TITAN CONTAINERS

Annual Report

TITAN Storage Solutions A/S

2023

Contents

OUR COMPANY

YEAR IN REVIEW

BUSINESS HIGHLIGHTS

FINANCIAL HIGHLIGHTS

OUR COMPANY

ANNUAL REPORT

Statement by management on the annual report

Høje Taastrup, 19 April 2024
The supervisory board and executive board have today discussed and approved the annual report of TITAN Storage Solutions A/S for the financial year 1 January–31 December 2023.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the Group financial position at 31 December 2023 and of the results of the Group and the company operations and consolidated cash flows for the financial year 1 January-31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review. Management recommends that the annual report should be approved by the company in general meeting.

Board of Directors

John Layland Barker
Chairman

Lars Priemé

Kim Gulstad

Henrik Linde Thøgersen

Executive board
Søren Skov Mogensen, CEO
Søren Søgaard Suhr, CFO
Juliana Wagner Saad Ingstrup, General Counsel

Board of Directors
John Layland Barker, Chairman
Lars Priemé
Kim Gulstad
Henrik Linde Thøgersen

John Layland Barker **Lars Priemé** **Kim Gulstad** **Henrik Linde Thøgersen**

Independent auditor's report

To the shareholder of TITAN Storage Solutions A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of TITAN Storage Solutions A/S for the financial year 1 January–31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the Group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and parent company section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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 and 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 consolidated financial statements and the financial statements

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 company financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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 for the Group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the Group. We alone are 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 management's review

Management is responsible for management's review.

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

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 19 April 2024

Mazars
Statsautoriseret Revisionspartnerselskab
CVR no. 31 06 17 41

Dennis Herholdt Rasmussen
statsautoriseret revisor
MNE no. mne43413

Company details

The company: TITAN Storage Solutions A/S
Litauen Alle 9
2630 Taastrup
Website: www.TITANcontainers.com
CVR no.: 41 02 47 63

Reporting period: 1 January–31 December 2023
Incorporated: 19 December 2019

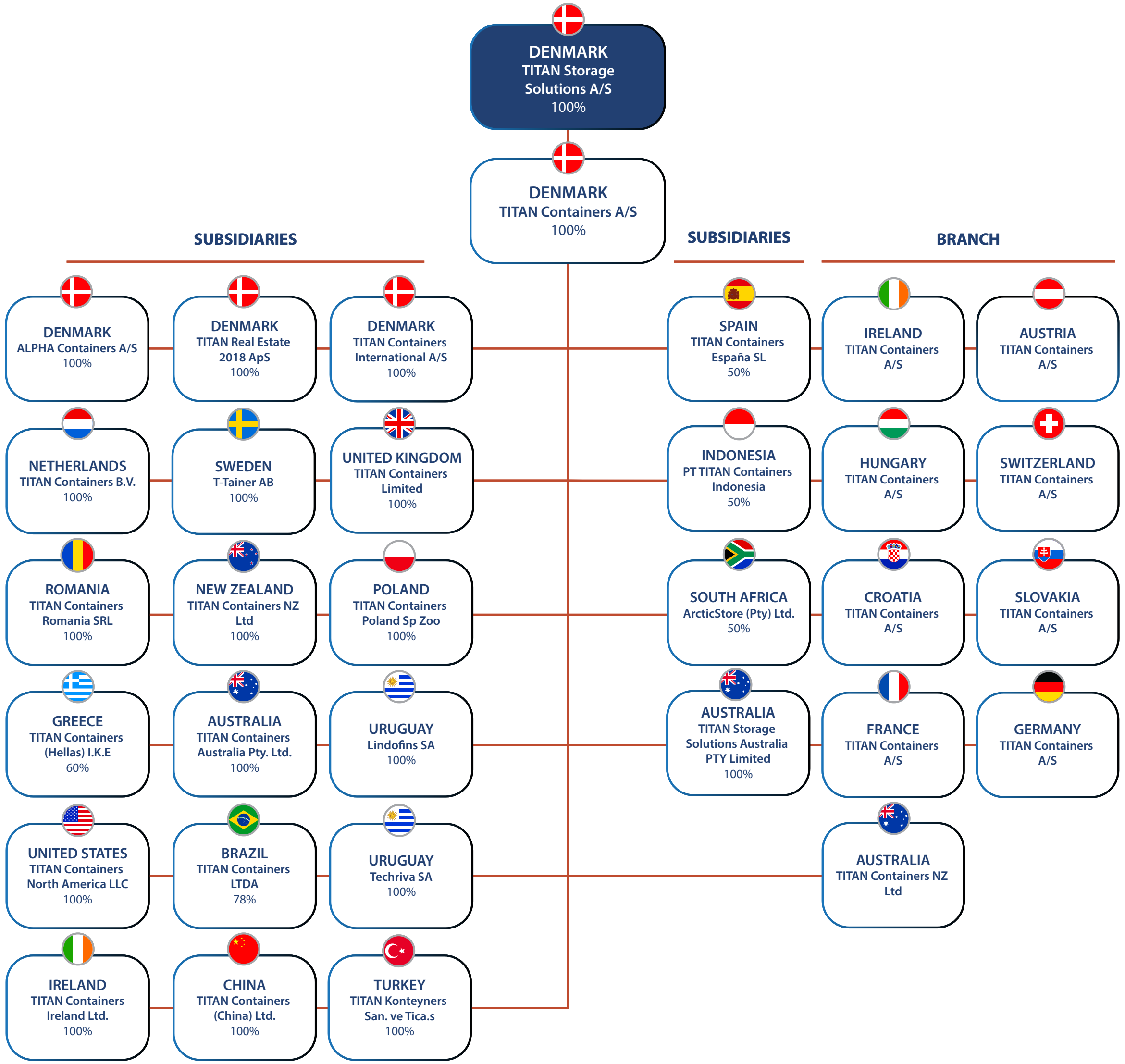
Domicile: Høje Taastrup

Board of Directors
John Layland Barker, Chairman
Lars Priemé
Kim Gulstad
Henrik Linde Thøgersen

Executive board
Søren Skov Mogensen
Søren Søgaard Suhr
Juliana Wagner Saad Ingstrup

Auditors
Mazars
Statsautoriseret
Revisionspartnerselskab
Midtermolen 1, 2. tv.,
2100 København

Group chart



YEAR IN REVIEW

Highlights 2023 in review

31 JANUARY

ALPHA Containers becomes part of TITAN Containers

ALPHA Containers joining TITAN Containers strengthens our presence in the Danish market. Together we aim to expand our market share and the ALPHA's team's longstanding dedication to customer service, integrity, and quality align seamlessly with TITAN's.

21 APRIL

Launch of ArcticStore Tropical

With many happy customers saving on energy costs it was clear that this new generation of refrigerated storage was ready for a larger investment. ArcticStore by TITAN Containers can now offer the Tropical model in 10', 20' and 40' sizes around the globe.

22 JUNE

Best Managed Company x 3

Deloitte has placed TITAN among the 16 Danish winners of Best Managed Companies for the third year in a row!

31 AUGUST

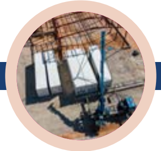
UEFA Super Cup

We proposed a plan that featured a very specific combination of TITAN containers to meet the needs of their Broadcast team. They wanted nine 20-footers to provide safe, dry storage for key supplies and equipment during the match. Next, we were asked to take care of cold storage to ensure that perishable goods were kept at the optimum temperature for the duration of the event.

04 OCTOBER

Arctic SuperStore at Heathrow

The successful installation of the 16-bay SuperStore at Heathrow Airport exemplifies TITAN's capability to address unique client needs with tailor-made solutions.






21 MARCH

TITAN Expanding in Botswana, Africa

For a state-of-the-art cattle and small stock abattoir project, TITAN helped deliver Arctic SuperStore capabilities to help preserve meat in one of the hottest corners of Africa.

19 JUNE

Partnering to conquer Antarctica with Donna Urquhart

Set to witness a remarkable feat as ultra-marathon runner Donna Urquhart prepares to conquer a staggering 1300 km in just 30 days in Antarctica.

02 AUGUST

Setting the standard of sustainable storage in Kolding

We built our first 100% solar-powered self storage and container depot in Denmark.

15 SEPTEMBER

New Top Management

TITAN Container Group names new CEO and CFO, Søren Skov Mogensen and Søren Søgaard Suhr, succeeding founder Layland Barker, who becomes chairman.

01 NOVEMBER

Supporting Tesco's Christmas Sales

Tesco are one of our best long-term clients. While we help keep their goods chilled all year round, they needed our cold storage solutions more than ever in the run-up to December 25th last year.

Our CSR Efforts

In 2024 we have made their Health and Safety one of our top priorities, as we want to address improvements in the working environment with the same rigor as we have done in our environmental management program.

DOWNLOAD CSR REPORT

Joint Letter to All Stakeholders

TITAN's purpose – to offer flexible, safe, and responsible solutions for containerized storage on a global scale – has been at the heart of our business for over 35 years. The sustainability of our business is the foundation for delivering on this purpose. We believe that the commercial interests need to be balanced with the interests of our stakeholders and the broader society in order to secure long-term business success.

TITAN continuously seeks to improve its environmental impact, and to operate with respect for human rights and regulations to support employees, customers, and local communities.

While the top management has changed in 2023, TITAN's commitment to these principles remains the same. We continue to actively promote the sustainable development and improvement of our business and products, as well as all company-related social responsibilities. We hold ourselves accountable to all stakeholders and want to be transparent on our progress.

In the 2023 CSR Report, we are happy to share how our commitment is turning into reality: we have reduced our carbon footprint by shifting to electric vehicles in the fleet; we installed solar panels in more of our facilities, and our product development continues to deliver more sustainable and energy-efficient products e.g. energy savings are realized due to thicker insulation of our ArcticStore containers. These are just some of the environmental achievements, and more are in the pipeline.

We are fortunate to have a dedicated workforce, many of whom have long-standing ties to the company and view themselves as part of the 'TITAN family.' In 2024 we have made their Health & Safety one of our top priorities, as we want to address improvements in the working environment with the same rigor as we have done in our environmental management program.

Sustainability remains a journey of continuous improvement for TITAN, and we embrace the challenges and opportunities it presents. We keep on reviewing our progress, introducing new metrics for more transparency, and aligning with new regulations, all with a determination to create positive impact.

We look forward to continuing the work in 2024 and for the years to come.

It's important to us that we give back.

Donna Urquhart, Ultra Marathon runner, using TITAN's donated ArcticStore unit to train for her World Record attempt in Antarctica

BUSINESS HIGHLIGHTS

STORAGE CONTAINERS

Our main revenue stream comes from the rental of containers. From one or two days rental in the festival season through mid-term or seasonal rentals up to periods of multiple years, we offer containers to best suit the needs of our customers. Thanks to our flexible rental model, customers can benefit from the savings in capital spending. The sale of containers complements the rental business.

TITAN Group sells containers that are purchased for one-way shipping or for sale, or sells excess containers in various locations. Our final revenue source is related to the services within the rental and sale business, including container transportation, drop-off and pick-up fees, repair and maintenance, remote monitoring of temperature control, assembly fees, handling and storage fees.

+50,000
CONTAINERS

+100
SITES

23
CONTAINER LORRIES

SELF STORAGE
BY TITAN CONTAINERS

SELF STORAGE

MORE ROOM FOR EVERYONE!
Our units are safe, secure, clean and basically, well… brilliant. And when you rent secure self storage from TITAN Containers, you benefit from three things that many other companies just can't offer:

We have 72 self storage locations in 13 countries, with more added almost every month. The last thing you want is a self storage center that's 50 miles away!

Many of our centers, you can get to your stuff at any time of the day or night. So when we say you can store anything, anywhere, with TITAN, we mean it!

72
SELF STORAGE SITES

13
COUNTRIES

ARCTICSTORE™
BY TITAN CONTAINERS

ARCTICSTORE

Thousands of businesses across the world rely on TITAN Containers to meet their cold storage needs.

From small shops and catering businesses to huge international brands, pharmaceuticals companies and supermarkets, our clients come to us for great prices, helpful and personal service, and one of the largest, most innovative collections of portable, temperature-controlled storage solutions anywhere in the world.

We are serving customers like:

- Sonoco
- Tesco
- UEFA

Whenever customers need to rapidly expand their cold storage capacity by a little or a lot, we're here for them.

FLEXIBLE RENTAL
UP AND DOWNSCALE ON DEMAND

ECO-FRIENDLY
ACCELERATES YOUR DE-CARBONIZATION GOALS

CE

HACCP CERTIFIED

GDP

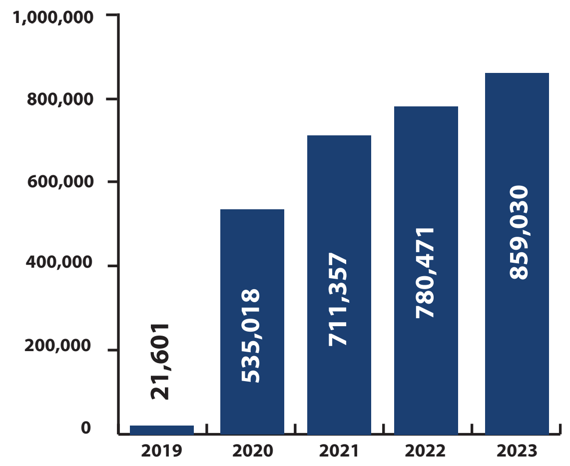
FINANCIAL HIGHLIGHTS

Financial highlights

Seen over a 5 year period, the development of the Company may be described by means of the following financial highlights:

GROUP					
TDKK	**2023**	**2022**	**2021**	**2020**	**2019**
KEY FIGURES					
Profit/loss					
Revenue	859,030	780,471	711,357	535,018	21,601
Gross profit	390,328	388,291	337,593	222,569	8,086
Profit before net financials	178,864	208,641	179,362	96,802	3,287
Net financials	-97,005	-49,749	-30,790	-25,564	-796
Profit for the year	58,660	118,967	110,120	48,808	1,482
Balance Sheet					
Balance sheet total	2,734,942	2,588,243	2,092,264	1,493,495	1,258,755
Investment in property, plant and equipment	382,470	556,966	640,213	236,597	0
Equity	713,563	682,675	594,557	492,663	452,412
FINANCIAL RATIOS					
Gross margin	45.4%	49.8%	47.5%	41.6%	37.4%
EBIT margin	20.8%	26.7%	25.2%	18.1%	15.2%
Return on assets	6.7%	8.9%	10.0%	7.0%	0.5%
Solvency ratio	26.1%	26.4%	28.4%	33.0%	35.9%
Return on equity	8.4%	18.6%	20.3%	10.3%	0.7%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines.
For definitions, see summary of significant accounting policies under section "Financial highlights".



REVENUE

GROSS MARGIN

45.4%

SOLVENCY RATIO

26.1%

EBIT MARGIN

20.8%

RETURN ON ASSETS

6.7%

Reshaping the organization for growth and expansion

Business review

TITAN allows businesses and consumers to store anything, anywhere, in flexible, safe and responsible ways. With a legacy dating back to 1987, TITAN has revolutionized the global storage industry and evolved into one of the world's largest containerized storage solutions companies with in excess of 2.2 million cubic meters of storage capacity.

Our extensive presence spans 90 countries, where we offer a comprehensive range of storage options through our six distinct brands. From self storage to temperature-controlled facilities and dry storage, we cater to a wide range of industries such as pharmaceuticals, food, and renewable energy. We serve numerous renowned industry-leading companies, including Vestas, Tesco and Sonoco, as well as countless smaller businesses and private clients worldwide.

With a fleet of more than 50,000 containers across 100-plus sites across Europe, the Americas and Asia, we take the lead in providing innovative Storage-as-a-Service solutions.

By leveraging single and inter-modular containers, we offer flexible storage methods that can operate independently or as part of an integrated system. This approach enables TITAN to continuously set industry standards and expand its global reach, maintaining the values and culture that have defined the company for over three decades.

Kirk Kapital joined as co-owners in 2019 to support TITAN in its next phase of growth by accelerating geographical expansions and further driving growth in core markets. Critical to this vision has been investment in new technology, digitalization, and sustainability.

2023 marked a year of significant change in the organization: the founder and owner of TITAN, Layland Barker, decided to step down as CEO and continues his work as Chairman of the Board of Directors. The new CEO, Søren Mogensen, comes with a broad experience from the financial sector and has a strong background for creating commercial growth. The structure of the organization is being reshaped to create an efficient new model well suited to meet the requirements of the growth and expansion that the business has gone through, and to further accelerate things on a global scale, especially concerning our operational, commercial, and digital strategies.

Recognition and measurement uncertainties
The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters
The Group's financial position on 31 December 2023 and the results of its operations and cash flows for the financial year ended 31 December 2023 are not affected by any unusual matters.

Financial review
The Group's income statement for the year ended 31 December 2023 shows a profit before tax of DKK 82 million, and the balance sheet on 31 December 2023 shows equity of DKK 714 million.

Revenue for the year amounted to DKK 859 million compared to DKK 780 million last year. Profit after tax was DKK 59 million compared to DKK 119 million last year.

Management considers this year's result satisfactory
The Red Sea crisis had a significant impact on the container industry by disrupting vital shipping routes connecting Europe, Asia, and Africa. With the closure of key ports and increased security measures, container ships are forced to reroute, leading to longer transit times, elevated costs, and logistical challenges.

Delays in cargo delivery, congestion at alternative ports, and heightened insurance premiums are exacerbating pressures on an already strained industry. Moreover, uncertainties surrounding the situation deter investment and undermine business confidence, further hampering the container trade's efficiency and container prices. As TITAN, with its global and flexible business model, has a proven track record of maneuvering through times of uncertainty, TITAN managed to limit the negative financial impact of the Red Sea crisis in 2023 and going into 2024. The global and flexible business model allows TITAN to mitigate effects of volatile container prices and freight rates. Lower prices are an opportunity to invest in capacity, higher prices are an opportunity to utilize existing capacity.

The TITAN Group suffers no direct and limited indirect negative financial impact of the war in Ukraine, as the Group had no activities in Russia or Ukraine. The aftermath of the war, such as higher energy prices, higher inflation, and supply chain disruptions, was felt in higher transport prices. We also faced challenges with getting available trucking services in some markets. The operational impact of the war in Ukraine on the TITAN business has normalized to a very large extent.

Financing
The Group's loans with the main banks were re-negotiated in the beginning of 2022 and was extended to 2026 on almost the same conditions, with minor decreases in the margins on some of the loans. Late 2023 / early 2024, the facility were increased to facilitate further growth opportunities as well as investments in green transition.

Due to the general increase in the market interest rates, the Group's interest expenses increased significantly in 2022, a development that continued in 2023.

Significant events occurring after the end of the financial year
No events have occurred after the balance sheet date which could significantly affect the Group's financial position.

Expected development of the company, including specific prerequisites and uncertainties
In 2024, the Group's total revenue is expected to increase by at least 5%. The growth in rental income is expected to increase with a higher percentage than sales revenue. The Group expects to have a positive cash flow in 2024.

Profit of the year relative to the expectations most recently expressed
TITAN Group's operating performance in 2023 was DKK 59 million (net profit). All brands responded well to the market conditions in 2023. Performance across all product lines was strong, with newer markets starting to make a more noticeable contribution to TITAN's total performance.

Foreign branches
As to the financial year in question, TITAN Group had branch offices in Ireland, Austria, Hungary, France, Switzerland, Slovakia, Croatia, Germany and Australia.

RISK CONDITIONS

General risks
The Group's principal operating risks are linked to the ability to be strongly positioned in the markets where the Group is present. In addition, it is essential for the Group to constantly be at the forefront of technological developments in the Group's areas of activity.

Financial risks
As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest rates. It is the Group's policy not to engage in active speculation on financial risks. Thus, the Group's financial management is solely aimed at managing financial risks which stem from ordinary business decisions.

Currency risks
The Group's subsidiaries and branches are not immediately affected by exchange rate fluctuations, as both income and expenses are settled in local currency. Activities carried out by Danish companies are affected by exchange rate changes, as revenue is primarily generated in foreign currency, while some costs, including wages, are paid in Danish kroner.

As the Danish kroner is pegged to the EURO, the EURO exposure is limited. The main currency risks relate to revenue streams in GBP, AUD, and USD, this is, however, offset by cost base and investments denominated in several currencies, including the USD and GBP. The Group is also affected by changes in exchange rates, as the foreign affiliates' profit at the end of the year is converted into Danish kroner based on average prices. The Group does not use hedging in a systematic manner but monitors the currency fluctuations and considers hedging if necessary.

Credit risks
The Group's credit risks relate to primary financial assets. The maximum credit risk associated with financial assets corresponds to the carrying

amounts recognized in the balance sheet. The Group does not have significant credit risks associated with individual customers or business partners. The Group's policy on assumed credit risk means that all major customers and other business partners are assessed on an ongoing basis. In 2023, the total loss on debtors, including provisions for losses, amounted to 0.7% of the Group's revenue.

Knowledge resources
The management constantly focuses on having the right competencies at all functions in the organization, just as we constantly work to ensure the development of our employees through continuing education and knowledge sharing in the organization. All employees in the organization must have an employee development interview with their immediate manager, where performance, including a plan for development areas, is agreed upon.

Development of internal competencies is ensured by having a clear and open dialogue at operational level, just as learning from new processes' is actively shared in the organization. There is a clear and well-functioning correspondence between all the individual levels of the organization. The markets in which TITAN operates are very homogeneous, which means that knowledge can be easily transferred to other markets to achieve optimizations.

We are not strong on all 3 key brands in all markets. For example, our self storage brand is very strong in the UK market, just as other brands are strong in other markets. By having a transparent and well-functioning knowledge sharing system, we can use acquired knowledge in one market to strengthen the brand in another market, always mindful of national differences in that market.

Statutory corporate social responsibility report and policies on gender underrepresentation
Corporate social responsibility is an integral part of the business strategy for TITAN Group. The Group strives to act responsibly in relation to customers, employees, business partners and the outside world. TITAN Group has for 2023 prepared a separate CSR report, which can be found on the company's website by following this link: https://titancontainers.com/gl/about-us/csr-report.

At TITAN, all conditions of employment and employment practices, such as compensation, access to training, promotion, rewards, termination, or retirement, are based exclusively on an individual's ability to do the job. No form of discrimination is tolerated.

All the top management positions are filled based on the Group's general principles of employing the best-qualified person for the position, irrespective of gender. We seek to ensure that both genders are represented in the last round of the recruitment process, where this is possible given the field of applicants. The Group generally stresses the importance of equal opportunities for all, regardless of gender, ethnicity, religion, or disability.

The Board of Directors has four members, all of whom are men. In addition to these members, there are currently three observers from the founding family participating in the Board meetings. They are all women.

During 2023 there has been a shift in top management, which has improved the ratio of women. Whereas in 2022, 2 of the 8 top managers were women, this has changed to 3 out of 7 by the beginning of 2024. Female representation has thus improved from 25% in 2022 to 43% in January 2024.

	2023	2024	2025	2026	2027
BOARD OF DIRECTORS					
Members	4				
Underrepresented gender in %	0%				
Target figure	25-40%				
Year for meeting target	2026				
TOP MANAGEMENT					
Members	7				
Underrepresented gender in %	43%				
Target figure	40%				
Year for meeting target	2026				
MIDDLE MANAGEMENT					
Members	19				
Underrepresented gender in %	32%				
Target figure	40%				
Year for meeting target	2026				

Note to table:
Top Management – TITAN Management Team (TMT): CEO and CEO direct reports
Middle Management: Managers reporting to TMT

Statement of policy for data ethics
The Group processes large amounts of data every day. We are very aware of both the security and ethical risks in this. We have several policies and procedures that describe how we process and deal with data that is made available to us. These policies and procedures are reviewed on an ongoing basis and updated as necessary.

The TITAN privacy policies can be found on the company's website by following this link: https://titancontainers.com/gl/about-us/privacy. During 2023, we have developed specific policies related to data ethics: Employee Privacy Policy Europe, General Privacy Policy Europe, IT Policy, Retention and Deletion Policy, and the Contingency Plan in case of personal data breach in accordance with the Danish Financial Statement Act, section 99 d. These policies were distributed and explained to all the employees by our General Counsel.

Income statement 1 January–31 December

		GROUP		PARENT COMPANY	
TDKK	**NOTE**	**2023**	**2022**	**2023**	**2022**
REVENUE	1	**859,030**	**780,471**	**0**	**0**
Other operating income		1,506	182	0	0
Cost of goods sold and consumables		-350,221	-298,536	0	0
Other external expenses		-119,987	-93,826	-265	-422
Gross profit/loss		**390,328**	**388,291**	**-265**	**-422**
Staff costs	2	-122,645	-106,637	0	0
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-88,819	-73,013	0	0
Profit/loss before net financials		**178,864**	**208,641**	**-265**	**-422**
Income from investments in subsidiaries		0	0	56,939	116,766
Financial income	3	6,098	5,063	0	0
Financial costs	4	-103,103	-54,812	0	-2
Profit before tax		**81,859**	**158,892**	**56,674**	**116,342**
Tax on profit for the year		-23,199	-39,925	0	1,564
Tax on profit for the year		**58,660**	**118,967**	**56,674**	**117,906**

Distribution of profit: **note 5**

Balance sheet 31 December

		GROUP		PARENT COMPANY	
TDKK	NOTE	2023	2022	2023	2022
Goodwill		148,462	156,312	0	0
Software		3,658	1,638	0	0
Intangible assets	6	**152,120**	**157,950**	**0**	**0**
Land and buildings		189,582	142,588	0	0
Operating Equipment		1,971,680	1,846,879	0	0
Other fixtures and fittings, tools and equipment		82,783	70,406	0	0
Right-of-use assets		82,597	84,320	0	0
Tangible assets	7	**2,326,642**	**2,144,193**	**0**	**0**
Investments in subsidiaries	8	0	0	706,907	681,969
Deposits	9	262	259	0	0
Fixed asset investments		**262**	**259**	**706,907**	**681,969**
Total non-current assets		**2,479,024**	**2,302,402**	**706,907**	**681,969**
Finished goods and goods for resale		48,805	82,189	0	0
Stock		**48,805**	**82,189**	**0**	**0**
Trade receivables		148,496	140,918	0	0
Receivables, group enterprises		0	0	22,000	0
Other receivables		4,689	4,829	1,564	1,564
Prepayments	10	25,665	26,768	0	0
Receivables		**178,850**	**172,515**	**23,564**	**1,564**
Cash at bank and in hand		**28,262**	**31,137**	**16**	**5**
Total current assets		**255,917**	**285,841**	**23,580**	**1,569**
Total assets		**2,734,942**	**2,588,243**	**730,487**	**683,538**

		GROUP		PARENT COMPANY	
TDKK	NOTE	2023	2022	2023	2022
Share capital		1,000	1,000	1,000	1,000
Reserves for net revaluation under the equity method		0	0	245,240	220,302
Retained earnings		704,032	646,583	460,889	429,153
Proposed dividend for the year		0	32,000	0	32,000
Non-controlling interests		8,531	3,092	0	0
Equity	11	**713,563**	**682,675**	**707,129**	**682,455**
Provision for deferred tax	12	145,448	109,869	0	0
Total provisions		**145,448**	**109,869**	**0**	**0**
Interest bearing liabilities		1,652,766	1,483,117	0	0
Lease obligations		34,709	20,891	0	0
Total non-current liabilities	13	**1,687,475**	**1,504,008**	**0**	**0**
Short term part of long-term debt	13	22,488	26,634	0	0
Payables to affiliates		22,000	0	22,000	0
Trade payables		87,192	209,672	1,358	1,083
Corporation tax		13,078	34,093	0	0
Other payables		43,488	21,091	0	0
Deferred income	14	210	201	0	0
Total current liabilities		**188,456**	**291,691**	**23,358**	**1,083**
Total liabilities		**1,875,931**	**1,795,699**	**23,358**	**1,083**
Total equity and liabilities		**2,734,942**	**2,588,243**	**730,487**	**683,538**

Rent and lease liabilities: **note 15**
Contingent liabilities: **note 16**
Mortgages and collateral: **note 17**
Related parties and ownership structure: **note 18**
Fee to auditors appointed at the general meeting: **note19**

Statement of changes in equity

GROUP	Share capital	Retained earnings	Proposed dividend for the year	Non-controlling interests	Total
TDKK					
Equity at 1 January 2023	1,000	646,583	32,000	3,092	**682,675**
Ordinary dividend paid	0	0	-32,000	0	**-32,000**
Exchange adjustment, foreign	0	775	0	3,453	**4,228**
Net profit for the year	0	56,674	0	1,986	**58,660**
Equity at 31 December 2023	**1,000**	**704,032**	**0**	**8,531**	**713,563**

PARENT COMPANY	Share capital	Reserve for net re-valuation under the equity method	Retained earnings	Proposed dividend for the year	Total
TDKK					
Equity at 1 January 2023	1,000	220,302	429,153	32,000	**682,455**
Ordinary dividend paid	0	0	0	-32,000	**-32,000**
Distributed dividends from investments in subs	0	-32,000	32,000	0	**0**
Net profit for the year	0	56,938	-264	0	**56,674**
Equity at 31 December 2023	**1,000**	**245,240**	**460,889**	**0**	**707,129**

Cashflow statement 1 January-31 December

GROUP		
TDKK	**2023**	**2022**
Net profit for the year	58,660	118,967
Adjustments (interest, depreciations and other)	225,586	36,659
Change in working capital	-94,040	4,613
Cashflow from operating activities before financial income and expenses	**190,206**	**160,239**
Exchange income and similar income	-6,098	-5,063
Exchange expenses and similar charges	6,142	3,794
Cashflow from operating activities	**190,250**	**158,970**
Purchase of intangible assets	-6,638	-124
Net investment in property, plant and equipment	-258,804	-490,702
Cashflow from investing activities	**-265,442**	**-490,826**
Net change, debt	179,277	417,401
Interest expenses	-96,961	-51,018
Dividend paid	-10,000	-25,000
Cashflow from financing activities	**72,316**	**341,383**
Change in cash and cash equivalents	**-2,876**	**9,527**
Cash and cash equivalents opening balance	31,137	21,610
Cash and cash equivalents closing balance	**28,262**	**31,137**

Notes

1. INFORMATION ON SEGMENTS ACTIVITIES - PRIMARY SEGMENT

TDKK	Rental	Sales	Services	Group total
Revenue	516,340	189,983	152,707	859,030

GEOGRAPHICAL - SECONDARY SEGMENT

TDKK	Denmark	EEC	Outside EEC	Group total
Revenue	96,263	302,447	460,320	859,030

2. STAFF COSTS

	GROUP		PARENT COMPANY	
TDKK	2023	2022	2023	2022
Wages and salaries	107,742	94,218	0	0
Pensions	2,355	1,977	0	0
Other social security costs	12,548	10,442	0	0
	122,645	**106,637**	**0**	**0**
Including remuneration to the supervisory boards	8,805	7,151	0	0
Average number of employees	225	205	0	0

3. FINANCIAL INCOME

	GROUP		PARENT COMPANY	
TDKK	2023	2022	2023	2022
Other financial income	1,021	1,953	0	0
Exchange gains	5,077	3,110	0	0
	6,098	**5,063**	**0**	**0**

4. FINANCIAL COSTS

	GROUP		PARENT COMPANY	
TDKK	2023	2022	2023	2022
Other financial costs	96,961	51,018	0	0
Exchange loss	6,142	3,794	0	0
	103,103	**54,812**	**0**	**0**

5. DISTRIBUTION OF PROFIT

	GROUP		PARENT COMPANY	
TDKK	2023	2022	2023	2022
Proposed dividend for the year	0	32,000	0	32,000
Reserve for net revaluation under the equity method	0	0	56,938	116,766
Retained earnings	56,674	85,906	-264	-30,860
	56,674	**117,906**	**56,674**	**117,906**
Result for minority shareholders	1,986	1,061	0	0
	58,660	**118,967**	**56,674**	**117,906**

6. INTANGIBLE ASSETS

	GROUP	
TDKK	Goodwill	Software
Cost at 1 January 2023	196,720	2,921
Exchange adjustment	-150	0
Additions for the year	3,989	2,649
Cost at 31 December 2023	**200,559**	**5,570**
Impairment losses and amortization at 1 January 2023	40,408	1,283
Exchange adjustment	-34	0
Amortization for the year	11,723	629
Impairment losses and amortization at 31 December 2023	**52,097**	**1,912**
Carrying amount at 31 December 2023	**148,462**	**3,658**

Notes (continued)

7. TANGIBLE ASSETS - GROUP

TDKK	LAND AND BUILDINGS	OPERATING EQUIPMENT	OTHER FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT	RIGHT-OF-USE ASSETS
Cost at 1 January 2023	147,740	1,928,308	88,756	91,223
Exchange adjustment	-1,029	-9,715	1,121	-2,661
Additions for the year	46,571	268,464	55,831	27,805
Disposals for the year	0	-95,639	-31,062	-5,106
Transfers for the year	4,261	0	-3,546	-16,916
Cost at 31 December 2023	**197,543**	**2,091,418**	**111,100**	**94,345**
Impairment losses and depreciation at 1 January 2023	5,152	81,429	18,350	6,903
Net Effect from change of accounting policy				
Exchange adjustment	-1	-2,240	321	141
Depreciation for the year	2,343	43,930	16,336	11,654
Reversal of impairment and depreciation of sold assets	0	-6,425	-2,668	-3,905
Transfers for the year	467	3,044	-4,022	-3,045
Impairment losses and depreciation at 31 December 2023	**7,961**	**119,738**	**28,317**	**11,748**
Carrying amount at 31 December 2023	**189,582**	**1,971,680**	**82,783**	**82,597**

8. INVESTMENTS IN SUBSIDIARIES

	PARENT COMPANY	
TDKK	2023	2022
Cost at 1 January 2023 and 31 December 2023	461,667	461,667
Revaluations at 1 January 2023	220,302	128,536
Net profit/loss for the year	63,623	123,450
Received dividend	-32,000	-25,000
Amortization of goodwill	-6,685	-6,684
Revaluations at 31 December 2023	**245,240**	**220,302**
Carrying amount at 31 December 2023	**706,907**	**681,969**
Group		
Investments in subsidiaries are specified as follows		
Name	**Registered office**	**Ownership interest**
TITAN Containers A/S	Denmark	100%

Notes (continued)

9. FIXED ASSET INVESTMENTS

	GROUP
TDKK	**Deposits**
Cost at 1 January 2023	259
Additions for the year	3
Cost at 31 December 2023	262
Carrying amount at 31 December 2023	**262**

10. PREPAYMENTS

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

11. EQUITY

The share capital consists of:

	PARENT COMPANY
	Nominal value
1,000 shares of DKK 1,000	1,000,000
	1,000,000

12. PROVISIONS FOR DEFERRED TAX

	GROUP		PARENT COMPANY	
TDKK	**2023**	**2022**	**2023**	**2022**
Provisions for deferred tax at 1 January 2023	109,869	75,379	0	0
Deferred tax recognized in income statement	35,579	34,490	0	0
Provision for deferred tax at 31 December 2023	**145,448**	**109,869**	**0**	**0**

13. LONG TERM DEBT

GROUP	Debt at 1 January 2023	Debt at 31 December 2023	Installment next year	Debt outstanding after 5 years
TDKK				
Banks	1,484,391	1,655,294	2,528	11,054
Lease obligations	46,251	54,669	19,960	2,041
	1,530,642	**1,709,963**	**22,488**	**13,095**

14. DEFERRED INCOME

Deferred income consists of payments received in respect of income in subsequent financial years.

15. RENT AND LEASE LIABILITIES

	GROUP		PARENT COMPANY	
TDKK	**2023**	**2022**	**2023**	**2022**
Operating lease liabilities				
Total future lease payments:				
Within 1 year	43,406	26,729	0	0
Between 1 and 5 years	82,638	75,265	0	0
After 5 years	26,416	19,586	0	0
	152,460	**121,580**	**0**	**0**

16. CONTINGENT LIABILITIES

Contingent liabilities related to Group enterprises

The company is jointly taxed with its ultimate parent company, Barker Holding ApS (management company), and jointly and severally liable with other jointly taxed entities of payment of income taxes for income year 2022 onwards as well as for payment of withholding taxes on dividends, interest, and royalties which fall due for payment.

Notes (continued)

17. MORTGAGES AND COLLATERAL

Contingent liabilities related to Group enterprises

The Group has issued mortgage deed of TDKK 12,461 which gives pledge in the Group's land and property. The mortgage deeds are deposited as security for credit institute engagement.

The Group has issued chattel mortgage deed of total TDKK 55,890 which gives pledge in the Company's operating equipment, which accountable value at 31 December 2023 amounts to TDKK 2,244,046.

As security for credit institute engagement TDKK 970,000 pledges are given in the business at the date of the presentation of the Financial Statements.

The Company is surety debtor for the engagement for TITAN Sales & Management Holding ApS and TITAN Konteyner Sanayi Ve Ticarel, Turkey.

TITAN Containers Limited
As collateral for current account with foreign credit institute, £1,324,187 security is placed in property and other property, plant and equipment.

TITAN Containers International ApS
As security for credit institute engagement TDKK 230,000 pledges are given in the business at the date of the presentation of the Financial Statements.

18. RELATED PARTIES AND OWNERSHIP STRUCTURE

Controlling interest

Name and registered office of the Parent preparing consolidated financial statements for the largest entities within the Group:
Barker Holding ApS
Græstedvej 36, 3200 Helsinge
CVR 41010037

The share capital is ultimately owned 70 % by: Barker Holding ApS, Litauen Alle 9, Høje Taastrup. With reference to section 98c(3) of the Danish Financial Statement Act, transactions with related parties have been conducted between the company and its fully owned subsidiaries and parent company.

Transactions

With reference to section 98c(3) of the Danish Financial Statement Act, transactions with related parties have been conducted between the company and its fully owned subsidiaries and parent company.

Transactions with the parent company have been conducted at arm's length.

19. FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

	GROUP		PARENT COMPANY	
TDKK	**2023**	**2022**	**2023**	**2022**
Mazars:				
Audit fee	743	745	41	35
Tax advisory services	116	80	7	7
Non-audit services	23	38	3	0
	882	**863**	**51**	**42**

Accounting policies

The annual report of TITAN Storage Solutions A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large class C entities.

The accounting policies applied are consistent with those of last year. The annual report for 2023 is presented in TDKK.

Basis of recognition and measurement
Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortization, depreciation and impairment losses, are also recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Group and the parent company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from the Group and the parent company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated as the historic cost less any installments and plus/less the accumulated amortization of the difference between the cost and the nominal amount. On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Recognition and measurement of business combinations
Recently acquired entities are recognized in the financial statements from the date of acquisition. Sold entities are recognized in the financial statements until the date of disposal. Comparative figures are not restated in respect of recently acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the time when the company actually gains control over the acquiree.

The acquisition method is applied to the acquisition of new entities where the company gains control over the acquiree. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognized if they are separable or emanate from a contractual right. Deferred tax on the revaluations made is recognized.

Positive differences (goodwill) between, on the one side, the purchase consideration, the value of non controlling interests in the acquiree and the fair value of any previously acquired investments and, on the other side, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognized as goodwill under 'Intangible assets'. Goodwill is amortized on a straight line basis in the income statement based on an individual assessment of its useful life.

Negative differences (negative goodwill) are recognized in the income statement at the date of acquisition.

On acquisition, goodwill is ascribed to / classed with the cash generating unit, which subsequently forms a basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are translated on initial recognition into the foreign entity's functional currency using the exchange rate at the date of the transaction.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is conditional upon future events or the fulfillment of agreed conditions, this part of the purchase consideration is recognized at fair value at the date of acquisition. Subsequent adjustments of conditional purchase consideration are recognized in the income statement.

Expenses defrayed in connection with acquisitions are recognized in the income statement in the year in which they are defrayed.

If, at the date of acquisition, the identification or measurement of acquired assets, liabilities and/or contingent liabilities or the size of the purchase consideration are associated with uncertainty, initial recognition will be based on preliminarily calculated amounts. If it subsequently turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities and/or contingent liabilities was not correct on initial recognition, the calculation will be adjusted with retrospective effect, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments made will be recognized as error.

Consolidated financial statements
The consolidated financial statements comprise the parent company TITAN Storage Solutions and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered participating interests or associates, cf. the Group chart.

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra Group income and expenses, holdings of shares, intra Group balances and dividends as well as realized and unrealized gains and losses on intra Group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognized in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognized in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Minority interests
In the consolidated financial statements, the items of subsidiaries are recognized in full. The minority interests' proportionate share of subsidiaries' profit/loss and equity is presented separately under appropriation of profit and in a main item under equity.

INCOME STATEMENT

Segment information
Information is provided on business segments and geographical markets. The segment information is provided in consideration of the Group's accounting policies, risks and management control.

Revenue
Revenue from lease and sale is recognized in the income statement, provided that the transfer at risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is recognized exclusive of VAT and other indirect taxes and less sales discounts.

Cost of sales
Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external costs
Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs
Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortization, depreciation and impairment losses
Amortization, depreciation and impairment losses comprise the year's amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses
Financial income and expenses are recognized in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realized and unrealized capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortization of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Income from investments in subsidiaries, associates and participating interests
The proportionate share of the profit/loss for the year of subsidiaries is recognized in the parent company's income statement after full elimination of intra Group profits/losses.

Tax on profit for the year
On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognized in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

BALANCE SHEET

Intangible assets

Goodwill
Goodwill acquired is measured at cost less accumulated amortization. Goodwill is amortized on a straight line basis over its useful life, which is assessed to be between 5 & 25 years. The amortization period is based on an assessment of the acquiree's market position and earnings capacity.

Software
Software and development of IT are measured at cost less accumulated amortization and impairment losses. Software are amortized on a straight line basis over the expected life time however maximally 3 years.

Tangible assets
Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost added revaluations and less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self constructed assets comprises direct and indirect costs of materials, components, sub suppliers and wages.

Straight line depreciation is provided on the basis of the following estimated useful lives of the assets:

	USEFUL LIFE	RESIDUAL VALUE
Land and property	30 years	0 %
Operating equipment	28 years	30 %
Other fixtures and fittings, tools and equipment	3 - 10 years	0 %
Right-of-use assets	1 - 28 years	0 % - 30 %

Gains or losses from the disposal of property, plant and equipment are recognized in the income statement as other operating income or other operating expenses, respectively.

Leases
The company has chosen IAS 17 as the interpretation for the classification and recognition of leasing contracts.

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognized in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non current assets.

The capitalized residual lease commitment is recognized in the balance sheet as a liability, and the interest element of the lease payment is recognized in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognized in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under Contingencies etc.

Investments in subsidiaries

Investments in subsidiaries, associates and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the Group's accounting policies, plus or less unrealized intra Group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognized in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognized until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognized under provisions.

Net revaluations of investments in subsidiaries, associates and participating interests are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of TITAN Storage Solutions A/S is adopted are not taken to the net revaluation reserve.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortization and depreciation.

Stock

Stock is measured at cost using the FIFO method. Where the net realizable value is lower than the cost, inventories are recognized at this lower value. The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labor and production / production overheads.

Receivables

Receivables are measured at amortized cost, which usually correspond to nominal value. Bad debts are written down to net realizable value.

Prepayments

Prepayments recognized under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries, participating interests and associates relative to the cost.

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognized as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognized in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realizable value.

Liabilities

Financial liabilities are recognized on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortized cost, corresponding to the capitalized value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognized in the income statement over the term of the loan.

Mortgage debt is thus measured at amortized cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortized cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortization of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalized residual finance lease commitment.

Other liabilities, which include trade payables, payables to Group entities and other payables, are measured at amortized cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognized under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealized value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Foreign subsidiaries, associates and participating interests are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of such entities opening equity at closing rate and on translation of the income statements from the exchange rates at the transaction date to closing rate are taken directly to the fair value reserve under 'Equity' in the consolidated financial statements.

Foreign exchange adjustments of balances with separate entities which are considered part of the investment in the subsidiary are taken directly to the fair value reserve under 'Equity'. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge net investments in such entities are taken directly to equity.

CASH FLOW STATEMENT

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

With reference to section 86(4) of the Danish Financial Statement Act, no cashflow statement has been prepared for the parent company. The entity's cash flow are part of the consolidated cash flow statement.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities
Cash flows from operating activities are stated as the Group's profit or loss for the year, adjusted for non cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognized under 'Interest income and dividend received'.

Cash flows from investing activities
Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities
Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs, as well as the raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial highlights

Definitions of financial ratios.

Gross margin ratio	Gross profit x 100 Revenue
EBIT margin	Profit/loss before financials x 100 Revenue
Return on assets	Profit/loss before financials x 100 Average assets
Solvency ratio	Equity, end of year x 100 Total assets at year end
Return on equity	Profit/loss for analysis purposes x 100 Average equity excl. non-controlling interests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