Carsoe Group A/S

Mineralvej 6
9220 Aalborg Øst
CVR No. 39893932

Annual report 01.10.2019 - 30.09.2020

The Annual General Meeting adopted the annual report on 25.02.2021

Benny Karlsen Birk
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2019/20	13
Consolidated balance sheet at 30.09.2020	14
Consolidated statement of changes in equity for 2019/20	17
Consolidated cash flow statement for 2019/20	18
Notes to consolidated financial statements	20
Parent income statement for 2019/20	27
Parent balance sheet at 30.09.2020	28
Parent statement of changes in equity for 2019/20	30
Notes to parent financial statements	31
Accounting policies	34

Entity details

Entity

Carsoe Group A/S

Mineralvej 6

9220 Aalborg Øst

Business Registration No.: 39893932

Registered office: Aalborg

Financial year: 01.10.2019 - 30.09.2020

Board of Directors

Denis Viet-Jacobsen

Helle Thorning-Schmidt

Thomas Voss

Michael Frost

Kristian Johnsen Hundebøll

Executive Board

Mikkel Klitgaard Jacobsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Carsoe Group A/S for the financial year 01.10.2019 - 30.09.2020

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 30.09.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2019 - 30.09.2020.

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.

Aalborg, 25.02.2021

Executive Board

Mikkel Klitgaard Jacobsen

Board of Directors

Denis Viet-Jacobsen

Helle Thorning-Schmidt

Thomas Voss

Michael Frost

Kristian Johnsen Hundebøll

Independent auditor's report

To the shareholders of Carsoe Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Carsoe Group A/S for the financial year 01.10.2019 - 30.09.2020, 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 30.09.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2019 - 30.09.2020 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 and 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 under the Danish Financial Statements Act.

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.

Aarhus, 25.02.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Vedel
State Authorised Public Accountant
Identification No (MNE) mne10052

Jakob Olesen
State Authorised Public Accountant
Identification No (MNE) mne34492

Management commentary

Financial highlights

	2019/20 DKK'000	2018/19 DKK'000
Key figures		
Revenue	689,124	785,947
Gross profit/loss	251,919	241,712
Operating profit/loss	(873)	16,271
Net financials	(5,519)	(14,209)
Profit/loss for the year	(9,342)	(6,934)
Profit for the year excl. minority interests	(9,342)	(7,036)
Balance sheet total	705,810	750,079
Investments in property, plant and equipment	14,228	16.282
Equity	261,715	266,515
Equity excl. minority interests	261,715	266,125
Cash flows from operating activities	10,048	(12,914)
Cash flows from investing activities	(19,867)	(408,678)
Cash flows from financing activities	(1,241)	450,354
Ratios		
Gross margin (%)	36.56	30.75
Net margin (%)	(1.36)	(0.88)
Return on equity (%)	(3.6)	(2.6)
Equity ratio (%)	37.08	35.48

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

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on equity (%):
Profit/loss excl minority interests * 100
Average equity excl minority interests

Equity ratio (%):
$$\frac{\text{Equity excl. minority interests} * 100}{\text{Balance sheet total}}$$

Primary activities

The Group is a leading global provider of niche processing equipment and services for the onboard seafood and food processing industries. Carsoe's activities comprise product development, manufacturing, installation and service.

Development in activities and finances

Revenue for 2019/20 was DKK 689m, which was mainly derived from activities within onboard seafood processing.

The Company's revenue declined by approx. 20% compared to 2018/2019 and came in below expectations at the start of the financial year. This decrease was to a great extent caused by the Covid-19 situation as ongoing projects were delayed due to travel restrictions and shipyards being partly or fully closed during parts of the year. The timelines for several major projects have therefore been extended into 2020/21.

The Company has to the extent possible been able to adapt capacity to tie in with the postponed delivery dates. The Company has thereby been able to limit the financial impacts of customer delays to some extent.

However, as no existing or pending pipeline projects have been cancelled, the financial impact of the Covid-19 situation mainly affects the timing of projects between 2019/20 and 2020/21.

Management considers the operating profit excluding depreciation and amortization (EBITDA) for 2019/20 of DKK 50m to be satisfactory, and adjusted for Covid-19 impact, EBITDA would have been significantly higher.

The net loss after tax for 2019/20 of DKK 9m compared to a loss last year of DKK 7m.

Outlook

The outlook for the financial year 2020/2021 is uncertain as it is not possible to foresee when the effects of the Covid-19 pandemic will diminish, and the markets normalise.

However, the Company currently expects an increase in profit after tax to a level around DKK 5-15m.

Particular risks

Operating risks

The Group's most significant operating risks relate to its ability to retain client relations, key employees and always to be at the forefront of technological development within the Group's business areas.

Because of the significant price fluctuations on the volatile steel market, the Group's use of steel as a raw material involves a risk in case of unexpected steel price increases as such price increases might not have been taken into account in outstanding quotations.

Financial and insurance risks

Due to its operating, investment and financial activities, the Group is exposed to fluctuations in exchange rates and interest rates. It is the Group's policy not to conduct active speculation in financial risks. The Group's financial control is thus solely directed towards control of already assumed liabilities.

As a consequence of foreign activities, results, cash flows and equity are affected by fluctuations in exchange rates and interest rates of a few currencies. It is the Group's policy to hedge commercial exchange rate risks. Such hedging is primarily effected through foreign exchange contracts on anticipated sales and purchases, though this does not apply to DKK versus EUR as this rate is fixed. No speculative foreign currency transactions are conducted.

Currency adjustments of investments in subsidiaries which are independent entities are recognised directly in equity. As a main rule, related currency risks are not hedged, as the Group believes that current hedging of such long-term investments will not be optimal from an overall risk and cost perspective.

The Group has bank loans and moderate changes to the interest level in the current global low interest rate environment will not have any major impact on earnings. The Group therefore does not adopt any interest rate positions to hedge interest rate risks.

Knowledge resources

The Group's business foundation is to supply high-tech and reliable equipment and installations for manufacturing and processing in the food industry. 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 also critical for the Group to be able to recruit and retain highly educated and knowledgeable employees.

Research and development activities

Our research and development activities are primarily carried out at the head office in Denmark. Development activities include the development of equipment and components for the processing of customers' products within the Group's business areas. A total of DKK 3m was spent during the financial year on development activities, primarily within solutions for the fishing industry.

Development activities are expected to be carried out at the same level during next financial year.

Statutory report on corporate social responsibility

Corporate social responsibility is an integral part of Carsoe Group's business strategy and we remain committed to and focused on all aspects, from environment, employee satisfaction, human rights, anti-corruption and our role in society in general.

The Company wants to act responsibly in relation to customers, employees, business partners and the outside world. We are aware that there may be several opportunities and risks concerning corporate social responsibility in relation to our business.

We elaborate in the following on how we manage our corporate social responsibility and related risks in our work.

Environment and climate

Carsoe Group manufactures and distributes products in Denmark, the US, Norway and the UK and the impact from this on the environment in terms of waste and CO2 emissions are the primary risks to be addressed.

The Company has a comprehensive policy for its environmental work, which has been specified in more detail in 2020 with associated objectives. The strategy is based on environmentally sound operations and is integrated with the Company's objectives for product quality and production facilities.

The Company’s only discharge emanates from the disposal of waste. Wastewater is transported to Fortum Waste Solutions A/S, and all other production waste is sorted before transportation to a re-cycling station. Our entire sorting of waste was recently optimised, in 2018/19. Likewise, the Company’s energy systems, such as ventilation and heating systems, were also optimised in 2018/19. In addition, LED lighting is used throughout the Company's premises in Denmark and all fork-lifts are electrically powered.

Management believes that the Company through these initiatives has achieved a satisfactory level for managing the environmental impact. Our internal Green Profile Group, which was established in 2019/20 to identify further possible environmental measures, has identified several new initiatives. These include increased re-cycling at our offices, further requirements for suppliers etc., which are currently being evaluated.

Corruption and bribery
The Company's production of machinery, fixtures and fittings for the dairy and fishing industries is sold primarily to customers in Europe, Russia and the US. We are aware of the risk that in some countries corruption and bribery may be more prevalent and we are diligent in ensuring we avoid such risks in our business relationships. The Company has a zero-tolerance policy, which means that any suspected violations must be fully investigated.

The Company has a Compliance Handbook that embodies the Company's core values and our Code of Ethics. The Compliance Handbook includes our anti-corruption policies as well as policies for Supplier Code of Conduct, money laundering, export control and international trade sanctions. The Company’s executives confirm compliance with the policies every third month.

Management did not become aware during the financial year of any breach of the compliance rules.

Human rights
Regarding human rights and employees, the primary risks Carsoe Group addresses are related to discrimination and the risk of work-related accidents in the production area.

The Company's Code of Ethics requires the Group's employees to act with integrity and in accordance with acceptable ethical standards for human rights.

To deal with any risk from our business partners, the Company has prepared a Supplier Code of Conduct that sets the same requirements for the Company's suppliers of goods and services. If a supplier violates the rules, the Company will try to establish close cooperation to help the supplier improve business standards and employee well-being.

However, the Company reserves the right to terminate contracts with a supplier immediately if the supplier should continue to violate the rules intentionally and is unwilling to discuss and agree on the implementation of a planned improvement.

We did not find in 2019/20 any breach of our Code of Ethics or Supplier Code of Conduct.

Employees

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.

The Staff Manual is handed out to all new employees and reviewed as part of the onboarding process.

The Staff Manual also contains policies for continuing training of the Company's employees, including relevant first aid and safety courses to create a safe work environment. This is supported by the Company's working environment organisation, which is appointed by all employees at Carsoe A/S to deal with the health and safety issues in the departments.

Management believes that the integration of new employees has proceeded well, and the work environment organisation has helped to maintain a good work environment in 2019/20.

Statutory report on the underrepresented gender

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

The Group is working to increase the number of female managers in the Group and, based on this, has set specific targets for the share of the underrepresented gender in the Group's management in general. The Group has a target that 25% of the management positions in the Group should be held by women by 2022.

Management positions cover the Board of Directors, the Executive Board, middle managers as well as divisional managers and department managers. The policy is supported by a practice which aims to ensure that both genders are represented in job interviews where possible.

The current distribution on the Group’s Board of Directors is 20% women and in the other management positions 13%. The target for the Board of Directors has not been achieved yet, as there has not been any election for the Board in 2019/20. The target for middle management has not yet been achieved as, when recruiting employees, the Group chooses candidates based on their qualifications and competencies. The gender of the candidate is not an assessment factor in this process, and there is consequently no gender discrimination in the recruitment process.

Events after the balance sheet date

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

Consolidated income statement for 2019/20

	Notes	2019/20 DKK'000	2018/19 DKK'000
Revenue	2	689,124	785,947
Costs of raw materials and consumables		(377,667)	(481,288)
Other external expenses		(59,538)	(62,947)
Gross profit/loss		**251,919**	**241,712**
Staff costs	4	(202,402)	(182,132)
Depreciation, amortisation and impairment losses	5	(50,390)	(43,309)
Operating profit/loss		**(873)**	**16,271**
Other financial income	6	4,604	476
Other financial expenses	7	(10,123)	(14,685)
Profit/loss before tax		**(6,392)**	**2,062**
Tax on profit/loss for the year	8	(2,950)	(8,996)
Profit/loss for the year	9	**(9,342)**	**(6,934)**

Consolidated balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK'000	2018/19 DKK'000
Completed development projects	11	12,858	13,232
Acquired intangible assets		43,543	55,800
Goodwill		309,787	327,847
Intangible assets	10	**366,188**	**396,879**
Land and buildings		2,686	2,841
Plant and machinery		15,013	11,132
Other fixtures and fittings, tools and equipment		5,369	6,066
Leasehold improvements		26,721	30,622
Property, plant and equipment in progress		159	0
Property, plant and equipment	12	**49,948**	**50,661**
Deposits		1,468	1,292
Fixed asset investments	13	**1,468**	**1,292**
Fixed assets		**417,604**	**448,832**
Raw materials and consumables		36,448	35,834
Work in progress		2,853	4,969
Manufactured goods and goods for resale		10,697	14,785
Prepayments for goods		31,769	12,436
Inventories		**81,767**	**68,024**

Trade receivables		104,511	92,700
Contract work in progress	14	72,777	85,333
Other receivables	15	1,809	11,624
Income tax receivable		4,337	4,000
Prepayments	16	5,303	10,804
Receivables		**188,737**	**204,461**
Cash		**17,702**	**28,762**
Current assets		**288,206**	**301,247**
Assets		**705,810**	**750,079**

Equity and liabilities

	Notes	2019/20 DKK'000	2018/19 DKK'000
Contributed capital	17	28,043	27,271
Retained earnings		233,672	238,854
Equity belonging to Parent's shareholders		**261,715**	**266,125**
Equity belonging to minority interests		**0**	**390**
Equity		**261,715**	**266,515**
Deferred tax	18	29,697	30,429
Other provisions	19	2,518	4,400
Provisions		**32,215**	**34,829**
Bank loans		147,999	176,201
Finance lease liabilities		0	350
Other payables		8,479	1,272
Non-current liabilities other than provisions	21	**156,478**	**177,823**
Current portion of non-current liabilities other than provisions	21	28,556	19,841
Bank loans		16,191	4,635
Prepayments received from customers		8,534	24,943
Contract work in progress	14	84,488	95,899
Trade payables		74,117	92,986
Income tax payable		187	447
Other payables		42,869	30,988
Deferred income	22	460	1,173
Current liabilities other than provisions		**255,402**	**270,912**
Liabilities other than provisions		**411,880**	**448,735**
Equity and liabilities		**705,810**	**750,079**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	24		
Assets charged and collateral	25		
Transactions with related parties	26		
Subsidiaries	27		

Consolidated statement of changes in equity for 2019/20

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000
Equity beginning of year	27,271	0	238,854	266,125	390
Effect of mergers and business combinations	0	0	0	0	(390)
Increase of capital	772	6,945	0	7,717	0
Transferred from share premium	0	(6,945)	6,945	0	0
Exchange rate adjustments	0	0	(3,515)	(3,515)	0
Value adjustments	0	0	935	935	0
Tax of entries on equity	0	0	(205)	(205)	0
Profit/loss for the year	0	0	(9,342)	(9,342)	0
Equity end of year	**28,043**	**0**	**233,672**	**261,715**	**0**

	Total DKK'000
Equity beginning of year	266,515
Effect of mergers and business combinations	(390)
Increase of capital	7,717
Transferred from share premium	0
Exchange rate adjustments	(3,515)
Value adjustments	935
Tax of entries on equity	(205)
Profit/loss for the year	(9,342)
Equity end of year	**261,715**

Consolidated cash flow statement for 2019/20

	Notes	2019/20 DKK'000	2018/19 DKK'000
Operating profit/loss		(873)	16,271
Amortisation, depreciation and impairment losses		50,390	43,298
Other provisions		0	4,400
Working capital changes	23	(27,254)	(53,418)
Cash flow from ordinary operating activities		**22,263**	**10,551**
Financial income received		299	476
Financial expenses paid		(9,645)	(14,685)
Income taxes refunded/(paid)		(2,869)	(9,256)
Cash flows from operating activities		**10,048**	**(12,914)**
Acquisition etc. of intangible assets		(5,688)	(27,516)
Acquisition etc. of property, plant and equipment		(14,228)	(16,282)
Sale of property, plant and equipment		225	59
Acquisition of fixed asset investments		(176)	(6)
Acquisition of enterprises		0	(364,933)
Cash flows from investing activities		**(19,867)**	**(408,678)**
Free cash flows generated from operations and investments before financing		**(9,819)**	**(421,592)**
Loans raised		0	200,000
Repayments of loans etc.		(7,862)	(22,093)
Cash capital increase		6,077	272,314
Reduction of lease commitments		(419)	(267)
Contribution upon enterprises		0	400
Other loans		963	0
Cash flows from financing activities		**(1,241)**	**450,354**
Increase/decrease in cash and cash equivalents		**(11,060)**	**28,762**
Cash and cash equivalents beginning of year		28,762	0
Cash and cash equivalents end of year		**17,702**	**28,762**

Cash and cash equivalents at year-end are composed of:		
Cash	17,702	28,762
Cash and cash equivalents end of year	**17,702**	**28,762**

Notes to consolidated financial statements

1 Events after the balance sheet date

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

2 Revenue

	2019/20 DKK'000	2018/19 DKK'000
Europe	496,689	633,126
Other countries	192,435	152,821
Total revenue by geographical market	**689,124**	**785,947**
Onshore	179,970	232,149
Offshore	509,154	553,798
Total revenue by activity	**689,124**	**785,947**

3 Fees to the auditor appointed by the Annual General Meeting

	2019/20 DKK'000	2018/19 DKK'000
Statutory audit services	395	395
Tax services	55	55
Other services	106	361
	556	**811**

4 Staff costs

	2019/20 DKK'000	2018/19 DKK'000
Wages and salaries	177,153	158,371
Pension costs	21,084	15,915
Other social security costs	4,165	7,846
	202,402	**182,132**

Average number of full-time employees	**366**	**325**

	Remuneration of management 2019/20 DKK'000	Remuneration of management 2018/19 DKK'000
Total amount for management categories	3,377	2,221
	3,377	**2,221**

According to section 98B(3) no.2 of the Danish Financial Statement Act, remuneration to management has been disclosed together under one category, because it will lead to an individual's remuneration disclosed.

5 Depreciation, amortisation and impairment losses

	2019/20 DKK'000	2018/19 DKK'000
Amortisation of intangible assets	35,954	34,159
Depreciation on property, plant and equipment	14,427	9,139
Profit/loss from sale of intangible assets and property, plant and equipment	9	11
	50,390	**43,309**

6 Other financial income

	2019/20 DKK'000	2018/19 DKK'000
Other interest income	150	413
Exchange rate adjustments	4,305	61
Other financial income	149	2
	4,604	**476**

7 Other financial expenses

	2019/20 DKK'000	2018/19 DKK'000
Other interest expenses	7,924	9,227
Exchange rate adjustments	478	3,956
Other financial expenses	1,721	1,502
	10,123	**14,685**

8 Tax on profit/loss for the year

	2019/20 DKK'000	2018/19 DKK'000
Current tax	3,786	5,255
Change in deferred tax	(836)	4,100
Adjustment concerning previous years	0	(359)
	2,950	**8,996**

9 Proposed distribution of profit/loss

	2019/20 DKK'000	2018/19 DKK'000
Retained earnings	(9,342)	(7,036)
Minority interests' share of profit/loss	0	102
	(9,342)	**(6,934)**

10 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Goodwill DKK'000
Cost beginning of year	15,181	68,120	345,863
Addition through business combinations etc	0	0	1,251
Exchange rate adjustments	(292)	(31)	0
Additions	3,228	1,209	0
Disposals	(6,451)	(2,267)	(1,683)
Cost end of year	**11,666**	**67,031**	**345,431**
Amortisation and impairment losses beginning of year	(1,949)	(12,320)	(18,016)
Amortisation for the year	(3,310)	(13,333)	(19,311)
Amortisation and impairment losses on assets disposed of	0	0	1,683
Reversal regarding disposals	6,451	2,165	0
Amortisation and impairment losses end of year	**1,192**	**(23,488)**	**(35,644)**
Carrying amount end of year	**12,858**	**43,543**	**309,787**

11 Development projects

Completed development projects compromises development etc. of machinery and equipment with the all of the Group’s business areas. As of 30 September 2020 the carrying amount of completed development projects amounts to DKK 12,858k. The amortisation period for completed development projects is set to 5 years. Management has not identified any indication of impairment regarding the carrying amount of completed development projects.

Acquired intangible assets comprises cost from development of new ERP-system. A significant part of cost from development of new ERP-system is internal cost 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.

12 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	2,900	14,495	7,985	34,007	0
Exchange rate adjustments	(90)	(91)	(121)	(52)	0
Additions	0	9,120	1,935	3,014	159
Disposals	0	(355)	(262)	0	0
Cost end of year	**2,810**	**23,169**	**9,537**	**36,969**	**159**
Depreciation and impairment losses beginning of year	(59)	(3,363)	(1,919)	(3,385)	0
Depreciation for the year	(65)	(5,033)	(2,466)	(6,863)	0
Reversal regarding disposals	0	240	217	0	0
Depreciation and impairment losses end of year	**(124)**	**(8,156)**	**(4,168)**	**(10,248)**	**0**
Carrying amount end of year	**2,686**	**15,013**	**5,369**	**26,721**	**159**
Recognised assets not owned by Entity		211	166		

13 Fixed asset investments

	Deposits DKK'000
Cost beginning of year	1,292
Additions	176
Cost end of year	**1,468**
Carrying amount end of year	**1,468**

14 Contract work in progress

	2019/20 DKK'000	2018/19 DKK'000
Contract work in progress	855,417	571,975
Progress billings	(867,128)	(582,541)
Transferred to liabilities other than provisions	84,488	95,899
	72,777	**85,333**

15 Other receivables

Other receiveables compromises outstanding VAT and other receivables.

16 Prepayments

Prepayments compromises prepaid expenses such as software licens, lease payments, insurance and other prepaid expenses.

17 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Shares	280,431,010	0.0001	28,043
	280,431,010		**28,043**

No share confers any special rights or privileges on the holder.

18 Deferred tax

	2019/20 DKK'000	2018/19 DKK'000
Intangible assets	10,542	13,100
Property, plant and equipment	417	305
Inventories	320	278
Receivables	30,528	23,705
Provisions	(405)	968
Liabilities other than provisions	(554)	(389)
Tax losses carried forward	(11,151)	(7,538)
Deferred tax	**29,697**	**30,429**

Changes during the year	2019/20 DKK	2018/19 DKK
Beginning of year	30,429	0
Recognised in the income statement	(836)	4,100
Recognised directly in equity	205	(216)
Addition through business combinations etc	0	26,545
other adjustment	(101)	0
End of year	**29,697**	**30,429**

19 Other provisions

Other provisions comprise non-recourse guarantee commitments to remedy defects and deficiencies within the guarantee period.

20 Other payables

	2019/20 DKK'000	2018/19 DKK'000
Holiday pay obligation	7,179	0
Derivative financial instruments	337	1,272
Other costs payable	963	0
	8,479	**1,272**

21 Non-current liabilities other than provisions

	Due within 12 months 2019/20 DKK'000	Due within 12 months 2018/19 DKK'000	Due after more than 12 months 2019/20 DKK'000
Bank loans	28,366	19,582	147,999
Finance lease liabilities	190	259	0
Other payables	0	0	8,479
	28,556	**19,841**	**156,478**

22 Deferred income

Deferred income compromises prepaid expenses.

23 Changes in working capital

	2019/20 DKK'000	2018/19 DKK'000
Increase/decrease in inventories	(13,743)	24,852
Increase/decrease in receivables	16,061	(34,324)
Increase/decrease in trade payables etc.	(28,342)	(46,148)
Other changes	(1,230)	2,202
	(27,254)	**(53,418)**

24 Unrecognised rental and lease commitments

	2019/20 DKK'000	2018/19 DKK'000
Total liabilities under rental or lease agreements until maturity	**56,781**	**64,136**

25 Assets charged and collateral

Bank debt is secured by floating charge of DKK 30,000k.

Bank debt up to DKK 75,000k has been secured by guarantee. As of 30 September 2020 the total bank debt from this guarantee amounts to DKK 9,078k.

Bank loans are secured by a fixed and floating charge over the properties at Units 2 and 9 Humberston Business

Centre, Jackson Place, Humberston, Grimsby. The secured debt from mortgage amounts to DKK 685k.

A total of DKK 8,540k from performance bonds and payment guarantees is secured for business partners. Performance bonds and payment guarantees is due within 1-5 years.

26 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

27 Subsidiaries

	Registered in	Corporate form	Ownership %
Carsoe U.S. Inc	USA	Inc.	100,0
Holmek Palletering AS	Norway	AS	100,0
Freezertech Limited	United Kingdom	Ltd.	100,0
Carsoe A/S	Denmark	A/S	100,0
Carsoe Holdco A/S	Denmark	A/S	100,0

Parent income statement for 2019/20

	Notes	2019/20 DKK'000	2018/19 DKK'000
Revenue	2	2,138	1,999
Other external expenses		(494)	(130)
Gross profit/loss		**1,644**	**1,869**
Staff costs	3	(3,377)	(2,221)
Operating profit/loss		**(1,733)**	**(352)**
Income from investments in group enterprises		(7,856)	(6,744)
Other financial income from group enterprises		(10)	0
Other financial expenses	4	(9)	(22)
Profit/loss before tax		**(9,608)**	**(7,118)**
Tax on profit/loss for the year	5	266	82
Profit/loss for the year	6	**(9,342)**	**(7,036)**

Parent balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK'000	2018/19 DKK'000
Investments in group enterprises		257,116	266,117
Fixed asset investments	7	**257,116**	**266,117**
Fixed assets		**257,116**	**266,117**
Deferred tax	8	348	82
Other receivables		14	0
Income tax receivable		0	4,000
Receivables		**362**	**4,082**
Cash		**5,723**	**281**
Current assets		**6,085**	**4,363**
Assets		**263,201**	**270,480**

Equity and liabilities

	Notes	2019/20 DKK'000	2018/19 DKK'000
Contributed capital		28,043	27,271
Retained earnings		233,672	238,854
Equity		**261,715**	**266,125**
Other payables		963	0
Non-current liabilities other than provisions	9	**963**	**0**
Trade payables		129	130
Payables to group enterprises		394	225
Joint taxation contribution payable		0	4,000
Current liabilities other than provisions		**523**	**4,355**
Liabilities other than provisions		**1,486**	**4,355**
Equity and liabilities		**263,201**	**270,480**
Events after the balance sheet date	1		
Contingent liabilities	10		
Assets charged and collateral	11		
Related parties with controlling interest	12		

Parent statement of changes in equity for 2019/20

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	27,271	0	238,854	266,125
Increase of capital	772	6,945	0	7,717
Transferred from share premium	0	(6,945)	6,945	0
Exchange rate adjustments	0	0	(3,515)	(3,515)
Other entries on equity	0	0	730	730
Profit/loss for the year	0	0	(9,342)	(9,342)
Equity end of year	**28,043**	**0**	**233,672**	**261,715**

Notes to parent financial statements

1 Events after the balance sheet date

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

2 Revenue

Revenue consists of management fees to Danish subsidiaries.

3 Staff costs

	2019/20 DKK'000	**2018/19 DKK'000**
Wages and salaries	3,218	2,218
Pension costs	156	0
Other social security costs	3	3
	3,377	**2,221**

Average number of full-time employees	**1**	**1**

	Remuneration of management 2019/20 DKK'000	**Remuneration of management 2018/19 DKK'000**
Total amount for management categories	3,377	2,221
	3,377	**2,221**

According to section 98B(3) no.2 of the Danish Financial Statement Act, remuneration to management has been disclosed together under one category, because it will lead to an individual's remuneration disclosed.

4 Other financial expenses

	2019/20 DKK'000	**2018/19 DKK'000**
Financial expenses from group enterprises	2	3
Other interest expenses	7	19
	9	**22**

5 Tax on profit/loss for the year

	2019/20 DKK'000	**2018/19 DKK'000**
Change in deferred tax	(266)	(82)
	(266)	**(82)**

6 Proposed distribution of profit and loss

	2019/20 DKK'000	2018/19 DKK'000
Retained earnings	(9,342)	(7,036)
	(9,342)	**(7,036)**

7 Fixed asset investments

	Investments in group enterprises DKK'000
Cost beginning of year	272,414
Additions	1,640
Cost end of year	**274,054**
Revaluations beginning of year	(6,297)
Share of profit/loss for the year	(7,856)
Other adjustments	(2,785)
Revaluations end of year	**(16,938)**
Carrying amount end of year	**257,116**

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

8 Deferred tax

Changes during the year	2019/20 DKK'000
Beginning of year	82
Recognised in the income statement	266
End of year	**348**

Deferred tax assets consists of tax losses carried forward which is estimated to be offset against future taxable income in the Danish joint taxation.

9 Non-current liabilities other than provisions

	Due after more than 12 months 2019/20 DKK'000
Other payables	963
	963

10 Contingent liabilities

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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

11 Assets charged and collateral

Bank loans are secured by way of a mortgage in investments in group entreprises. The carrying amount of mortgaged investments in group entreprises in DKK 257,116k

12 Related parties with controlling interest

Related parties with controlling interest consists of Plemont Co-Investment No. 1 SLP, Jersey.

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.

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.

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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Entered contracts which is consisting of several separate contracts is divided into individual contracts accord-ing to the relative fair value method. Each individual contract is recognised in revenue when the criterias of recognising sales of goods, services and contracts are fullfilled.

A contract is divided into single transactions when it is possible to estimate the fair value of the single transaction with high certainty and each transaction has separate value for the customer. Transactions are assessed to have separate value for the customer when it is possible to identify the transaction and is nor-mally sold on an individual basis.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consid-eration fixed.

Revenue from sale of goods

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, it is possible to estimate and payment is ex-pected. Assessment of delivery and risk is assessed in accordance with Incoterms. In situations where goods sold is delivered on an ongoing basis and is integrated with the customers property the reve-nue is recognised in the income statement concurrently with delivery by which the revenue equals the fair value of the work performed.

Revenue from work in progress
Contracts where the delivery of plants with high individual adjustments is recognised in revenue concur-rently with the production by which the revenue equals the fair value of the work performed (the percent-age-of-completion method). If the result of a contract cannot be assessed with high certainty, the contract will only be recognised at cost in the extent that cost will be covered.

Revenue from services
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.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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.

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.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

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, and 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, and 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 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 – 20 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 and acquired intellectual property rights such as software licenses.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

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
Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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 self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. 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:

Buildings	50 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-7 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.

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

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.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

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

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.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Income 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.

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

Cash
Cash comprises bank deposits.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Finance lease liabilities
Lease commitments 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 commitments 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.

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 income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and 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.