Carsoe Group A/S

C/O Carsoe A/S Mineralvej 6, 9220 Aalborg Øst

CVR No 39 89 39 32

Annual report for

1 October 2021
-
31 December 2022

The Annual Report was presented and adopted at the Annual General Meeting of the Company on: 01.08.2023

Chairman of the General Meeting

Casper Villadsen

Contents

Company Information

Company
Carsoe Group A/S
Mineralvej 6
9220 Aalborg Øst

Central Business Registration No	39 89 39 32
Registered in	Aalborg

Financial period: 1 October 2021 - 31 December 2022

Executive Board
Hugo Holst Dissing

Board of Directors
Denis Jean Jørgen Viet-Jacobsen
Thomas Voss
Pernille Wichmann
Michael Pontoppidan Frost
Helle Thorning-Schmidt
Kristian Johnsen Hundebøll

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C
Cvr nr. 33 96 35 56

Management's Statement

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 01.10.2021 - 31.12.2022.

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

In opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2021 - 31.12.2022.

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

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

Aalborg, 14. juli 2023

Executive Board

Hugo Holst Dissing

Board of Directors

Denis Jean Jørgen Viet-Jacobsen Chairman	Thomas Voss
Kristian Johnsen Hundebøll	Pernille Wichmann
Michael Pontoppidan Frost	Helle Thorning-Schmidt

Independent Auditor’s Report

To the Shareholder of Carsoe Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements for the financial year 01.10.2021 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including asummary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2021 - 31.12.2022 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 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.

Management’s Responsibilities for the 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:

Independent Auditor’s Report

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity’s internal control.

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

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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.

Århus, 14. juli 2023
Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No 33 96 35 56

Henrik Vedel
State Authorised Public Accountant
mne10052

Jakob Olesen
State Authorised Public Accountant
mne34492

Key figures

	2021/22 DKK'000 (15 months)	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000
Financial highlights				
Key figures				
Revenue	988.842	564.548	689.124	785.947
Gross profit/loss	326.505	208.787	251.919	241.712
Operating profit/loss	(119.274)	(15.754)	(873)	16.271
Net financials	(24.796)	(12.826)	(5.519)	(14.209)
Profit/loss for the year	(122.686)	(23.097)	(9.342)	(7.036)
Balance sheet				
Total Assets	949.175	672.718	705.810	750.079
Investement in property, plant and equipment	7.535	4.121	14.228	16.282
Total equity	361.393	240.579	261.715	266.125
Cash flows				
Net cash flow from operating activities	129	(1.135)	10.048	(12.914)
Net cash flow from investing activities	(254.251)	32.035	(19.867)	(408.678)
Cash flow from financing activities	257.485	24.260	(1.241)	450.354
Empolyees				
Average number of full-time employees	410	311	366	325
Key Ratios				
Gross margin (%)	33,02	36,98	36,56	30,75
Net margin (%)	-12,41	-4,09	-1,36	-0,90
Return on equity (%)	-40,76	-9,20	-3,54	-2,60
Equity ratio (%)	38,07	35,76	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 (%):

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

Net Margin (%):

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

Return on equity (%):

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

Equity ratio (%):

$$\frac{\text{Total Equity * 100}}{\text{Balance sheet total}}$$

Management's Review

Primary activities

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

Development in activities and finances

On November 1, 2021, the Carsoe Group acquired all shares in Intech International A/S, which had overlapping businesses within food packaging and seafood processing equipment. Throughout the year, the group underwent a legal restructuring to establish two separate and streamlined businesses: Carsoe Seafood ApS, based in Aalborg, which focuses solely on seafood processing equipment, and Intech, based in Bronderslev, which specializes in food packaging equipment and has been rebranded as QUPAQ. This restructuring is expected to strengthen the market positions and growth opportunities for both businesses by allowing them to concentrate on their respective areas of expertise.

Carsoe Seafood ceased all activities related to the Russian market after the Russian invasion of Ukraine in February 2022, resulting in two direct consequences: A structural change in the commercial outlook and a substantial write-down of Russian-related assets with an accumulated negative effect of approximately DKK 65m. The decisions to stop all activities related to the Russian market prompted Carsoe to pivot towards a more diverse geographical focus. Following an intense strategy process, Carsoe amended its strategic direction with a clear vision of being the preferred supplier for turnkey on-board seafood processing solutions including freezing and palletizing, and aftermarket products and services, with a core focus on seafood and blue-chip customers worldwide.

In 2022, Carsoe also worked to fully utilize the merged seafood activities from Intech, strengthening its supply chain resilience and effectiveness, and enhancing its product value propositions. This included implementing new technologies and processes, and actively selling its many standard niche seafood processing products.

As a result of the strategic pivot and reallocation of resources, Carsoe Group has successfully grown its non-Russian business during 2022, including through its entry into the large Norwegian market for onboard turnkey seafood processing plants.

QUPAQ is the trusted partner for reliable and hygienic tray denesting and handling solutions for producers, integrators, and re-sellers globally – 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.

In 2022, QUPAQ has expanded its preferred partner network and is now represented in 9 countries, with sales companies in Germany and US. The US sales company was established in 2022.

QUPAQ has completed a strategy and branding process to leverage the strength and value proposition of the two merged Food businesses and an ambitious growth plan will be executed over the coming years.

Management's Review

Profit/loss for the year in relation to expected developments

The Company's income statement for the year ended the 31.12.2022 show a loss before tax of DKK 144.068k and the balance sheet at 31.12.2022 shows an equity of DKK 361.393k.

2021/22 has been negative impacted by extraordinary event following the Russian invasion. Carsoe Group has had exposure to increased costs on energy, raw materials, and freight following the global turmoil. Throughout 2021/22 Carsoe Group launched several successful initiatives to mitigate the increasing costs.
Under the given market terms, the management consider the results satisfactory. See further in note 1.

Outlook

In 2023, the Group will continue executing on its growth plan and expects the results for 2023 to improve compared with 2022 corresponding to an EBITDA in the range of DKK 68m-76m despite continued market uncertainty, high inflation and interest rates, and company investments.

Carsoe has proven its 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.

Particular risk

Operating risks

The Group's most significant operating risks relate to its ability to gain and retain client relations, key employees and staying 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.

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 Groups 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.

Knowledge 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 include engineering, project execution and management, and aftermarket services.

It is essential for the Group to be able to recruit and retain highly educated and knowledgeable employees. During 2022, 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 2022, Carsoe Group has strengthened its business processes and systems, including by integrating the Intech Seafood operations and the KM Fish subsidiary into Carsoe's ERP system, as well as integrating Carsoe's food business Anytray into QUPAQ. This integration will help streamline processes and improve efficiency across the organisations.

Research and development activities

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 8 FTEs were allocated during the financial year to development activities, with a particular focus on standardisation, automation, and leveraging the inhouse competences across all product capabilities.

For specific development activities, Carsoe Group has concluded work on auto freezer capacity capabilities, combination conveyer to handle both halibut and shrimp and Japan Shrimp box erector.

Statutory report on corporate social responsibility cf. Danish Financial Statements Act §99a

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 Carsoe Group 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. With reference to the business model, please refer to the section "Primary Activities" and "Development in activities and finances".

Environment and climate

In 2022, the consolidated group took a big step to increase our ESG performance and implement ESG into the core business – across initiatives and departments.

Both Carsoe and QUPAQ appointed a Head of ESG and established an ESG Ambassador group. The groups are made up of employees from across functions who work with ESG on a cross-organisational level. In addition, both Carsoe and QUPAQ teamed up with an external provider to accelerate and optimise the process.

The purpose of the ESG group is to make sure that the ESG work is grounded across both organisations. The groups are responsible for bringing forward proposals for continuous development of ESG and the target setting for the review and approval from top management. The ESG groups meets every month to ensure progress with the ongoing projects and activities. Besides the strategic work, Carsoe and QUPAQ has in 2022 started a project regarding policies and processes in the organisation.

Furthermore, ESG is core to our overall strategies for all entities within Carsoe and QUPAQ, and we are working on making it a part of our everyday mindset.

The Group has manufacturing in Denmark, USA, Norway, and the UK and the impact from this on the environment in terms of waste and CO_2 emissions are the primary areas and risks to be addressed.

Management's Review

In line with our sustainability focus, our goal is to produce machinery and systems that ensure a high-quality end-product whilst minimizing waste. We aim to reduce our impact on the climate and enviroment.
To help us reach this goal and increase sustainability we have the following as main interest:

- Mapping and reducing our CO2 footprint (Scope 1, 2 and eventually scope 3 (GHG))
- Improve our waste management, e.g., water, general waste, hazardous waste (if any) and utilization of purchased raw materials.
- R&D focus regarding focusing on renewable energy consumption for our processing machinery and/or reducing non-renewable energy.
- Increase our products lifetime with the help of our aftersales department regarding service, rebuilding and retrofitting, with an emphasis on making sure our products are environmentally sound recyclable.

Currently an roadmap is being designed to make sure that the key risks in relation to Carsoe Group's impact on environment and climate is mitigated.

The Group has a comprehensive policy for its environmental work, which has been further developed in 2022 with specific objectives rooted in the ESG agenda. The strategy is based on environmentally sound operations and is integrated with the Company's objectives for product quality and production facilities.

Carsoe has teamed up with an external consultancy in the work related to ESG. This project is well under way in 2023 and will continue into 2024. '

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.

During the financial year, management did not become aware of any breaches of our compliance rules, and going forward we are committed to maintaining our current level of procedures and controls to prevent corruption and bribery hence why among other measures a whistleblower hotline as been etablished.

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 2021/2022 period, we did not identify any breaches of our Code of Ethics or Supplier Code of Conduct, and going forward we are committed to maintaining our current procedures in the future.

Management's Review

Employees

Achieving the Company's strategic and financial targets is largely dependent on our employees and on their skills and commitment. Increasing complexity, a fast-moving competitive environment, and the accompanying digitalization, are leading to an increased demand for skilled employees and executives. For this reason, it is of central importance for Carsoe Group to strengthen our position in the competition for the most qualified employees.

Key action items have been put into place:

Enhanced focus on sickness absence

Carsoe Group has a keen eye on managing sickness absence and are committed to supporting and assisting individual employees who may have health difficulties. It is important that a fair and consistent approach is adopted, providing support to the employee whilst ultimately securing their return to work.

Management training

The changing workforce and greater competition have also accelerated the demands placed on our managers. What this involves is coming up with new ways of communicating and working that are fit for the future but also efficient. Based on this, Carsoe Group have started to enroll our middle managers in communication and leadership courses which aims to build our managers' skills in leading and managing employees.

Continues improvement.

For the remainder of 2023 and onwards we will continue the positive development of the above-mentioned areas while also putting extra focus on Employee Engagement and development to retain skilled labor.

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.

The Staff Manuals are 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 within the group to deal with the health and safety issues in the departments.

Statutory report on underrepresented gender cf. Danish Financial Statements Act §99b

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.

The Group is working to increase the number of female managers in the Group and 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 the end of 2023.

Management positions cover the Board of Directors, the Executive Board, middle managers, 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 33% women and in the other management positions 13%. The target for the Board of Directors is adjusted to be 50% of the positions to be held by women by 2024. 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.

Management's Review

Statutory report on corporate social responsibility cf. Danish Financial Statements Act §99d

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, but as such we have not identified a need to establish a stand-alone Data Ethics Policy.

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

	Note	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
		TDKK	TDKK
Revenue	2	988.842	564.548
Other operating income	3	11.919	37.215
Costs of raw materials and consumables		(535.183)	(332.951)
Other external expenses	4	(139.073)	(60.025)
Gross proift/loss		**326.505**	**208.787**
Staff expenses	5	(350.165)	(173.943)
Depreciation, amortisation and impairment losses	6	(95.613)	(50.598)
Operating proift/loss		**(119.274)**	**(15.754)**
Other financial income	7	1.363	2.836
Other financial expenses	8	(26.159)	(15.662)
Loss before tax		**(144.069)**	**(28.580)**
Tax on profit/loss for the year	9	21.384	5.483
Loss for the year	10	**(122.686)**	**(23.097)**

Consolidated balance sheet

	Note	31 December 2022	30 September 2021
		TDKK	TDKK
Completed development projects	12	6.591	8.926
Acquired intangible assets		114.652	30.980
Goodwill		439.172	290.478
Development projects in progress	12	0	2.884
Intangible assets	11	**560.415**	**333.268**
Land and buildings		2.814	2.782
Plant and machinery		7.319	9.518
Other fixtures and fittings, tools and equipment		5.933	4.490
Leasehold improvements		15.251	21.690
Property, plant and equipment	13	**31.317**	**38.480**
Deposits		4.655	1.505
Financial assets	14	**4.655**	**1.505**
Fixed assets		**596.386**	**373.253**
Raw materials and consumables		80.822	31.795
Work in progress		20.483	3.367
Manufactured goods and goods for resale		35.843	12.406
Prepayments for goods		8.974	10.078
Inventories		**146.122**	**57.646**
Trade receivables		73.712	99.796
Contract work in progress	15	20.750	50.896
Derivative financial instruments	16	3.395	0
Other receivables		26.267	15.919
Deferred tax asset	18	910	0
Prepayments	17	5.407	2.346
Receivables		**130.441**	**168.957**
Cash		**76.225**	**72.862**
Current assets		**352.788**	**299.465**
Total assets		**949.175**	**672.718**

Consolidated balance sheet

	Note	31 December 2022	30 September 2021
		TDKK	TDKK
Contributed capital		48.911	28.078
Translation reserve		7.402	1.551
Reserve for fair value adjustments of hedging instruments		2.708	60
Retained earnings		302.372	210.890
Total equity		**361.393**	**240.579**
Deferred tax liabilities	18	21.432	22.229
Other provisions	19	7.564	6.978
Provisions		**28.996**	**29.207**
Bank Loans		97.682	128.432
Lease liabilities		161	46
Other payables	20	9.860	18.722
Non-current liabilities other than provisions	21	**107.703**	**147.200**
Current portion of non-current liabilities other than provisions	21	101.691	0
Bank loans		105.827	78.948
Prepayments received from customers		9.884	0
Contract work in progress	15	78.265	65.352
Trade payables		70.186	66.066
Tax payable		2.767	684
Other payables	22	81.981	44.097
Deferred income	23	482	585
Current liabilities other than provisions		**451.083**	**255.732**
Liabilities other than provisions		**558.786**	**402.932**
Equity and liabilities		**949.175**	**672.718**

Unusual circumstances	1
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Consolidated statement of changes in equity

	Contributed capital	Share premium	Translation reserve	Reserve for fair value adjustment s of hedging instruments	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October 2020	**28.043**	**0**	**0**	**0**	**233.672**	**261.715**
Increase of capital	35	315	0	0	0	350
Transferred from share premium	0	(315)	0	0	315	0
Exchange rate adjustments	0	0	1.551	0	0	1.551
Value adjustments	0	0	0	60	0	60
Profit/loss for the year	0	0	0	0	(23.097)	(23.097)
Equity at 30 September 2021	**28.078**	**0**	**1.551**	**60**	**210.890**	**240.579**
Equity at 1 October 2021	**28.078**	**0**	**1.551**	**60**	**210.890**	**240.579**
Increase of capital	20.833	214.167	0	0	0	235.000
Transferred from share premium	0	(214.167)	0	0	214.167	0
Exchange rate adjustments	0	0	5.732	0	0	5.732
Value adjustments	0	0	0	2.768	0	2.768
Profit/loss for the year	0	0	0	0	(122.686)	(122.686)
Equity at 31 December 2022	**48.911**	**0**	**7.283**	**2.828**	**302.371**	**361.393**

At 31 december 2022 contributed capital consist of 489.114.453 shares with a nominal value of DKK 0,1. No Shares are assigned preferral rights.

Consolidated cash flow statement

	Notes	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
		TDKK	TDKK
Operating profit/loss		(119.274)	(15.754)
Amortisation, depreciation and impairment losses		95.613	50.598
Other provisions		(1.820)	3.710
Working capital changes	24	61.770	(725)
Other adjustments		0	(29.868)
Cash flow from ordinary operating activities		**36.289**	**7.961**
Financial income received		420	106
Financial expenses paid		(19.846)	(12.051)
Taxed refunded/(paid)		(16.734)	2.849
Cash flows from operating activities		**129**	**(1.135)**
Acquisition etc. of intangible assets		(1.589)	(3.897)
Acquisition etc. of property, plant and equipment		(7.535)	(4.121)
Sale of property, plant and equipment		0	328
Acquisition of fixed asset investments		(1.369)	(47)
Acquisition of enterprises		(243.758)	0
Disposal of activities		0	39.772
Cash flows from investing activities		**(254.251)**	**32.035**
Free cash flows generated from operations and investments before financing		**(254.121)**	**30.900**
Loans raised		22.436	139.008
Repayments of loans etc.		0	(176.365)
Cash capital increase		235.000	350
Reduction of leases commitments		48	(190)
Other loans		0	(1.300)
Increase of bank loans		0	62.757
Cash flow from financing activities		**257.485**	**24.260**
Increase/decrease in cash and cash equivalents		**3.363**	**55.160**
Cash and cash equivalents, beginning of the year		72.862	17.702
Cash and cash equivalents at end of the year		**76.225**	**72.862**

Notes

1 Unusual circumstances

2021/22 has been negatively impacted by extraordinary events following the Russian invasion. Carsoe ceased all activitites related to the Russian market after the Russian invasion of Ukraine in February 2022, resulting in a substantial write-down of Russian-related assets. The accumulated negative effect of the ceasure of the Russian contracts amounts to appromiximately DKK 65m.

2 Revenue

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Europe	657.772	422.433
Other countries	331.070	142.115
Total revenue by geographical market	988.842	564.548
Onshore	354.181	98.910
Offshore	634.661	465.638
Total revenue by activity	988.842	564.548

3 Other operating income

Other operating income in 2021/22 includes received compensation during COVID-19 regarding staff costs DKK 8.688k. Other operating income in 2020/21 includes a profit of DKK 29.868k from the sale of the tank division, received compensation during COVID-19 regarding staff costs DKK 7,080k and other income DKK 267k.

4 Fee to the auditor appointed by the annual general meeting

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Statutory audit services	1.023	408
Other assurance services	215	0
Tax Services	158	57
Other Services	1.644	110
	3.040	575

Notes

5 Staff costs

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Wages and salaries	313.965	154.516
Pension costs	25.441	16.690
Other social security costs	10.759	2.737
	350.165	**173.943**
Average number of full-time employees	410	311

Remuneration of management

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Executive board	2.755	2.445
Board of directors	2.093	1.313
	4.848	**3.758**

Incentive programme

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.

6 Depreciation and amortisation

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Amortisation of intangible assets	80.411	36.720
Depreciation on property, plant and equipment	15.202	13.743
Profit/loss from sale of intangible assets and property, plant and equipment	0	135
	95.613	**50.598**

Notes

7 Other financial income

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Other interest income	246	63
Exchange rate adjustments	895	2.738
Other financial income	222	35
	1.363	**2.836**

8 Other financial expenses

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Other interest expenses	9.326	7.315
Exchange rate adjustments	6.070	3.611
Other financial expenses	10.763	4.736
	26.159	**15.662**

9 Tax on profit/loss for the year

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Current tax	(10.076)	2.001
Change in deferred tax	31.517	(7.468)
Adjustment concerning previous years	(57)	(16)
	21.384	**(5.483)**

10 Proposed distribution of profit/loss

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Retained earnings	(122.686)	(23.097)
	(122.686)	**(23.097)**

Notes

11 Intangible assets

	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost:				
At 1 October 2021	**11.114**	**68.056**	**345.431**	**2.884**
Additions during the year	695	0	0	894
Additions from businees combinations	0	136.495	186.188	0
Disposals during the year	0	0	0	(3.778)
At 31 December 2022	**11.809**	**204.551**	**531.619**	**0**
Amortisation and impairment losses beginning of year				
At 1 October 2021	**(2.188)**	**(37.076)**	**(54.953)**	**0**
Amortisation through business combinations	0	(10.043)	(2.893)	0
Amortisation for the year	(3.030)	(42.780)	(34.602)	0
At 31 December 2022	(5.218)	(89.899)	(92.448)	0
Carrying amount end of year	**6.591**	**114.652**	**439.171**	**0**

12 Development projects

Completed development projects compromises development etc. of machinery and equipment with the all of the Group's business areas. As of 31 December 2022 the carrying amount of completed development projects amounts to DKK 6,591k. The amortisation period for completed development projects is set to 5 years.

Development projects under construction include the development of new production facilities for future sale. Development projects relates to optimization and streamlining of previously similarly sold plants. The development projects has been finalized in the period and has been transferred to completed development projects.

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

13 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK	TDKK
Cost:				
At 1 October 2021	**2.971**	**19.238**	**10.512**	**38.355**
Additions during the year	0	143	5.286	2.106
At 31 December 2022	**2.971**	**19.381**	**15.798**	**40.461**
Depreciation and impairment losses beginning of year				
At 1 October 2021	**(189)**	**(9.720)**	**(6.022)**	**(16.665)**
Depreciation for the year	(332)	(2.482)	(3.843)	(8.545)
Exchange difference	364	140	0	0
At 31 December 2022	(157)	(12.062)	(9.865)	(25.210)
Carrying amount end of year	2.814	7.319	5.933	15.251

14 Financial assets

	Deposits
	TDKK
Cost :	
At 1 October 2021	1.505
Additions due to business combinations	1.781
Additions	1.369
At 31 December 2022	4.655
Carrying amount end of year	4.655

15 Contract work in progress

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Contract work in progress	457.738	953.846
Progress billings	(515.253)	(968.302)
Transferred to liabilities other than provisions	78.265	65.352
	20.750	**50.896**

Notes

16 Derivative financial instruments

Other receivables includes fair value of interest rate swap which amounts to a positive of DKK 3,395k. The interest swap has a principal of DKK 100,000k and matures in 2 years. A fixed interest rate 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 to equity. The fair value amount is based on a market value report from Jyske Bank.

17 Prepayments

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

18 Deferred tax

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Intangible assets	28.882	7.734
Property, plant and equipment	1.139	(1.283)
Inventories	537	327
Receivables	7.655	27.242
Provisions	(1.121)	312
Liabilities other than provisions	(1.180)	(1.148)
Tax losses carried forward	(15.390)	(10.955)
	20.522	**22.229**
Regonised as deferred tax asset	910	0
Regonised as deferred tax liability	21.432	22.229

Change during the year	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Beginning of year	**22.229**	**29.697**
Additions from business combinations	29.810	
Recognised in the income statement	(31.517)	(7.468)
End of year	**20.522**	**22.229**

19 Other provisions

Other provisions comprise of expected losses from contract work in progress and non-recourse guarantee commitments to remedy defects and deficiencies within the guarantee period.

20 Other payables (non-current)

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Holiday pay obligation	8.697	7.295
Derivative financial instruments	0	152
Other costs payable	1.162	11.275
	9.859	18.722

Notes

21 Non-current liabilities other than provisions

	Due within 12 months	Due after more than 12 months	Outstanding after 5 years
	TDKK	TDKK	TDKK
Bank loans	100.398	97.682	0
Leases liabilities	48	161	0
Other payables	1.245	9.860	7.893
	101.691	107.703	7.893

22 Other payables (current)

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
VAT and duties	3.896	6
Wages and salaries, personal income taxes, social security costs etc.	8.847	20.633
Holiday pay obligation	7.792	6.858
Other costs payable	61.445	16.600
	81.980	44.097

Other payables includes includes employee tax loans from the Danish government in relation to COVID-19 which amounts to DKK 10,262k

23 Deferred income

Deferred income compromises pre-received income.

24 Changes in working capital

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Increase/decrease in inventories	(43.290)	17.100
Increase/decrease in receivables	86.539	(8.392)
Increase/decrease in trade payables etc.	14.887	(13.710)
Adjustment of derivates measured at fair value	3.549	0
Other changes	84	4.277
	61.770	(725)

25 Unrecognised rental and lease commitments

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Total liabilities under rental or lease agreements until maturity	92.306	44.915
	92.306	44.915

Notes

26 Assets charged and collateral

Bank debt of DKK 104,734k is secured by floating charge of DKK 30,000k. The carrying amount of charged assets is DKK 7,794k.

Bank debt of DKK 314k is secured by floating charge of DKK 10,000k. The carrying amount of charged assets is DKK 145,105k.

Bank debts are secured by way of floating charge of nominal DKK 25,000k 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 DKK 0k at 31.12.2022.

Included within bank borrowings are secured liabilities totalling DKK 428k (2021: DKK 589k). These are secured by a fixed and floating charge over the properties at Units 2 and 9 Humberston Business Centre, Jackson Place, Humberston, Grimsby.
Included within HP and finance leases are secured liabilities totalling DKK 42k (2021: DKK 109k). These are secured against the assets to which they relate.
The aggregate amount of the two secured liabilites total DKK 469k (2021: DKK 687k).

27 Non-arm's length related party transactions

Carsoe Group has recieved a capital increase of DKK 235,000k from the shareholders in 2021/22. Other than the capital increase no other related party transactions have been conducted on a non-arm's length basis in the financial year.

28 Subsidiaries

	Registered in	Corporate form	Ownership %
Carsoe HoldCo A/S	Denmark, Aalborg	A/S	100%
Carsoe Seafood ApS	Denmark, Aalborg	ApS	100%
Carsoe ApS	Denmark, Aalborg	ApS	100%
Carsoe PE1 ApS	Denmark, Aalborg	ApS	100%
Carsoe US Inc.	USA, Seattle	Inc.	100%
Holmek palletering AS	Norway, Frei Kristiansund	AS	100%
Freezertech limited	United Kingdom, Humberston	Ltd.	100%
Intech Holding A/S	Denmark, Brønderslev	A/S	100%
QUPAQ ApS	Denmark, Brønderslev	ApS	100%
Intech International GmbH	German, Handewitt	BmbH	100%
Damgaard Automatik A/S	Denmark, Pandrup	A/S	100%
Intech International Norge AS	Norway, Ålesund	AS	100%

29 ownership

The company is included in the group report for the parent company Plemont SLP, Jersey, Great Britain.
The group report for Plemont SLP, Jersey, Great Britain can be requested at the following address:

11 Seaton Place
St Helier Jersey
Great Britain

Parent income Statement

	Notes	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
		TDKK	TDKK
Revenue	1	2.545	1.820
Other external expenses		(1.951)	(875)
Gross profit/loss		**594**	**945**
Staff expenses	2	(4.787)	(3.222)
Operating profit/loss		**(4.193)**	**(2.277)**
Income from investments in subsidaries		(119.289)	(21.334)
Financial income	3	667	8
Financial expenses	4	(641)	(64)
Profit/loss before tax		**(123.456)**	**(23.667)**
Tax on profit/loss of the year	5	770	570
Profit/loss for the year	6	**(122.686)**	**(23.097)**

Parent Company Balance sheet

	Notes	31 December 2022	30 September 2021
		TDKK	TDKK
Investments in subsidiaries	7	362.261	237.393
Financial assets		**362.261**	**237.393**
Fixed assets		**362.261**	**237.393**
Deferred tax assets	8	1.688	918
Other receivables		142	11
Receivables from group enterprises		29.379	0
Receivables		**31.209**	**929**
Cash at bank and in hand		**13**	**3.568**
Current assets		**31.222**	**4.497**
Assets		**393.483**	**241.890**

Parent Company Balance sheet

	Note	31 December 2022	30 September 2021
		TDKK	TDKK
Contributed capital		48.911	28.078
Retained earnings		312.481	212.501
Total equity		**361.392**	**240.579**
Other payables	9	1.162	1.014
Non-current liabilities other than provisions		**1.162**	**1.014**
Trade payables		328	140
Payables to group enterprises		30.600	157
Current liabilities other than provisions		**30.928**	**297**
Liabilities other than provisions		**32.090**	**1.311**
Equity and liabilities		**393.482**	**241.890**
Contingent liabilities	10		
Assets charged and collateral	11		
Related parties with controlling interest	12		
Non-arm's length related party transactions	13		

Statement of changes in equity

	Share capital	Share premium	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October 2020	**28.043**	**0**	**233.672**	**261.715**
Increase of capital	35	315	0	**350**
Transferred from share premium	0	(315)	315	**0**
Exchange rate adjustments	0	0	1.551	**1.551**
Other entries on equity	0	0	60	**60**
Profit/loss for the year	0	0	(23.097)	**(23.097)**
Equity at 30 September 2021	**28.078**	**0**	**212.501**	**240.579**
Equity at 1 October 2021	**28.078**	**0**	**212.501**	**240.579**
Increase of capital	20.833	214.167	0	235.000
Transferred from share premium	0	(214.167)	214.167	0
Exchange rate adjustments	0	0	5.732	5.732
Other entries on equity	0	0	2.768	2.768
Profit/loss for the year	0	0	(122.686)	(122.686)
Equity at 31 December 2022	**48.911**	**0**	**312.482**	**361.393**

Notes

1 Revenue

Revenue segments are not disclosed, cf. ÅRL § 96, paragraph 3.

2 Staff costs

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Wages and salaries	4.556	3.058
Pensions	226	161
Other social security expenses	4	3
	4.786	**3.222**

Average number of employees	1	1

Remuneration of management

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Executive board	774	687
Board of directors	588	715
	1.362	**1.402**

Incentive programme

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.

3 Other financial income

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Interest from group enterprises	667	8
	667	**8**

4 Other financial Expenses

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Interest to group enterprises	1	5
Other financial expenses	640	59
	641	**64**

Notes

5 Tax on profit/loss for the year

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Change in deferred tax	(770)	(570)
	(770)	**(570)**

6 Proposed distribution of profit and loss

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
Retained earnings	(122.686)	(23.097)
	(122.686)	**(23.097)**

7 Investments in subsidiaries

	Investment in group enterprises
	TDKK
Cost at 1 October 2021	**274.054**
Additions	235.658
Cost at 31 December 2022	**509.712**
Revaluations at 1 October 2021	(36.661)
Exchange rate adjustments	5.851
Share of profit/loss for the year	(119.289)
Other adjustments	2.648
Revaluations at 31 December 2022	**(147.451)**
Carrying amount at 31 December 2022	**362.261**

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

8 Deferred tax assets

	1 October 2021 to 31 December 2022	1 October 2020 to 30 September 2021
	TDKK	TDKK
At 1 October 2021	918	348
Recognised in the income statement	770	570
At 31 December 2022	1.688	918

Notes

9 Non-current liabilities other than provisions

	Due after more than 12 months
	TDKK
Other payables	1.162
	1.162

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 enterprises. The carrying amount of mortgage investments in group enterprises amounts to DKK 357.843k.

12 Related parties with controlling interest

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

13 Non-arm's length related party transactions

Carsoe Group has recieved a capital increase of DKK 235,000k from the shareholders in 2021/22. Other than the capital increase no other related party transactions have been conducted on a non-arm's length basis in the financial year.

Notes
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.

The current financial year has been changed from the period from 1 October to 30 September to the period from 1 October 2021 to 31 December 2022, hence the financial year covers 15 months. The comparatives has not been adjusted and will therefore not be directly comparable with current 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.

Business combinations

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.

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.

Notes

Intra-group business combinations

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 at the date of acquisition, and comparative figures have not been restated.

Accounting policy continuation

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 acquisition 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 thetransaction date. Receivables, payables and other monetary items denominated in foreign currencies thathave not been settled at the balance sheet date are translated using the exchange rate at the balancesheet date. Exchange differences that arise between the rate at the transaction date and the rate in effectat the payment date, or the rate at the balance sheet date, are recognised in the income statement asfinancial 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.

Accounting policy continuation

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 exchangerate 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 recognised directly in the translation reserve in equity

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve inequity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities aretranslated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities aretranslated 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, itemsderiving from nonmonetary assets and liabilities are translated using the historical rates applicable to therelevant non-monetary items.

Notes

Accounting policy continuation

Income statement

Revenue

Entered contracts which is consisting of several separate contracts is divided into individual contracts according 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 normally sold on an individual basis.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration 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 expected.

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 revenue 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 concurrently with the production by which the revenue equals the fair value of the work performed (the percentage-ofcompletion 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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity’s primary activities.

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 endof 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.

Notes

Accounting policy continuation

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

Other financial income comprises, interest income, includinginterest 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 refundconcerning 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 in the 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 recognisedin 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 5 years. For development projects protected by intellectual propertyrights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisationperiods used are 5 years.

Notes

Accounting policy continuation

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents areamortised 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. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs ofthe asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprisesdirect and indirect costs of materials, components, subsuppliers and labour costs. For assets held underfinance 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 equitymethod. 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 abovesection on business combinations for more details about the accounting policies applied to acquisitions ofinvestments 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 legalor constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that suchobligation will involve a loss, a provision is recognised that is measured at present value of the costsnecessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred tothe 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

Notes

Accounting policy continuation

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 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 in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, ispositive 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-basedvalue of assets and liabilities, for which the tax-based value is calculated based on the planned use of eachasset. H owever, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes andtemporary differences arising at the date of acquisition that do not result from a business combination andthat 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.

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.

Notes

Accounting policy continuation

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.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet asliabilities other than provisions, and, at the time of inception of the lease, measured at the present value offuture lease payments. Subsequent to initial recognition, lease liabilities are measured at amortisedcost. The difference between present value and nominal amount of the lease payments is recognised in theincome 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 financial income, financial expenses and income tax 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.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.