss for the year	9	1,493	2,555

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired intangible assets		446	229
Goodwill		20,525	12,769
Intangible assets	10	20,971	12,998
Land and buildings		27,392	12,475
Other fixtures and fittings, tools and equipment		13,963	14,032
Leasehold improvements		3,030	2,914
Property, plant and equipment	11	44,385	29,421
Investments in group enterprises		0	0
Investments in associates		0	4,080
Receivables from associates		0	849
Other investments		11	11
Deposits		1,441	1,272
Financial assets	12	1,452	6,212
Fixed assets		66,808	48,631
Manufactured goods and goods for resale		413,678	253,884
Inventories		413,678	253,884
Trade receivables		73,362	87,483
Contract work in progress		6,167	7,461
Receivables from group enterprises		0	9
Other receivables		28,036	9,871
Tax receivable		902	0
Joint taxation contribution receivable		149	134
Prepayments	13	2,766	2,272
Receivables		111,382	107,230
Cash		161	13,771

Current assets	525,221	374,885
Assets	592,029	423,516

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		7,050	7,050
Retained earnings		9,479	9,096
Equity belonging to Parent's shareholders		16,529	16,146
Equity belonging to minority interests		10,380	1,256
Equity		26,909	17,402
Deferred tax	14	2,521	1,479
Provisions		2,521	1,479
Mortgage debt		4,277	0
Bank loans		4,441	0
Lease liabilities		6,166	7,032
Other payables		3,382	3,413
Non-current liabilities other than provisions	15	18,266	10,445
Mortgage debt		269	0
Bank loans		85,802	11,426
Lease liabilities		1,000	934
Prepayments received from customers		20,812	35,344
Trade payables		235,694	147,903
Payables to group enterprises		182,294	174,924
Payables to owners and management		1,638	0
Tax payable		2,058	483
Other payables		14,766	23,146
Deferred income	16	0	30
Current liabilities other than provisions		544,333	394,190
Liabilities other than provisions		562,599	404,635
Equity and liabilities		592,029	423,516
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		

Group relations	22
Subsidiaries	23

Consolidated statement of changes in equity for 2023

	Contributed capital DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	7,050	9,096	16,146	1,256	17,402
Effect of mergers and business combinations	0	(931)	(931)	8,945	8,014
Profit/loss for the year	0	1,314	1,314	179	1,493
Equity end of year	7,050	9,479	16,529	10,380	26,909

Consolidated cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		10,830	7,073
Amortisation, depreciation and impairment losses		7,595	5,548
Working capital changes	17	(71,235)	41,655
Other adjustments		(1,594)	0
Cash flow from ordinary operating activities		(54,404)	54,276
Financial income received		554	355
Financial expenses paid		(9,687)	(5,232)
Taxes refunded/(paid)		(1,492)	(379)
Cash flows from operating activities		(65,029)	49,020
Acquisition etc. of intangible assets		0	(749)
Sale of intangible assets		67	0
Acquisition etc. of property, plant and equipment		(5,132)	(12,150)
Sale of property, plant and equipment		552	2,525
Dividends received from associates		330	809
Acquisitoin of activities		(15,178)	(11,360)
Deposits received		0	629
Cash flows from investing activities		(19,361)	(20,296)
Free cash flows generated from operations and investments before financing		(84,390)	28,724
Loans raised		65,373	0
Repayments of loans etc.		0	(57,707)
Incurrence of debt to group enterprises		6,207	11,990
Repayment of lease liabilities		(800)	0
Cash flows from financing activities		70,780	(45,717)

Increase/decrease in cash and cash equivalents	(13,610)	(16,993)
Cash and cash equivalents beginning of year	13,771	30,764
Cash and cash equivalents end of year	161	13,771
Cash and cash equivalents at year-end are composed of:		
Cash	161	13,771
Cash and cash equivalents end of year	161	13,771

Notes to consolidated financial statements

1 Events after the balance sheet date

No events have occurred after the balance sheet date, which would influence the evaluation of this annual report.

2 Revenue

	2023 DKK'000	2022 DKK'000
Denmark	750,919	727,770
EU	44,827	71,744
Other	5,477	5,400
Total revenue by geographical market	801,223	804,914

3 Fees to the auditor appointed by the Annual General Meeting

	2023 DKK'000	2022 DKK'000
Statutory audit services	530	350
Other services	503	364
	1,033	714

4 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	76,454	65,535
Pension costs	7,464	5,407
Other social security costs	2,405	1,764
Other staff costs	4,226	7,867
	90,549	80,573

Average number of full-time employees	202	151
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	Remuneration of management 2023 DKK'000	Remuneration of management 2022 DKK'000
Executive Board	1,993	2,293
	1,993	2,293

5 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Amortisation of intangible assets	2,520	1,676
Depreciation on property, plant and equipment	5,075	4,140
	7,595	5,816

6 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	50	0
Other interest income	284	354
Exchange rate adjustments	0	1
Other financial income	220	0
	554	355

7 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	3,374	1,960
Other interest expenses	5,496	3,226
Exchange rate adjustments	11	0
Other financial expenses	806	46
	9,687	5,232

8 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	1,344	456
Change in deferred tax	(649)	585
Adjustment concerning previous years	0	10
Refund in joint taxation arrangement	(135)	0
	560	1,051

9 Proposed distribution of profit/loss

	2023	2022
	DKK'000	DKK'000
Retained earnings	1,314	2,326
Minority interests' share of profit/loss	179	229
	1,493	2,555

10 Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000
Cost beginning of year	259	17,641
Additions	479	10,081
Disposals	(76)	0
Cost end of year	662	27,722
Amortisation and impairment losses beginning of year	(30)	(4,872)
Amortisation for the year	(195)	(2,325)
Reversal regarding disposals	9	0
Amortisation and impairment losses end of year	(216)	(7,197)
Carrying amount end of year	446	20,525

11 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	13,387	25,244	5,408
Addition through business combinations etc	18,932	6,176	384
Additions	416	3,826	411
Disposals	0	(1,285)	0
Cost end of year	32,735	33,961	6,203
Depreciation and impairment losses beginning of year	(912)	(11,212)	(2,494)
Addition through business combinations etc	(3,867)	(5,386)	(211)
Depreciation for the year	(564)	(4,043)	(468)
Reversal regarding disposals	0	643	0
Depreciation and impairment losses end of year	(5,343)	(19,998)	(3,173)
Carrying amount end of year	27,392	13,963	3,030
Recognised assets not owned by Entity	0	6,485	0

12 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Receivables from associates DKK'000	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	0	2,396	849	11	1,272
Transfers	0	(2,396)	(849)	0	0
Additions	0	0	0	0	20
Cost end of year	0	0	0	11	1,292
Revaluations beginning of year	0	1,684	0	0	0
Transfers	0	(2,040)	0	0	0
Amortisation of goodwill	(266)	(9)	0	0	0
Share of profit/loss for the year	0	365	0	0	0
Reversal regarding disposals	266	0	0	0	0
Revaluations end of year	0	0	0	0	0
Carrying amount end of year	0	0	0	11	1,292

13 Prepayments

Prepayments relate to various prepaid items.

14 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	840	662
Property, plant and equipment	1,533	409
Receivables	264	667
Provisions	0	(90)
Liabilities other than provisions	(70)	0
Tax losses carried forward	0	(34)
Other taxable temporary differences	(46)	(135)
Deferred tax	2,521	1,479

	2023 DKK'000	2022 DKK'000
Changes during the year		
Beginning of year	1,479	943
Recognised in the income statement	1,042	536
End of year	2,521	1,479

15 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Mortgage debt	4,277	3,222
Bank loans	4,441	0
Lease liabilities	6,166	0
Other payables	3,382	0
	18,266	3,222

16 Deferred income

Deferred income relates to various cutting items regarding reconciliation of bank accounts.

17 Changes in working capital

	2023 DKK'000	2022 DKK'000
Increase/decrease in inventories	(103,674)	53,349
Increase/decrease in receivables	5,818	(14,396)
Increase/decrease in trade payables etc.	26,621	2,702
	(71,235)	41,655

18 Unrecognised rental and lease commitments

	2023 DKK'000	2022 DKK'000
Total liabilities under rental or lease agreements until maturity	17,806	15,460
Of this, liabilities under rental or lease agreements with group enterprises	7,396	7,823

19 Contingent liabilities

The Group has guaranteed for customers residual value towards financing company who has financed the customers acquisition of machinery. The guarantees amount to DKK 15.215k.

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which TBS Maskinpower ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore secondarily liable for income taxes etc. for the jointly taxed entities, limited to the equity interest by which the Entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on land and building of DKK 6,000k nominal. The carrying amount of land and buildings is DKK 14,969k.

Goods for resale with a booked value of DKK 138,075k is provided as collateral for trade payables.

Bank loans are secured by the way of mortgage deed of DKK 115,800k nominal total. The carrying amount of mortgaged assets is DKK 369,668k.

Mortgage debts are secured by land and buildings of DKK 4,900k nominal total. The carrying amount of land and buildings is DKK 14,969k.

21 Transactions with related parties

The annual report discloses only transactions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest and the largest group:

Raiffeisen Waren GmbH, Kassel, Germany

The consolidated financial statement for the above mentioned company can be requested at: www.rw.net

23 Subsidiaries

	Registered in	Corporate form	Ownership %
Askildrup Agro A/S	Randers	A/S	100.00
TBS FYN A/S	Nyborg	A/S	100.00
Holmsland Maskinforretning A/S	Ringkjøbing	A/S	70.00
Agrotek A/S	Mariagerfjord	A/S	52.00

Parent income statement for 2023

		2023	2022
	Notes	DKK'000	DKK'000
Revenue	2	636,780	669,938
Other operating income		2,001	1,150
Cost of sales		(534,562)	(575,718)
Other external expenses	3	(31,190)	(28,407)
Gross profit/loss		73,029	66,963
Staff costs	4	(61,543)	(57,588)
Depreciation, amortisation and impairment losses	5	(5,468)	(4,649)
Other operating expenses		(138)	0
Operating profit/loss		5,880	4,726
Income from investments in group enterprises		2,579	1,410
Income from investments in associates		356	278
Other financial income	6	1,308	794
Other financial expenses	7	(8,760)	(4,463)
Profit/loss before tax		1,363	2,745
Tax on profit/loss for the year	8	(54)	(419)
Profit/loss for the year	9	1,309	2,326

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired intangible assets		920	607
Goodwill		7,422	8,338
Intangible assets	10	8,342	8,945
Land and buildings		14,408	14,460
Other fixtures and fittings, tools and equipment		11,465	13,455
Leasehold improvements		973	931
Property, plant and equipment	11	26,846	28,846
Investments in group enterprises		42,321	19,430
Receivables from group enterprises		14,000	0
Investments in associates		0	4,080
Receivables from associates		0	849
Deposits		1,217	1,197
Financial assets	12	57,538	25,556
Fixed assets		92,726	63,347
Manufactured goods and goods for resale		307,093	210,009
Inventories		307,093	210,009
Trade receivables		39,928	50,814
Contract work in progress		4,764	6,164
Receivables from group enterprises		19,266	54,620
Other receivables		27,539	9,822
Joint taxation contribution receivable		1,939	619
Prepayments	13	2,602	1,045
Receivables		96,038	123,084
Cash		59	9,000
Current assets		403,190	342,093
Assets		495,916	405,440

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		7,050	7,050
Reserve for net revaluation according to equity method		3,119	5,234
Retained earnings		6,355	3,862
Equity		16,524	16,146
Deferred tax	14	1,037	1,263
Provisions		1,037	1,263
Lease liabilities		6,166	7,033
Other payables		3,190	3,121
Non-current liabilities other than provisions	15	9,356	10,154
Bank loans		54,816	6,396
Lease liabilities		1,000	934
Prepayments received from customers		20,812	27,213
Trade payables		200,703	142,953
Payables to group enterprises		182,345	178,348
Tax payable		1,317	483
Other payables		8,006	21,550
Current liabilities other than provisions		468,999	377,877
Liabilities other than provisions		478,355	388,031
Equity and liabilities		495,916	405,440
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Transactions with related parties	20		

Parent statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	7,050	5,234	3,862	16,146
Effect of divestments of entities etc.	0	(931)	0	(931)
Dividends from group enterprises	0	(330)	330	0
Profit/loss for the year	0	(854)	2,163	1,309
Equity end of year	7,050	3,119	6,355	16,524

Notes to parent financial statements

1 Events after the balance sheet date

No other events have occurred after the balance sheet date, which would influence the evaluation of this annual report.

2 Revenue

	2023 DKK'000	2022 DKK'000
DK	596,536	617,773
EU	36,031	47,419
Other	4,213	4,746
Total revenue by geographical market	636,780	669,938

3 Fees to the auditor appointed by the Annual General Meeting

Refer to the fees listed in the consolidated financial statements.

4 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	52,416	48,941
Pension costs	5,019	4,245
Other social security costs	1,996	2,094
Other staff costs	2,112	2,308
	61,543	57,588
Average number of full-time employees	110	103

	Remuneration of Manage- ment 2023 DKK'000	Remuneration of Manage- ment 2022 DKK'000
Executive Board	1,993	2,293
	1,993	2,293

5 Depreciation, amortisation and impairment losses

	2023 DKK'000	2022 DKK'000
Amortisation of intangible assets	1,315	1,034
Depreciation on property, plant and equipment	4,153	3,615
	5,468	4,649

6 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	1,135	524
Other interest income	173	270
	1,308	794

7 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	3,507	1,960
Other interest expenses	5,129	2,360
Exchange rate adjustments	10	0
Other financial expenses	114	143
	8,760	4,463

8 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	280	106
Change in deferred tax	(226)	303
Adjustment concerning previous years	0	10
	54	419

9 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Retained earnings	1,309	2,326
	1,309	2,326

10 Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000
Cost beginning of year	676	11,879
Additions	479	300
Disposals	(76)	0
Cost end of year	1,079	12,179
Amortisation and impairment losses beginning of year	(69)	(3,541)
Amortisation for the year	(99)	(1,216)
Reversal regarding disposals	9	0
Amortisation and impairment losses end of year	(159)	(4,757)
Carrying amount end of year	920	7,422

11 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	15,372	20,772	1,098
Additions	416	1,821	411
Disposals	0	(960)	0
Cost end of year	15,788	21,633	1,509
Depreciation and impairment losses beginning of year	(912)	(7,317)	(167)
Depreciation for the year	(468)	(3,316)	(369)
Reversal regarding disposals	0	465	0
Depreciation and impairment losses end of year	(1,380)	(10,168)	(536)
Carrying amount end of year	14,408	11,465	973
Recognised assets not owned by entity	0	6,485	0

12 Financial assets

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Investments in associates DKK'000	Receivables from associates DKK'000	Deposits DKK'000
Cost beginning of year	15,878	0	2,396	849	1,197
Addition through business combinations etc	20,408	0	0	0	0
Transfers	4,436	849	(2,396)	(849)	0
Additions	1,458	13,500	0	0	20
Disposals	(2,978)	(349)	0	0	0
Cost end of year	39,202	14,000	0	0	1,217
Revaluations beginning of year	3,552	0	1,684	0	0
Transfers	0	0	(2,040)	0	0
Adjustments on equity	(931)	0	0	0	0
Amortisation of goodwill	(1,819)	0	(9)	0	0
Share of profit/loss for the year	1,332	0	365	0	0
Dividend	(330)	0	0	0	0
Reversal regarding disposals	1,315	0	0	0	0
Revaluations end of year	3,119	0	0	0	0
Carrying amount end of year	42,321	14,000	0	0	1,217

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

13 Prepayments

Prepayments relate to various prepaid items.

14 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	813	626
Property, plant and equipment	56	330
Receivables	231	386
Liabilities other than provisions	(63)	(45)
Tax losses carried forward	0	(34)
Deferred tax	1,037	1,263

	2023	2022
Changes during the year	DKK'000	DKK'000
Beginning of year	1,263	961
Recognised in the income statement	(226)	302
End of year	1,037	1,263

15 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK'000
Lease liabilities	6,166
Other payables	3,190
	9,356

16 Unrecognised rental and lease commitments

	2023	2022
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	13,370	14,140
Of this, liabilities under rental or lease agreements with group enterprises	7,396	7,823

17 Contingent liabilities

The Entity has guaranteed for customers residual value towards financing company who has financed the customers acquisition of machinery. The guarantees amount to DKK 12.815k.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

18 Assets charged and collateral

Goods for resale with a booked value of DKK 123.741k is provided as collateral for trade payables.

Bank loans are secured by the way of mortgage deed of DKK 82.000k nominal total. The carrying amount of mortgaged assets is DKK 235.682k

Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt to bank. The maximum limit of the guarantee is DKK 1.000k. Bank loans of group enterprises amount to DKK 14.033 k.

The Entity has guaranteed group enterprises' debt to bank. The maximum limit of the guarantee is DKK 1.700k. Bank loans of group enterprises amount to DKK 1.030 k.

The Entity has guaranteed group enterprises' debt to bank. Bank loans of group enterprises amount to DKK 6.920 k.

The Entity has guaranteed group enterprises' real estate lease. The guarantee is maximized to DKK 840k.

19 Related parties with controlling interest

Raiffeisen Waren GmbH, Kassel, Germany holds 80% of the shares in the Company.

20 Transactions with related parties

The annual report discloses only transactions with related parties that have not been conducted on arms length terms. No such transactions have been carried out during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date,

with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds .

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for

premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings

profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	20-50 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive

obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in associates.

Associates with negative equity value are measured at DKK 0. Any receivables from these associates are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

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

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.