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BSB Group A/S

Industrivej 7
6640 Lunderskov
CVR No. 41966262

Annual report 2023

The Annual General Meeting adopted the annual report on 12.06.2024

Jesper Knudsen
Chairman of the General Meeting

Contents

Entity details

Entity
BSB Group A/S
Industrivej 7
6640 Lunderskov

Business Registration No.: 41966262
Registered office: Kolding
Financial year: 01.01.2023 - 31.12.2023

Board of Directors
Jesper Knudsen
Benny Elneff
Bjarne Elneff

Executive Board
Benny Elneff

Bank
Danske Bank A/S, Finanscenter Trekantområdet
Havneparken 3
7100 Vejle

Lawyer
Andersen Partners
Jernbanegade 31
6000 Kolding

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BSB Group A/S for the financial year 01.01.2023 - 31.12.2023.

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

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

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

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

Lunderskov, 12.06.2024

Executive Board

Benny Elneff

Board of Directors

Jesper Knudsen

Benny Elneff

Bjarne Elneff

Independent auditor's report

To the shareholders of BSB Group A/S

Opinion

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

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

Basis for opinion

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

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

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

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Kolding, 12.06.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Almtoft Lund
State Authorised Public Accountant
Identification No (MNE) mne41365

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000
Key figures				
Revenue	708,993	772,125	639,641	553,665
Gross profit/loss	155,772	152,304	165,849	146,122
Operating profit/loss	59,338	61,467	71,682	62,334
Net financials	(3,198)	2,001	370	(2,721)
Profit/loss for the year	43,933	49,378	56,224	48,260
Balance sheet total	352,657	433,907	406,399	326,805
Investments in property, plant and equipment	6,517	5,087	16,074	152,963
Equity	249,289	218,769	190,569	149,911
Ratios				
Gross margin (%)	21.97	19.73	25.93	26.39
Net margin (%)	6.20	6.40	8.79	8.72
Equity ratio (%)	70.69	50.42	46.89	45.87

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 (%):
$$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$$

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

Primary activities
The Group's primary activity is to provide total solutions in steel, stainless steel and aluminum. The Group provides complete innovative solutions to the global market and has beyond the existing facilities expanded with a distribution center in Hammelev in 2023.

Development in activities and finances
The Group's activity and result for 2023 has not met our expectations, but considering the challenges in the Wind market the financial performance was on an acceptable level.

Profit/loss for the year in relation to expected developments
The profit after tax for the year amounted to DKK 43,933k The management is overall satisfied with the result of 2023.

Outlook
The Group operates in a competitive market and a market that expect a high activity in the future. The overall long term outlook for the wind industry is good, but the higher demand that was expected for 2023 and 2024 has been postponed. We expect the activity and earnings to be on same level as 2023 based on current market situation.

Statutory report on corporate social responsibility
Business model
The Group's primary activity is to provide total solutions in steel, stainless steel and aluminum. The Group provides complete innovative solutions to the global market. The Group has modern machinery and a staff with high expertise. Production takes place in several factories.

Our solutions are distributed worldwide, and our suppliers are a sensible mix of big world-renowned companies and small local suppliers of special items.

Sustainability:
In 2023 The Group extended further the journey working for a more sustainable future among others continuing the work with 5 specific SDG’s of the UN 17 sustainable development goals. With external support The Group initiated a deep dive into the requirements of the upcoming mandatory CSRD reporting (Corporate Sustainable Reporting Directive) which is demanded from 2025. In line with the new taxation legislation on carbon intensive goods sourced outside EU, CBAM (Carbon Border Adjustment Mechanism), the Company effectively and efficiently prepared for submission of data in 2024.

The outlook and ESG perspective for 2024 is a short-term strategy for ESG and defining the main prioritized areas within Environment, Social Responsibility and Governance including the specific SBTis (Science Based Target initiative). In scope is also developing and testing the intended data platform which is to be utilised for recording of the data. Further elaboration of the Company’s sustainable actions is stated in the following chapters on “Environment”, “Working environment - Health and safety” and “Code of Conduct.

Environment
The most significant environmental impacts is continued to be related to energy consumption as well as the use of steel as our primary raw material.

The Group strives to be an engaged and environmental-friendly business partner. The Group’s main impact on the CO2 emissions is a large energy consumption as well as using steel as raw material. The Group contributes to lowering the CO2 emissions by using only renewable energy sources, responsible waste handling, and committing to environmental responsibility, the business takes ownership over its impact on the environment. Consumption of energy is always being monitored to continuously balancing increased production with decreased consumption.

Throughout 2023 waste handling was improved with implementation of among others a Waste App. This is reducing the number of transports to and from The Group and contributes to decarbonizisation. The Group will continue the work with scope 1, 2 and 3 carbon emissions as a part of the on-going ESG work. Furthermore, The Group intend to achieve a new environmental approval fitting the Group's current size and occupation.

Working environment - Health and safety

Our biggest resource is our employees, and they are therefore our biggest risk. Retention of our employees to maintain the level of competency and ability to deliver is important.

Our most valuable resource is our employees, and if we fail to maintain a healthy and safe working environment we run a risk of accidents, illness and related absence. Such risk would not only negatively affect the individual, but in turn also our operations and ability to succeed with our business. Therefore, the safety and well-being of our employees is very important to us. We improved our safety procedures and launched a standardised mandatory safety introduction for new employees in 2023. Safety of the employees and visitors have the highest priority. The registration of near misses continues, and incidents and learnings are shared on a global level. BSB Industry will carry on supporting national health initiatives such as "Beat Cancer" and locally support different associations. Our activities within health and safety are anchored solidly in the on-going ESG work.

In 2023, we made another employee satisfaction survey with a high satisfactory result. Outcome is used by the management to address issues concerning wellbeing and how we can strengthen and develop people and the organization. One of the Group values is flexibility, and a high degree of this is acknowledged from both The Group and the workforce, i.e., through opportunities for admin staff to work from home if required and flexible office hours planned on a day to day basis. Driven from the work in The Staff Association also social activities will be offered in 2024.

Code of Conduct

Introduction

Respect for and compliance with the law takes a high priority for The Group and complying with the various legal and regulatory frameworks that apply in the jurisdictions where it operates, The Group can protect its integrity and reputation.

Purpose of the Code of Conduct

The Code of Conduct is a collection of rules and policy statements intended to assist employees in their daily decision making. It sets forth guidelines for how to behave in relation to customers, suppliers, the authorities and other stakeholders.

The Code of Conduct applies to all entities and employees in The Group, and it is important that every employee understands and complies with the Code of Conduct. To ensure that every employee is familiar with the Code of Conduct, each manager is responsible for seeing that it is known and adhered to within their respective team.

Violation of the Code of Conduct

Failure to comply with the Code of Conduct may expose employees and The Group to reputational damage as well as to legal and regulatory sanctions. Disciplinary proceedings in case of severe compliance misconduct may result in a reprimand, fine or dismissal..

Human rights
The Group strives to adhere to all relevant laws and regulations aimed at the protection and promotion of human rights globally and at work.

The Group sees its employees as its greatest asset. Each employee is valuable and together they form the foundation for The Group's success.

It is important that employees treat everyone with dignity and respect. The Group does not accept discrimination based upon ethnic background, gender, religion, age or sexual orientation. Discriminatory behavior or harassment of any kind is not tolerated.

We train our employees in human rights, respect their right to freedom of association, and recognize the right to be member of a union or other collective bargaining group.

The Group is not aware of any breaches with human rights in our supply chain, but acknowledges that there is a risk that our suppliers are not complying to the human rights. The Group is trying to mitigate this by signing contracts with our suppliers before initiating a cooperation to make sure that the human rights are respected.

We do an annual evaluation of our suppliers according to our categorization. The evaluation consists of performance in terms of delivery and quality, but also in terms of Environment, Health and Safety and Code of Conduct. In 2024 we will continue these evaluations, including human rights requirements..

Child labor
The Group supports all efforts to eliminate child labour in the long term. In the meantime, we will ensure that the UN Convention on the Rights of the Child is respected in all activities we take part in.

The Group requires a minimum age of 15 years for employees, and children aged 15-18 can never do strenuous or potentially hazardous work tasks. Moreover, children aged 15-18 must always be supervised and supported with training and frequent dialogues with their superiors. The best interest of the child is always priority.

Anti-corruption, bribery and fraud
The Group condemns corruption in all its forms and does not tolerate it in its business or with its business partners. If employees are involved in bribery or corruption, they may find themselves personally criminally liable and subject to disciplinary action.

The three following principles apply:

• The Group and its employees do not accept or solicit bribes in any form.
• The Group does not make, and will not accept, facilitation payments or kickbacks of any kind.
• The Group's employees do not give or receive gifts above token value apart from gifts given or received in specific situations.

The line between right and wrong can sometimes be difficult to draw because of variations in local culture, customs and habits. If in doubt, employees should refer their concerns to their manager.

The Group does not tolerate any form of fraud, including theft, embezzlement, money laundering or misuse of The Group's property.

In 2023 there has not been any kind of corruption in The Group.

We have not identified any significant corruption risks in our operations. However, as we have a global supply chain, there will be some risk for corruption. Therefore, we mitigate this risk through various initiatives. The Group holds the right to audit main suppliers to make sure that they are fulfilling all requirements that has been provided by The Group. We will continue these initiatives in 2024 to decrease potential corruption risks.

Gifts and entertainment
From time to time in the normal course of business relations, gifts (including entertainment) are offered, given and received. All employees must exercise great care with respect to gifts to and from customers, suppliers or others with whom they come into professional contact.

Dealing with confidential information
All employees have a legal duty to safeguard confidential information, regardless of whether it is obtained from customers, associates, suppliers or sources within The Group. Confidential information must not be disclosed to third parties without the owner's consent.

Relations with suppliers
The Group expects that our suppliers comply with national laws and internationally recognized standards and conventions for ethical, environmental and social conditions.

Relations with customers
The aim is to ensure that customers trust The Group and experience value-creating relations.
All communications through all channels to all target groups should be open, truthful and unambiguous.

Managing complaints
The Group must deal with complaints from customers or former customers promptly and fairly and in accordance with applicable laws and regulations. The Group has developed procedures to support this process and the group holds a range of certifications among others; ISO 9001, ISO 14001 and ISO 45001.

Corporate social responsibility in 2023
In 2023 a whistleblower channel was launched for employees of BSB. The channel can be used to report wrongdoings such as corruption, abuse of power, discrimination and harassment internally before authorities or the media are contacted.

The Group will continue to enforce our code of conduct, and will implement digital insurance of legal compliance, where we are alerted on any change in any relevant legislation in order to ensure continuous compliance.

Supplier Management is one of the primary focus areas also in 2024. This will help The Group to strengthen the partnerships with the suppliers to accommodate the future requirements in all aspects of human rights and sustainability.

Statutory report on the underrepresented gender

	2023
Supreme management body	
Total number of members	5
Underrepresented gender (%)	0.00
Target figures (%)	30.00
Year of expected achievement of target figures	2027

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

	2023
Other management levels	
Total number of members	5
Underrepresented gender (%)	20.00
Target figures (%)	35.00
Year of expected achievement of target figures	2027

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

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

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

Statutory report on data ethics policy

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

Events after the balance sheet date

See note 1 regarding events after the balance sheet date.

Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
Revenue	2	708,993,425	772,125,305
Other operating income		888,419	1,026,084
Costs of raw materials and consumables		(503,495,387)	(577,752,541)
Other external expenses	3	(50,574,720)	(43,025,987)
Property costs		(39,762)	(69,151)
Gross profit/loss		**155,771,975**	**152,303,710**
Staff costs	4	(85,370,505)	(79,566,010)
Depreciation, amortisation and impairment losses	5	(11,063,554)	(11,226,857)
Other operating expenses		0	(43,406)
Operating profit/loss		**59,337,916**	**61,467,437**
Other financial income	6	1,916,639	5,539,216
Other financial expenses	7	(5,114,218)	(3,537,790)
Profit/loss before tax		**56,140,337**	**63,468,863**
Tax on profit/loss for the year	8	(12,206,953)	(14,091,248)
Profit/loss for the year	9	**43,933,384**	**49,377,615**

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Acquired intangible assets		282,964	385,779
Prepayments for intangible assets		272,676	252,227
Intangible assets	10	**555,640**	**638,006**
Land and buildings		31,319,946	31,921,031
Plant and machinery		11,333,491	13,492,421
Other fixtures and fittings, tools and equipment		6,268,770	5,419,058
Leasehold improvements		9,265	51,750
Property, plant and equipment in progress		81,083	196,584
Prepayments for property, plant and equipment		87,246	0
Property, plant and equipment	11	**49,099,801**	**51,080,844**
Deposits		1,957,350	1,957,350
Other receivables		0	16,682
Financial assets	12	**1,957,350**	**1,974,032**
Fixed assets		**51,612,791**	**53,692,882**
Raw materials and consumables		29,406,907	41,252,424
Work in progress		11,592,015	14,370,836
Manufactured goods and goods for resale		44,743,382	59,994,140
Prepayments for goods		95,532	0
Inventories		**85,837,836**	**115,617,400**

Trade receivables		193,905,196	253,241,263
Deferred tax	13	4,210,684	3,806,032
Other receivables		1,810,462	4,772,444
Derivative financial instruments	14	514,403	2,146,558
Prepayments	15	284,320	143,892
Receivables		**200,725,065**	**264,110,189**
Cash		**14,481,158**	**486,505**
Current assets		**301,044,059**	**380,214,094**
Assets		**352,656,850**	**433,906,976**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital	16	500,000	500,000
Translation reserve		1,127,135	(1,733,077)
Reserve for fair value adjustments of hedging instruments		677,405	1,950,487
Retained earnings		228,984,660	203,051,276
Proposed dividend for the financial year		18,000,000	15,000,000
Equity		**249,289,200**	**218,768,686**
Other provisions	17	4,500,000	2,500,000
Provisions		**4,500,000**	**2,500,000**
Mortgage debt		3,435,563	3,854,650
Bank loans		5,683,436	16,298,985
Lease liabilities		4,152,684	7,159,437
Other payables	18	333,709	304,169
Non-current liabilities other than provisions	19	**13,605,392**	**27,617,241**
Current portion of non-current liabilities other than provisions	19	5,543,427	5,729,086
Bank loans		8,036,948	51,181,990
Trade payables		58,677,703	103,348,767
Tax payable		3,539,495	13,592,438
Other payables		9,364,850	10,465,563
Deferred income	20	99,835	703,205
Current liabilities other than provisions		**85,262,258**	**185,021,049**
Liabilities other than provisions		**98,867,650**	**212,638,290**
Equity and liabilities		**352,656,850**	**433,906,976**
Events after the balance sheet date	1		
Fair value information	22		
Unrecognised rental and lease commitments	23		
Assets charged and collateral	24		
Transactions with related parties	25		
Group relations	26		
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Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Translation reserve DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK	Proposed dividend for the financial year DKK
Equity beginning of year	500,000	(1,733,077)	1,950,487	203,051,276	15,000,000
Ordinary dividend paid	0	0	0	0	(15,000,000)
Exchange rate adjustments	0	2,860,212	0	0	0
Fair value adjustments of hedging instruments	0	0	(1,632,156)	0	0
Tax of entries on equity	0	0	359,074	0	0
Profit/loss for the year	0	0	0	25,933,384	18,000,000
Equity end of year	**500,000**	**1,127,135**	**677,405**	**228,984,660**	**18,000,000**

	Total DKK
Equity beginning of year	218,768,686
Ordinary dividend paid	(15,000,000)
Exchange rate adjustments	2,860,212
Fair value adjustments of hedging instruments	(1,632,156)
Tax of entries on equity	359,074
Profit/loss for the year	43,933,384
Equity end of year	**249,289,200**

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		59,337,916	61,467,437
Amortisation, depreciation and impairment losses		11,063,554	11,226,857
Other provisions		2,000,000	0
Working capital changes	21	47,240,415	(44,480,156)
Profit/loss on sold fixed assets		(77,252)	43,406
Other adjustments		400,220	139,583
Cash flow from ordinary operating activities		**119,964,853**	**28,397,127**
Financial income received		1,916,639	5,539,216
Financial expenses paid		(5,114,218)	(3,537,790)
Taxes refunded/(paid)		(22,664,548)	(14,719,893)
Other cash flows from operating activities		(1,273,082)	2,297,292
Cash flows from operating activities		**92,829,644**	**17,975,952**
Acquisition etc. of intangible assets		(248,444)	(743,624)
Sale of intangible assets		0	350,220
Acquisition etc. of property, plant and equipment		(6,516,675)	(5,087,194)
Sale of property, plant and equipment		302,218	163,859
Cash flows from investing activities		**(6,462,901)**	**(5,316,739)**
Free cash flows generated from operations and investments before financing		**86,366,743**	**12,659,213**
Loans raised		8,036,948	25,776,518
Repayments of loans etc.		(65,409,038)	(17,257,041)
Dividend paid		(15,000,000)	(23,000,000)
Paid holiday fund obligation		0	(1,004,961)
Cash flows from financing activities		**(72,372,090)**	**(15,485,484)**
Increase/decrease in cash and cash equivalents		**13,994,653**	**(2,826,271)**

Cash and cash equivalents beginning of year	486,505	3,312,776
Cash and cash equivalents end of year	**14,481,158**	**486,505**

Cash and cash equivalents at year-end are composed of:		
Cash	14,481,158	486,505
Cash and cash equivalents end of year	**14,481,158**	**486,505**

Notes to consolidated financial statements

1 Events after the balance sheet date

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

2 Revenue

	2023 DKK	2022 DKK
Denmark	528,753,499	574,385,240
EU	83,435,359	61,457,850
Other countries	96,804,567	136,282,215
Total revenue by geographical market	**708,993,425**	**772,125,305**

3 Fees to the auditor appointed by the Annual General Meeting

	2023 DKK	2022 DKK
Statutory audit services	323,015	309,655
Tax services	50,000	46,000
Other services	150,825	125,000
	523,840	**480,655**

4 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	73,400,029	70,033,180
Pension costs	4,030,837	3,593,696
Other social security costs	7,939,639	5,939,134
	85,370,505	**79,566,010**
Average number of full-time employees	**237**	**234**

	Remuneration of management 2023 DKK	Remuneration of management 2022 DKK
Executive Board	0	440,004
Board of Directors	0	5,702,895
Total amount for management categories	3,085,274	0
	3,085,274	**6,142,899**

The remuneration of management for 2023 is shown accumulated refering to §98B of The Danish Financial Statments Act.

5 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Amortisation of intangible assets	368,191	253,645
Depreciation on property, plant and equipment	10,695,363	10,973,212
	11,063,554	**11,226,857**

6 Other financial income

	2023 DKK	2022 DKK
Other interest income	37,024	6,080
Exchange rate adjustments	1,879,615	5,507,171
Other financial income	0	25,965
	1,916,639	**5,539,216**

7 Other financial expenses

	2023 DKK	2022 DKK
Other interest expenses	3,829,004	2,869,571
Exchange rate adjustments	1,224,443	654,114
Other financial expenses	60,771	14,105
	5,114,218	**3,537,790**

8 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	12,577,473	14,455,539
Change in deferred tax	(348,629)	(352,754)
Refund in joint taxation arrangement	(21,891)	(11,537)
	12,206,953	**14,091,248**

9 Proposed distribution of profit/loss

	2023 DKK	2022 DKK
Ordinary dividend for the financial year	18,000,000	15,000,000
Retained earnings	25,933,384	34,377,615
	43,933,384	**49,377,615**

10 Intangible assets

	Acquired intangible assets DKK	Prepayments for intangible assets DKK
Cost beginning of year	1,636,995	252,227
Exchange rate adjustments	132,715	20,449
Additions	248,444	0
Cost end of year	**2,018,154**	**272,676**
Amortisation and impairment losses beginning of year	(1,251,216)	0
Exchange rate adjustments	(115,783)	0
Amortisation for the year	(368,191)	0
Amortisation and impairment losses end of year	**(1,735,190)**	**0**
Carrying amount end of year	**282,964**	**272,676**

11 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	65,863,602	74,284,693	18,904,592	550,518	196,584
Exchange rate adjustments	2,278,866	2,168,420	522,696	0	15,938
Transfers	331,340	0	(439,699)	0	0
Additions	321,926	2,855,665	3,181,059	0	70,779
Disposals	(3,154,585)	0	(1,349,081)	(15,491)	(202,218)
Cost end of year	**65,641,149**	**79,308,778**	**20,819,567**	**535,027**	**81,083**
Depreciation and impairment losses beginning of year	(33,942,571)	(60,792,272)	(13,485,534)	(498,768)	0
Exchange rate adjustments	(521,754)	(1,725,838)	(315,717)	0	0
Transfers	0	0	108,359	0	0
Depreciation for the year	(3,011,463)	(5,457,177)	(2,185,402)	(41,321)	0
Reversal regarding disposals	3,154,585	0	1,327,497	14,327	0
Depreciation and impairment losses end of year	**(34,321,203)**	**(67,975,287)**	**(14,550,797)**	**(525,762)**	**0**
Carrying amount end of year	**31,319,946**	**11,333,491**	**6,268,770**	**9,265**	**81,083**
Recognised assets not owned by Entity	0	6,816,608	0	0	0

	Prepayments for property, plant and equipment DKK
Cost beginning of year	0
Exchange rate adjustments	0
Transfers	0
Additions	87,246
Disposals	0
Cost end of year	**87,246**
Depreciation and impairment losses beginning of year	0
Exchange rate adjustments	0
Transfers	0
Depreciation for the year	0
Reversal regarding disposals	0
Depreciation and impairment losses end of year	**0**
Carrying amount end of year	**87,246**
Recognised assets not owned by Entity	0

12 Financial assets

	Deposits DKK	Other receivables DKK
Cost beginning of year	1,957,350	16,682
Disposals	0	(16,682)
Cost end of year	**1,957,350**	**0**
Carrying amount end of year	**1,957,350**	**0**

13 Deferred tax

	2023 DKK	2022 DKK
Property, plant and equipment	2,672,508	612,786
Inventories	364,744	282,988
Provisions	1,171,801	727,284
Liabilities other than provisions	1,631	2,182,974
Deferred tax	**4,210,684**	**3,806,032**

Changes during the year	2023 DKK	2022 DKK
Beginning of year	3,806,032	3,620,522
Recognised in the income statement	348,629	352,754
Exchange rate adjustments	56,023	(13,653)
Other adjustments	0	(153,591)
End of year	**4,210,684**	**3,806,032**

Deferred tax assets

The Group expect to make use of the deferred tax asset in future tax profits.

14Derivative financial instruments

Deriative financial instruments include the fair value of hedging instruments of kDKK 186. The hedging instruments has been entered to secure a fixed interest rate on the Group's variable-rate bank loans. The hedging instruments have a principal of DKK 9,45 million and secures a fixed interest rate of 1,15% for the remaining term of 7 years.

Furthermore, deriative financial instruments include the fair value of foreign exchange forward transactions of kDKK 328. The foreign exchange forward transactions have been entered to secure the company's purchases of goods against unexpected exchange rate adjustment. The foreign exchange forward transactions secure the exchange rate of PLN 2,0 milion for the coming three months after year end, which in a total amounts to PLN 6 million.

The financial instruments are entered with the Group's bank.

15 Prepayments

Prepayments consist off costs related to the following year such as rent and lease.

16 Contributed capital

	Number	Par value DKK	Nominal value DKK
Share capital	500,000	1	500,000
	500,000		**500,000**

17 Other provisions

Other provisions consist of provisions for warranty.

18 Other payables

	2023 DKK	2022 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	216,640	100,222
Other costs payable	117,069	203,947
	333,709	**304,169**

19 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Mortgage debt	427,435	431,720	3,435,563	1,543,956
Bank loans	1,008,000	1,008,000	5,683,436	1,558,190
Lease liabilities	3,048,486	3,052,726	4,152,684	0
Other payables	1,059,506	1,236,640	333,709	0
	5,543,427	**5,729,086**	**13,605,392**	**3,102,146**

20 Deferred income

Deferred income consist of received subsidy for acquisition or production of fixed assets.

21 Changes in working capital

	2023 DKK	2022 DKK
Increase/decrease in inventories	29,875,096	(19,798,709)
Increase/decrease in receivables	63,710,926	(11,832,683)
Increase/decrease in trade payables etc.	(46,345,607)	(12,848,764)
	47,240,415	**(44,480,156)**

22 Fair value information

	Fair Value adjustments of hedging instruments DKK	Fair value adjustments of foreign exchange forward transactions DKK
Fair value end of year	186,803	327,600
Unrealised fair value adjustments recognised in the fair value reserve in equity	152,852	1,479,304

23 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	24,549,257	24,515,972

24 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties registered to the mortgagor on properties of DKK 5,000k.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on properties of DKK 8,750k and 7,900k.

The carrying amount of mortgaged properties is DKK 7,809k.

Certain items of plant and machinery, and other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 6,817k.

Payables to credit institutions are secured on a floating charge of DKK 42,000k on the Group's assets.

Bank loan is secured by mortgage with first priority use on land property, located in Ciechocin: Land and Mortgage Register No. TO1G100023977/4, Land and Mortgage Register No. TO1G10O0247542, conducted by the District Court in Golub-Dobrzyn, lV Division of Land and Mortgage Registers, up to the amount of PLN 10,000,000.00, together with an assignment of rights under the insurance policy for the mortgaged property in accordance with the Insurance Policy Assignment Agreement and a registered pledge with first priority of satisfaction, up to the maximum security amount of PLN 6,000,000.00, established on the Borrower's movable property.

25 Non-arm's length related party transactions

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

26 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
BSB Group A/S, Lunderskov

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
BSB Group A/S, Lunderskov

27 Subsidiaries

	Registered in	Corporate form	Ownership %
BSB Industry A/S	Lunderskov, Denmark	A/S	100
BSB Ejendomme ApS	Lunderskov, Denmark	ApS	100
BSB Poland Sp. z o.o.	Ciechocin, Poland	Sp. z o.o.	100

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Other external expenses		(99,505)	(177,423)
Gross profit/loss		**(99,505)**	**(177,423)**
Income from investments in group enterprises		44,012,052	49,983,827
Other financial expenses		(1,054)	(440,326)
Profit/loss before tax		**43,911,493**	**49,366,078**
Tax on profit/loss for the year	2	21,891	11,537
Profit/loss for the year	3	**43,933,384**	**49,377,615**

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises		238,120,364	217,521,182
Financial assets	4	**238,120,364**	**217,521,182**
Fixed assets		**238,120,364**	**217,521,182**
Receivables from group enterprises		11,197,300	1,284,766
Joint taxation contribution receivable		3,561,388	13,603,975
Receivables		**14,758,688**	**14,888,741**
Cash		**24,644**	**26,201**
Current assets		**14,783,332**	**14,914,942**
Assets		**252,903,696**	**232,436,124**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		500,000	500,000
Reserve for net revaluation according to equity method		150,430,862	119,831,680
Retained earnings		80,358,339	83,437,007
Proposed dividend for the financial year		18,000,000	15,000,000
Equity		**249,289,201**	**218,768,687**
Trade payables		75,000	75,000
Tax payable		3,539,495	13,592,437
Current liabilities other than provisions		**3,614,495**	**13,667,437**
Liabilities other than provisions		**3,614,495**	**13,667,437**
Equity and liabilities		**252,903,696**	**232,436,124**
Events after the balance sheet date	1		
Employees	5		
Contingent liabilities	6		
Related parties with controlling interest	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	500,000	119,831,680	83,437,007	15,000,000	218,768,687
Ordinary dividend paid	0	0	0	(15,000,000)	(15,000,000)
Exchange rate adjustments	0	2,860,212	0	0	2,860,212
Other entries on equity	0	(1,273,082)	0	0	(1,273,082)
Profit/loss for the year	0	29,012,052	(3,078,668)	18,000,000	43,933,384
Equity end of year	**500,000**	**150,430,862**	**80,358,339**	**18,000,000**	**249,289,201**

Notes to parent financial statements

1 Events after the balance sheet date

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

2 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Refund in joint taxation arrangement	(21,891)	(11,537)
	(21,891)	**(11,537)**

3 Proposed distribution of profit and loss

	2023 DKK	2022 DKK
Ordinary dividend for the financial year	18,000,000	15,000,000
Retained earnings	25,933,384	34,377,615
	43,933,384	**49,377,615**

4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	112,689,502
Cost end of year	**112,689,502**
Revaluations beginning of year	104,831,680
Exchange rate adjustments	2,860,212
Adjustments on equity	(1,273,082)
Share of profit/loss for the year	43,844,395
Adjustment of intra-group profits	167,657
Dividend	(25,000,000)
Revaluations end of year	**125,430,862**
Carrying amount end of year	**238,120,364**

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

5 Employees

The Entity has no employees.

6 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.

7 Related parties with controlling interest

There are no parties with controlling interest.

8 Non-arm’s length related party transactions

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

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Foreign currency translation

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

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

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue 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, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds .

Costs of raw materials and consumables

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

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

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.

Other operating expenses

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

Income from investments in group enterprises

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

Other financial income

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

Tax on profit/loss for the year

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

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

Balance sheet

Intellectual property rights etc.

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

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

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

Property, plant and equipment

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

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

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

	Useful life
Buildings	10-40 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-5 years

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

Estimated useful lives and residual values are reassessed annually.

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

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

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

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

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

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

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

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

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

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

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions

receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

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

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

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

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

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.

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

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

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

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

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

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