Carsoe Group A/S

Mineralvej 6, DK-9220 Aalborg

Annual Report for 2023

CVR No. 39 89 39 32

The Annual Report was presented and adopted at the Annual General Meeting of the company on 27/6 2024

Casper Villadsen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Carsoe Group 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows 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.

Aalborg, 27 June 2024

Executive Board

Hugo Holst Dissing
CEO

Board of Directors

Denis Viet-Jacobsen Chairman	Michael Pontoppidan Frost	Johan Olof Cervin

Independent Auditor's report

To the shareholders of Carsoe Group A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Carsoe Group 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, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Group´s and the Parent Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent 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 Group´s and the Parent 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 Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's report

Hellerup, 27 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen State Authorised Public Accountant mne18628	Daniel Mogensen State Authorised Public Accountant mne45831

Company information

The Company	Carsoe Group A/S Mineralvej 6 9220 Aalborg CVR No: 39 89 39 32 Financial period: 1 January - 31 December Municipality of reg. office: Aalborg
Board of Directors	Denis Viet-Jacobsen, chairman Michael Pontoppidan Frost Johan Olof Cervin
Executive Board	Hugo Holst Dissing
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group Chart

Company	Residence	Ownership
Carsoe Group A/S	**Denmark, Aalborg**	
Carsoe HoldCo A/S	Denmark, Aalborg	100
Carsoe Seafood ApS	Denmark, Aalborg	100
Holmek Palletering AS	Norway, Frei Kristiansund	100
Carsoe US Inc.	USA, Seattle	100
Carsoe ApS	Denmark, Aalborg	100
Carsoe PE1 ApS	Denmark, Aalborg	100
QUPAQ ApS	Denmark, Brønderslev	100
Damgaard Automatik A/S	Denmark, Pandrup	100
Intech International GmbH	Germany, Handewitt	100
Intech International Norge AS	Norway, Ålesund	100

Financial Highlights

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

	Group				
	2023	2021/22	2020/21	2019/20	2018/19
	TDKK 12 months	TDKK 15 months	TDKK 12 months	TDKK 12 months	TDKK 12 months
Key figures					
Profit/loss					
Revenue	690,275	958,642	564,548	689,124	785,947
Gross profit	330,035	314,312	208,787	251,919	241,712
Profit/loss of primary operations	-7,844	-122,147	-15,754	-873	16,271
Profit/loss of financial income and expenses	-14,086	-24,414	-12,826	-5,519	-14,209
Net profit/loss for the year	-17,944	-122,686	-23,097	-9,342	-7,036
Balance sheet					
Balance sheet total	823,470	949,175	672,718	705,810	750,079
Investment in property, plant and equipment	3,418	0	4,121	14,228	16,282
Equity	337,529	361,392	240,579	261,715	266,125
Cash flows					
Cash flows from:					
- operating activities	48,274	-7,762	-1,135	10,048	-12,914
- investing activities	230	-254,252	32,035	-19,867	-408,678
- financing activities	-107,797	265,377	24,260	-1,241	450,354
Change in cash and cash equivalents for the year	-59,293	3,363	72,862	0	0
Number of employees	394	410	311	366	325
Ratios					
Gross margin	47.8%	32.8%	37.0%	36.6%	30.8%
Profit margin	-1.1%	-12.7%	-2.8%	-0.1%	2.1%
Return on assets	-1.0%	-12.9%	-2.3%	-0.1%	2.2%
Solvency ratio	41.0%	38.1%	35.8%	37.1%	35.5%
Return on equity	-5.1%	-40.8%	-9.2%	-3.5%	-5.3%

Management's review

Key activities

At the heart of Carsoe Group's business model lies a commitment to innovation and specialization within the seafood and food processing industries. Through comprehensive product development, precise manufacturing processes, and reliable solutions, Carsoe Group delivers equipment and services to its global clientele. From initial installation to ongoing maintenance and support, the Group ensures that its customers receive market leading solutions fit to their operational requirements.

Carsoe Group is split into two independent operating units: Carsoe Seafood (also referred to a Carsoe) and QUPAQ. This enables the Group to strategically and operationally target diverse market segments with tailored solutions.

Carsoe is a leading global supplier of complete seafood processing plants installed on fishing vessels. In addition, the company offers a range of niche standard seafood processing products, automated contact freezing solutions, palletizing systems, and lifting and unloading equipment to both onboard and on-land customers (primarily within the food industry). Carsoe is headquartered in Aalborg and has three subsidiaries in USA, Norway, and UK.

QUPAQ is the trusted partner for reliable and hygienic tray denesting and handling solutions for producers, integrators, and re-sellers globally in the food industry – enabling safe, simple and profitable operations. Its market-leading technology and application know-how caters for the customers' need to reduce manual labour and improve operations with automated solutions. The business is a merger of Intech's and Carsoe Seafood's tray denesting and end-of-line automation business areas and was recently rebranded from Intech to QUPAQ. QUPAQ is headquartered in Bronderslev.

Development in the year

Carsoe Seafood continued to supply customers globally with our market leading solutions in 2023. Carsoe Seafood managed to win several new large and medium-sized green-field contracts. The contracts are geographically diverse and in line with the core offering of Carsoe. Besides the new, large contracts, Carsoe Seafood has successfully continued to grow its aftersales segment and strengthened sales of its standard product portfolio.

Carsoe has further consolidated its operational footprint and focused on strengthening core business operations. This includes strengthening supply chain resilience, engineering efficiency, product standardisation and innovation. In addition, the data foundation has been strengthened for improved financial transparency and operational planning.

Market conditions have been challenging, but QUPAQ demonstrated resilience by increasing the order intake compared to 2022 and enhancing the collaboration with both customers, partners, and suppliers. Throughout the year the focus has been on product development, product improvements and increasing the value creation for customers. QUPAQ set a world record in tray denesting with 1.094 trays denested in only 60 seconds, in the spring of 2023 providing a strong foundation for the future.

The past year and follow-up on development expectations from last year

The income statement of the Group for 2023 shows a loss of TDKK 17,944, and at 31 December 2023 the balance sheet of the Group shows a positive equity of TDKK 337,529.

Management considers the results less satisfactory.

Special risks - operating risks and financial risks

Operating risks

The Group's most significant operating risks relate to its ability to gain and retain client relations, key employees and always to be at the forefront of technological development within the Group's business areas. Refer to the sections Knowledge resources and Research and development activities below for information on how Carsoe Group work with knowledge and development.

Management's review

Financial risks

The Group does not hedge the currency rate between Danish Krone (DKK) and the Euro (EUR) as this rate is fixed. Exposure to other currencies is limited, as euro is used as the main contract currency.

Currency adjustments of investments in subsidiaries which are independent entities are recognized directly in equity. As a main rule, currency risks related to the investment in subsidiaries are not hedged, as the Group regards these as long-term strategic investments that are not affected by short term fluctuations in currency rates. Carsoe Group's worldwide activities imply a credit risk in connection with sales to customers. We take measures to hedge our exposure, for instance by introducing letters of credit.

Targets and expectations for the year ahead

In 2024, QUPAQ will continue investing to execute its growth plan.

QUPAQ has an attractive long-term growth potential supported by the demand for automation solutions within food packaging, not least due to its market leading position within tray denesting.

In 2024, Carsoe will continue investing to execute its growth plan, while improving its operations to increase margins. As the market is cautious regarding interest rate developments, a temporarily lower level of activity is expected.

Carsoe has a proven ability to grow into new markets and offer new sought-after solutions to its customers. Carsoe expects to continue strengthening its position in the consolidating market for onboard turnkey seafood processing solutions, including through a stronger aftermarket offering, while expanding its presence within new niche segments and actively selling its products standalone.

The continued market uncertainty and economic conditions may affect the demand for the products and solutions offered by Carsoe Group in 2023. The Group expects a EBITDA range of MDKK 10-20 in 2024.

Research and development

Our research and development activities are primarily carried out at the two companies' head offices in Denmark. Development activities include the development of equipment and solutions within the Group's business areas.

A total of 10 FTEs were allocated during the financial year to development activities, with a particular focus on standardisation, automation, and leveraging the in-house competences across all product capabilities. Looking ahead we allocate more automation resources to standardize our products and to make our products even better for our customers.

The skills and ideas that our talented employees bring to the table are crucial to our success. We consistently endeavor to foster a collaborative, innovative, and resourceful culture where each of our team members can bring their best selves to work. In 2023, we successfully concluded training programs that specifically targeted the enhancement of skills relevant to our employees' job function.

Intellectual capital resources

The Group's business foundation is to supply high-tech and reliable equipment and installations for manufacturing and processing in the food and seafood industries. This places particularly high demands on our knowledge resources in the form of employee know-how and well-established business processes. The critical business processes are engineering, project execution and management, and aftermarket services.

It is critical for the Group to be able to recruit and retain highly educated and knowledgeable employees. During 2023, Carsoe Group has strengthened its HR processes, including conducting training on, e.g., technical topics, process and project management. Additionally, Carsoe Group continues its work to foster a strong, unified company culture focused on collaboration, innovation, and continuous improvement that supports a positive and engaging work environment.

Management's review

During 2023 we have aimed to work more data-driven and by streamlined processes. Also, our focus has been to optimize workflows to amplify productivity but also fortified our resilience in the face of disruptions.

Moreover, our wealth of know-how, cultivated through years of industry experience and collaborative endeavors, remains a cornerstone of our organizational prowess. Through effective knowledge sharing mechanisms and cross-functional collaborations, we strive to keep our know-how inhouse and educate young talents within our organization.

Statement of corporate social responsibility

At Carsoe Group, corporate social responsibility (CSR) is deeply embedded in our business strategy, guiding our actions across various domains including the environment, employee satisfaction, human rights, anti-corruption efforts, and our broader societal impact.

We are dedicated to acting responsibly towards our customers, employees, business partners, and the wider community, recognizing the interconnectedness of our actions and their consequences. We understand that while there are opportunities for positive impact through CSR, there are also associated risks that must be managed effectively. As such, we have implemented robust mechanisms to identify, assess, and mitigate these risks while maximizing the benefits of our CSR initiatives.

Through transparent governance structures, ethical business practices, stakeholder engagement, and continuous improvement, we strive to uphold our commitment to corporate social responsibility and contribute positively to the world around us.

We elaborate in the following on how we manage our corporate social responsibility and related risks in our work. With reference to the business model, please refer to the section “Key activities” and “Development in the year”.

Management's review

Environment and climate

In our dedication to Environmental, Social, and Governance (ESG) principles, both Carsoe and QUPAQ have partnered with external consultants to establish a comprehensive program aimed at guiding our ESG endeavours in alignment with forthcoming regulatory standard, Corporate Sustainability Reporting Directive (CSRD).

In 2023 we completed a comprehensive double materiality assessment, enabling us to focus and prioritize areas where our actions can have the greatest impact. With this insight, we've identified specific projects that align with our sustainability goals and will commence working on them diligently. These projects are guided by newly defined Environmental, Social, and Governance (ESG) targets and Key Performance Indicators, ensuring that our efforts are effectively directed towards achieving measurable outcomes and driving positive environmental impact.

In addition, we have also established a baseline through current state analysis to provide a starting point for our efforts in reducing water, waste, energy, and CO2 emissions. Developed in conjunction with our new ESG agenda, our environmental policy reaffirms our dedication to conducting business in an environmentally responsible manner. Through these determined efforts, we aim to meet upcoming regulatory standards while advancing our sustainability goals and contributing positively to the environment and climate.

Central to this initiative is our ESG groups, comprising of members from various departments including top management, production, marketing, quality, procurement, supply chain, and R&D, ensuring broad representation and expertise.
The groups are tasked with presenting proposals for the ongoing advancement of environmental, social, and governance (ESG) factors, as well as the establishment of targets, which must be approved by the top management. Monthly meetings of the ESG groups are held to review the development of ongoing initiatives and activities. In addition to their strategic efforts, Carsoe and QUPAQ begun an initiative concerning the organization's policies and procedures in 2023.

Carsoe Group does not foresee any material risks related to environment and climate and processes as policies have been calibrated to mitigate these concerns effectively, aligning with our commitment to sustainable practices and responsible corporate citizenship.

Moving forward, the Carsoe Group remains committed to environmental stewardship and sustainability. With a proactive approach to addressing emerging regulatory standards and industry best practices, the group anticipates continued progress in reducing its environmental footprint while maximizing positive social and governance impacts.

Expectations for the future include a sustained focus on innovation and technology adoption to further enhance efficiency and resource utilization across operations. By leveraging insights from ongoing monitoring and reporting mechanisms, the group aims to continually refine its environmental policies and procedures, ensuring alignment with evolving global sustainability goals.

Corruption and bribery

The group maintains a strict zero-tolerance policy against corruption and bribery, and we take all necessary measures to prevent such risks in our business relationships. Any suspected violations of this policy are thoroughly investigated.

To ensure compliance with our core values and Code of Ethics, the group has developed written compliance guidelines and policies that contains our anti-corruption policies, as well as policies related to Supplier Code of Conduct, money laundering, export control, and international trade sanctions. Our executives are required to confirm their compliance with these policies every three months.

Throughout the financial year 2023, management remained vigilant, diligently monitoring for any signs of non-compliance. No breaches of the stringent compliance rules were detected, affirming the effectiveness of the established procedures and controls. Carsoe group is poised to uphold its reputation for integrity while navigating evolving regulatory landscapes with confidence and integrity, securing anti-corruption and bribery is top of mind in all business affairs

Carsoe Group does not foresee any material risks related to corruption and bribery and processes as policies have been calibrated to mitigate these concerns effectively, aligning with our commitment to compliance with rules and regulations.

Human rights

Our Code of Ethics requires employees to act with integrity and uphold acceptable ethical standards for human rights.

To mitigate risks associated with our business partners, the group has a Supplier Code of Conduct that sets out the same requirements for our suppliers of goods and services. If a supplier violates our rules, we will work closely with them to help improve business standards and employee well-being. However, the group reserve the right to terminate contracts with suppliers who intentionally violate our rules and refuse to cooperate in implementing planned improvements.

In the 2023 period, we did not identify any breaches of our Code of Ethics or Supplier Code of Conduct, and we are committed to maintaining our current procedures in the future.

Carsoe Group does not foresee any material risks related to human rights breach as processes as policies have been calibrated to mitigate these concerns effectively, aligning with our commitment to compliance with rules and regulations.

Employees

For both Carsoe and QUPAQ The Company's Staff Manual sets out internal guidelines showing our employees how we want to interact with each other as colleagues. The guidelines include a set of clearly defined principles for how we want to work and interact with each other in our open-plan offices.

Values play a significant role in shaping culture, guiding behaviors, and influencing decision-making. In 2023, Carsoe made the strategic decision to refresh our values, aiming for increased dynamism and actionability. Our objective was to ensure that our values not only contribute to our identity and brand but also resonate throughout the entire organization. Inclusivity was a key consideration in identifying our culture and implementing any improvements. The outcome highlighted that our organization prioritizes teamwork, responsibility, sparring, and curiosity. Furthermore, 2023 marked the initiation of Carsoe's inaugural well-being study, an exercise expected to be repeated in 2024, revealing a workforce that is both content and motivated, affirming our dedication to prioritizing employee welfare and fulfilment. Carsoe Group does not foresee any material risk in connection with employees when comes to the overall well-being or motivation and the expectation is that employee wellbeing will continue on the current high levels.

The company's policy for working with Social and Personnel Affairs is maintained and communicated through both the company's personnel handbook and its compliance policy. Carsoe's strategy includes developing young talents through apprenticeship programs, and actively engaging in dialogues with youth and vocational schools to serve as an active partner and an integral part of the surrounding community.

Management's review

Statement on gender composition

	2023
Top management	
Total number of members	6
Underrepresented gender %	33%
Other management levels	
Total number of members	1

Both Carsoe and QUPAQ believes that diversity among employees, including equal distribution of gender, contributes positively to the work environment and strengthens business performance and competitiveness.

Carsoe Group has, as of the balance sheet date, 1 member at the company's other management levels, which exempts Carsoe Group from the obligation to set a target due to the number of employees. Reference: Section 99b, subsection 2 of the Danish Financial Statements Act.

The current distribution on the Group's Board of Directors is 33% women. As Carsoe Group has reached an equal gender distribution in Board of Directors, Carsoe Group is exempted from setting target figures for top management.

Statement on data ethics

Carsoe Group is responsible for processing customer information that is provided to us or collected about our customers. We treat customer information with the utmost respect for confidentiality and privacy.
We have a clear corporate policy in place that governs how we use personal information to protect the privacy of our employees, customers, and other stakeholders. This policy is designed to ensure compliance with the Data Protection Act and the Data Protection Regulation.

In 2024, Carsoe has partnered with an external entity to enhance data protection and compliance. The initial phases of implementation are scheduled for completion by year-end, with data ethics integrated into Carsoe's overall growth strategy

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 January - 31 December

	Note	Group 2023	Group 2021/22	Parent company 2023	Parent company 2021/22
		TDKK 12 months	TDKK 15 months	TDKK 12 months	TDKK 15 months
Revenue	1	690,275	958,642	2,035	2,545
Other operating income	2	23,728	11,919	0	0
Expenses for raw materials and consumables		-291,646	-519,458	0	0
Other external expenses		-92,322	-136,791	-4,348	-1,951
Gross profit		**330,035**	**314,312**	**-2,313**	**594**
Staff expenses	3	-268,767	-341,339	-3,717	-4,787
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-69,112	-95,120	0	0
Profit/loss before financial income and expenses		**-7,844**	**-122,147**	**-6,030**	**-4,193**
Income from investments in subsidiaries		0	0	-13,818	-119,289
Financial income	5	4,261	1,363	2,024	667
Financial expenses	6	-18,347	-25,777	-1,284	-641
Profit/loss before tax		**-21,930**	**-146,561**	**-19,108**	**-123,456**
Tax on profit/loss for the year	7	4,894	21,853	1,164	770
Profit/loss of continuing activities		**-17,036**	**-124,708**	**-17,944**	**-122,686**
Discontinuing activities	9	-908	2,022	0	0
Net profit/loss for the year	8	**-17,944**	**-122,686**	**-17,944**	**-122,686**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2023	2021/22	2023	2021/22
		TDKK	TDKK	TDKK	TDKK
Completed development projects		5,038	6,591	0	0
Acquired other similar rights		88,467	114,509	0	0
Goodwill		410,184	439,172	0	0
Intangible assets	10	**503,689**	**560,272**	**0**	**0**
Land and buildings		0	0	0	0
Plant and machinery		3,757	6,311	0	0
Other fixtures and fittings, tools and equipment		6,130	5,624	0	0
Leasehold improvements		8,382	15,251	0	0
Property, plant and equipment	11	**18,269**	**27,186**	**0**	**0**
Investments in subsidiaries	12	0	0	342,521	362,261
Deposits	13	4,655	4,655	0	0
Fixed asset investments		**4,655**	**4,655**	**342,521**	**362,261**
Fixed assets		**526,613**	**592,113**	**342,521**	**362,261**
Raw materials and consumables		77,294	80,822	0	0
Work in progress		11,337	20,432	0	0
Finished goods and goods for resale		24,887	31,485	0	0
Prepayments for goods		13,139	8,974	0	0
Inventories		**126,657**	**141,713**	**0**	**0**
Trade receivables		87,446	70,393	0	0
Contract work in progress	14	10,678	20,750	0	0
Receivables from group enterprises		0	0	45,923	29,379
Other receivables	15	32,416	29,595	22	141
Deferred tax asset	18	18,123	910	2,852	1,688
Prepayments	16	4,605	5,200	0	0
Receivables		**153,268**	**126,848**	**48,797**	**31,208**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2023	2021/22	2023	2021/22
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand		**16,932**	**74,672**	**4,540**	**13**
Current assets		**296,857**	**343,233**	**53,337**	**31,221**
Assets relating to discontinuing activities		**0**	**13,830**	**0**	**0**
Assets		**823,470**	**949,176**	**395,858**	**393,482**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2021/22	Parent company 2023	Parent company 2021/22
		TDKK	TDKK	TDKK	TDKK
Share capital	17	48,911	48,911	48,911	48,911
Reserve for hedging transactions		1,067	2,828	0	0
Reserve for exchange rate conversion		3,124	7,283	0	0
Retained earnings		284,427	302,370	288,618	312,481
Equity		**337,529**	**361,392**	**337,529**	**361,392**
Provision for deferred tax	18	18,824	21,087	0	0
Other provisions	19	2,830	7,082	0	0
Provisions		**21,654**	**28,169**	**0**	**0**
Credit institutions		104,334	97,682	0	0
Lease obligations		0	161	0	0
Other payables		10,220	17,753	1,067	1,162
Long-term debt	20	**114,554**	**115,596**	**1,067**	**1,162**
Credit institutions	20	99,442	202,573	0	0
Lease obligations	20	76	48	0	0
Prepayments received from customers		0	9,884	0	0
Trade payables		65,100	67,890	280	328
Contract work in progress	14	81,337	78,265	0	0
Corporation tax		12,764	2,490	129	0
Other payables	20	91,014	74,739	56,853	30,600
Short-term debt		**349,733**	**435,889**	**57,262**	**30,928**
Debt		**464,287**	**551,485**	**58,329**	**32,090**
Liabilities relating to discontinuing activities	9	**0**	**8,130**	**0**	**0**
Liabilities and equity		**823,470**	**949,176**	**395,858**	**393,482**

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2021/22	2023	2021/22
		TDKK	TDKK	TDKK	TDKK
Contingent assets, liabilities and other financial obligations	23				
Related parties	24				
Fee to auditors appointed at the general meeting	25				
Subsequent events	26				
Accounting Policies	27				

Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	48,911	2,828	7,283	302,371	361,393
Exchange adjustments relating to foreign entities	0	0	-4,159	0	-4,159
Fair value adjustment of hedging instruments, beginning of year	0	-3,395	0	0	-3,395
Fair value adjustment of hedging instruments, end of year	0	1,135	0	0	1,135
Tax on adjustment of hedging instruments for the year	0	499	0	0	499
Net profit/loss for the year	0	0	0	-17,944	-17,944
Equity at 31 December	**48,911**	**1,067**	**3,124**	**284,427**	**337,529**

Parent company

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	48,911	312,482	361,393
Exchange adjustments relating to foreign entities	0	-4,159	-4,159
Other equity movements	0	-1,761	-1,761
Net profit/loss for the year	0	-17,944	-17,944
Equity at 31 December	**48,911**	**288,618**	**337,529**

Cash flow statement 1 January - 31 December

	Note	Group 2023	Group 2021/22
		TDKK 12 months	TDKK 15 months
Result of the year		-17,944	-122,686
Adjustments	21	75,016	99,025
Change in working capital	22	10,157	52,059
Cash flow from operations before financial items		**67,229**	**28,398**
Financial income		4,271	420
Financial expenses		-18,523	-19,846
Cash flows from ordinary activities		**52,977**	**8,972**
Corporation tax paid		-4,703	-16,734
Cash flows from operating activities		**48,274**	**-7,762**
Purchase of intangible assets		-435	-1,589
Purchase of property, plant and equipment		-2,167	-7,536
Fixed asset investments made etc		0	-1,369
Sale of property, plant and equipment		2,832	0
Business acquisition		0	-243,758
Cash flows from investing activities		**230**	**-254,252**
Repayment of mortgage loans		-726	726
Repayment of loans from credit institutions		-99,404	-727
Reduction of lease obligations		-133	48
Repayment of other long-term debt		-7,534	7,894
Raising of loans from credit institutions		0	22,436
Cash capital increase		0	235,000
Cash flows from financing activities		**-107,797**	**265,377**
Change in cash and cash equivalents		**-59,293**	**3,363**
Cash and cash equivalents at 1 January		76,225	72,862
Cash and cash equivalents at 31 December		**16,932**	**76,225**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		16,932	76,225
Cash and cash equivalents at 31 December		**16,932**	**76,225**

Notes to the Financial Statements

	Group		Parent company	
	2023	2021/22	2023	2021/22
	TDKK 12 months	TDKK 15 months	TDKK 12 months	TDKK 15 months
1. Revenue				
Geographical segments				
Europe	473,427	627,572	2,035	2,545
Other countries	216,848	331,070	0	0
	690,275	**958,642**	**2,035**	**2,545**
Business segments				
Onshore	223,413	323,981	2,035	2,545
Offshore	466,862	634,661	0	0
	690,275	**958,642**	**2,035**	**2,545**

2. Other operating income

Other operating income in 2023 includes a gain on the sale of Freezertech of DKK 21.327k. Other operating income in 2021/22 includes received compensation during COVID-19 regarding staff costs DKK 8.688k.

	Group		Parent company	
	2023	2021/22	2023	2021/22
	TDKK 12 months	TDKK 15 months	TDKK 12 months	TDKK 15 months
3. Staff Expenses				
Wages and salaries	238,980	305,139	3,717	4,753
Pensions	19,618	25,441	0	0
Other social security expenses	9,181	10,759	0	0
Other staff expenses	988	0	0	34
	268,767	**341,339**	**3,717**	**4,787**
Including remuneration to the Executive Board and Board of Directors	**3,717**	**4,848**	**3,717**	**1,362**
Average number of employees	**394**	**410**	**1**	**1**

The company has established an Incentive Programme for the Executive Board and the Board of Directors as well as selected key employees. The participants have purchased shares and warrants at fair market value. The participants has furthermore the opportunity to obtain warrants in the future at fair market value.

Notes to the Financial Statements

4. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment

	Group		Parent company	
	2023	2021/22	2023	2021/22
	TDKK 12 months	TDKK 15 months	TDKK 12 months	TDKK 15 months
Amortisation of intangible assets	57,161	80,411	0	0
Depreciation of property, plant and equipment	11,951	14,709	0	0
	69,112	**95,120**	**0**	**0**

5. Financial income

	Group		Parent company	
	2023	2021/22	2023	2021/22
	TDKK 12 months	TDKK 15 months	TDKK 12 months	TDKK 15 months
Interest received from group enterprises	0	0	2,010	667
Other financial income	2,469	468	14	0
Exchange adjustments	1,792	895	0	0
	4,261	**1,363**	**2,024**	**667**

6. Financial expenses

	Group		Parent company	
	2023	2021/22	2023	2021/22
	TDKK 12 months	TDKK 15 months	TDKK 12 months	TDKK 15 months
Interest paid to group enterprises	0	0	0	1
Other financial expenses	18,347	25,777	1,284	640
	18,347	**25,777**	**1,284**	**641**

Notes to the Financial Statements

	Group		Parent company	
	2023	2021/22	2023	2021/22
	TDKK 12 months	TDKK 15 months	TDKK 12 months	TDKK 15 months
7. Income tax expense				
Current tax for the year	7,437	10,377	0	0
Deferred tax for the year	-13,702	-32,287	-1,164	-770
Adjustment of tax concerning previous years	1,371	57	0	0
	-4,894	**-21,853**	**-1,164**	**-770**

	Parent company	
	2023	2021/22
	TDKK	TDKK
8. Profit allocation		
Retained earnings	-17,944	-122,686
	-17,944	**-122,686**

9. Discontinuing activities

	Group 2023	Group 2021/22	Parent company 2023	Parent company 2021/22
	TDKK	TDKK	TDKK	TDKK
Revenue	28,117	30,200	0	0
Other operating income	9	0	0	0
Expenses for raw materials and consumables	-16,214	-15,725	0	0
Other external expenses	-3,926	-2,283	0	0
Gross profit/loss	**7,986**	**12,192**	**0**	**0**
Staff expenses	-8,023	-8,826	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	-433	-493	0	0
Profit/loss before financial income and expenses	**-470**	**2,873**	**0**	**0**
Financial income	10	0	0	0
Financial expenses	-176	-382	0	0
Profit/loss before tax	**-636**	**2,491**	**0**	**0**
Tax on profit/loss for the year	-272	-469	0	0
Net profit/loss for the year of discontinuing activities	**-908**	**2,022**	**0**	**0**
Intangible assets	0	143	0	0
Property, plant and equipment	0	4,132	0	0
Fixed assets	**0**	**4,275**	**0**	**0**
Inventories	0	4,409	0	0
Receivables	0	3,593	0	0
Cash at bank and in hand	0	1,553	0	0
Current assets	**0**	**9,555**	**0**	**0**
Assets relating to discontinuing activities	**0**	**13,830**	**0**	**0**
Provisions	0	827	0	0
Debt	0	7,303	0	0
Liabilities relating to discontinuing activities	**0**	**8,130**	**0**	**0**
Cash flows from operating activities	3,723			

Cash flows from investing activities	-183			
Cash flows from financing activities	-3,355			
Cash flows relating to discontinuing activities	**185**	**0**	**0**	**0**

10. Intangible fixed assets

Group

	Completed development projects	Acquired other similar rights	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 January	11,809	204,551	531,619
Exchange adjustment	-282	-6	0
Additions for the year	1,114	1,551	1,762
Disposals for the year	0	-3,700	-7,355
Cost at 31 December	12,641	202,396	526,026
Impairment losses and amortisation at 1 January	5,217	89,899	92,448
Exchange adjustment	-252	-1	0
Amortisation for the year	2,638	26,014	29,623
Reversal of impairment and amortisation of sold assets	0	-1,983	-6,229
Impairment losses and amortisation at 31 December	7,603	113,929	115,842
Carrying amount at 31 December	**5,038**	**88,467**	**410,184**
Amortised over	5 years	5 years	10-20 years

Completed development projects compromises development etc. of machinery and equipment with the all of the Group's business areas. As of 31 December 2023 the carrying amount of completed development projects amounts to DKK 5,038k. The amortisation period for completed development projects is set to 5 years.

Development projects relates to optimization and streamlining of previously similarly sold plants.

Acquired intangible assets comprises cost from development of a new ERP-system. A significant part of costs from development of a new ERP-system are internal costs in the form of direct wages, materials and services, which is registered in the Company's internal project management module.

Acquired intangible assets also comprises of identified contracts from business combinations

Notes to the Financial Statements

11. Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	2,971	19,381	15,798	40,461
Exchange adjustment	0	-1,101	-426	-245
Additions for the year	0	447	2,816	155
Disposals for the year	-2,971	-1,560	-1,120	0
Cost at 31 December	0	17,167	17,068	40,371
Impairment losses and depreciation at 1 January	157	12,062	9,865	25,210
Exchange adjustment	0	0	-32	-59
Depreciation for the year	0	2,905	2,210	6,838
Reversal of impairment and depreciation of sold assets	-157	-1,557	-1,105	0
Impairment losses and depreciation at 31 December	0	13,410	10,938	31,989
Carrying amount at 31 December	**0**	**3,757**	**6,130**	**8,382**
Amortised over	50 years	3-7 years	3-7 years	5-10 years

Notes to the Financial Statements

	Parent company	
	2023	2021/22
	TDKK	TDKK

12. Investments in subsidiaries

	2023 TDKK	2021/22 TDKK
Cost at 1 January	509,712	274,054
Additions for the year	0	235,658
Cost at 31 December	509,712	509,712
Value adjustments at 1 January	-147,451	-36,661
Exchange adjustment	-4,160	5,851
Net profit/loss for the year	-13,818	-119,289
Other equity movements, net	-1,762	2,648
Value adjustments at 31 December	-167,191	-147,451
Carrying amount at 31 December	**342,521**	**362,261**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Carsoe HoldCo A/S	Aalborg	TDKK 25,427	100%

13. Other fixed asset investments

Group

	Deposits
	TDKK
Cost at 1 January	4,655
Cost at 31 December	4,655
Carrying amount at 31 December	**4,655**

	Group 2023	Group 2021/22	Parent company 2023	Parent company 2021/22
	TDKK	TDKK	TDKK	TDKK
14. Contract work in progress				
Selling price of work in progress	385,731	457,738	0	0
Payments received on account	-456,390	-515,253	0	0
	-70,659	**-57,515**	**0**	**0**
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	10,678	20,750	0	0
Prepayments received recognised in debt	-81,337	-78,265	0	0
	-70,659	**-57,515**	**0**	**0**

15. Derivative financial instruments

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

	Group 2023	Group 2021/22	Parent company 2023	Parent company 2021/22
	TDKK	TDKK	TDKK	TDKK
Assets	1,136	3,395	0	0

Derivative financial instruments comprise an interest swap measured at fair value which amounts to a positive DKK 1,136k. The interest swap has a principal of DKK 100,000k and matures in 1 year. A fixed interest of negative 0.1 % is paid and variable interest which follow the interest index "DKK-CIBOR2-CiBOR" is received. The interest rate swap meets the conditions for being treated as hedge accounting, why the fair value adjustment is recognised directly on equity. The fair value amount is based on a market value report from Jyske Bank

16. Prepayments

Prepayments comprises of prepaid expenses such as software license, lease payments, insurance and other prepaid expenses.

17. Share capital

The share capital consists of 489,114,453 shares of a nominal value of TDKK 0. No shares carry any special rights.

	Group		Parent company	
	2023	2021/22	2023	2021/22
	TDKK	TDKK	TDKK	TDKK

18. Provision for deferred tax

	2023 TDKK	2021/22 TDKK	2023 TDKK	2021/22 TDKK
Deferred tax liabilities at 1 January	20,177	22,229	-1,688	0
Additions from business combinations	0	29,810	0	0
Amounts recognised in the income statement for the year	-13,702	-32,287	-1,164	-770
Amounts recognised in equity for the year	-5,774	425	0	-918
Deferred tax liabilities at 31 December	**701**	**20,177**	**-2,852**	**-1,688**
Recognised in the balance sheet as follows:				
Assets	18,123	1,680	2,852	2,458
Provisions	-18,824	-21,087	0	0
	701	**20,177**	**-2,852**	**-1,688**

19. Other provisions

The Group provides warranties of on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of TDKK 2,830 (2021/22: TDKK 7,564) have been recognised for expected warranty claims.

20. Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent company	
	2023	2021/22	2023	2021/22
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	104,334	97,682	0	0
Long-term part	104,334	97,682	0	0
Within 1 year	30,000	0	0	0
Other short-term debt to credit institutions	69,442	202,573	0	0
	203,776	**300,255**	**0**	**0**
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	0	161	0	0
Long-term part	0	161	0	0
Within 1 year	76	48	0	0
	76	**209**	**0**	**0**
Other payables				
After 5 years	1,325	7,893	0	0
Between 1 and 5 years	8,895	9,860	1,067	1,162
Long-term part	10,220	17,753	1,067	1,162
Within 1 year	0	1	0	0
Other short-term payables	91,014	74,738	56,853	30,600
	101,234	**92,492**	**57,920**	**31,762**

Notes to the Financial Statements

21. Cash flow statement - Adjustments

	Group	
	2023	2021/22
	TDKK 12 months	TDKK 15 months
Financial income	-4,271	-1,363
Financial expenses	18,523	26,159
Depreciation, amortisation and impairment losses, including losses and gains on sales	69,545	95,613
Tax on profit/loss for the year	-4,622	-21,384
Exchange adjustments	-4,159	0
	75,016	**99,025**

22. Cash flow statement - Change in working capital

	Group	
	2023	2021/22
	TDKK 12 months	TDKK 15 months
Change in inventories	19,465	-43,290
Change in receivables	-5,614	86,539
Change in other provisions	-4,734	-1,820
Change in trade payables, etc	3,300	6,996
Other changes in working capital	-2,260	3,634
	10,157	**52,059**

	Group		Parent company	
	2023	2021/22	2023	2021/22
	TDKK	TDKK	TDKK	TDKK
23. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with bankers:				
Bank loans are secured by way of a mortgage in investments in group enterprises. The carrying amount of mortgage investments in group enterprises is	0	0	342,521	357,843
Bank debt of TDKK 69,416 is secured by floating charge of TDKK 30,000k. The carrying amount of charged assets is	4,649	7,794	0	0
Bank debt of TDKK 225 is secured by floating charge of TDKK 10,000. The carrying amount of charged assets is	132,577	145,105	0	0

Bank debts are secured by way of floating charge of nominal TDKK 25,000 on unsecured claims from trade receivables, plant and machinery, other fixtures and fittings, tools and equipments as well as inventories. The bank debt amounts to TDKK 0 at 31.12.2023.

	Group 2023 TDKK	Group 2021/22 TDKK	Parent company 2023 TDKK	Parent company 2021/22 TDKK
Rental and lease obligations				
Liabilities under rental or lease agreements until maturity in total	75,958	87,240	0	0

Other contingent liabilities

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

Notes to the Financial Statements

24. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Plemont Co-Investment No.1 Seperate Limited Partnership, Jersey	Owns shares in the Entity, thus exercising control.

Transactions

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

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Plemont Co-Investment No.1 Seperate Limited Partnership	Jersey, Great Britain

The Group Annual Report of Plemont Co-Investment No.1 Seperate Limited Partnership may be obtained at the following address:

11 Seaton Place
St Helier Jersey
Great Britain

25. Fee to auditors appointed at the general meeting

	Group	
	2023	2021/22
	TDKK 12 months	TDKK 15 months
PricewaterhouseCoopers		
Audit fee	1,163	0
	1,163	**0**
Deloitte		
Audit fee	0	1,023
Other assurance engagements	0	215
Tax advisory services	0	158
Non-audit services	0	1,644
	0	**3,040**

Notes to the Financial Statements

26. Subsequent events

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

27. Accounting policies

The Annual Report of Carsoe Group 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 Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in TDKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

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

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

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

Business combinations

Business acquisitions carried through on or after 1 July 2018

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

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

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

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

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

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

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

Business acquisitions carried through before 1 July 2018

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

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

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

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

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

Translation policies

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the 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.

Notes to the Financial Statements

Segment information on revenue

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

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

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.

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 Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

Other operating income and expenses

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

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with all Danish group enterprises. 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).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10-20 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

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

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Other intangible fixed assets

Licences and rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Software licences and rights are amortised over the period of the agreements, which is 5 years and 5 years, respectively.

Property, plant and equipment

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 are not recognised in cost during construction and reconstruction periods.

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

Production buildings	50 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of intangible assets and 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 amortisation and 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.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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 goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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.

Provisions

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

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

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.

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.

Notes to the Financial Statements

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.

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity