

IQ METAL A/S
BIRKEMOSEVEJ 1, DK-8361 HASSELAGER
ANNUAL REPORT

1 OCTOBER 2020 – 30 SEPTEMBER 2021

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 9 December 2021.

Carsten Thygesen
Chairman of the Meeting

CVR-No.: 42 62 57 28

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COMPANY DETAILS

Company

IQ Metal A/S
Birkemosevej 1
DK-8361 Hasselager

Telephone: 87 38 90 11
Website: www.iqmetal.com
E-mail: info@iqmetal.com
CVR No.: 42 62 57 28
Established: 21 April 1977
Registered Office: Aarhus
Financial Year: 1 October 2020 – 30 September 2021

Divisions

Head office:
IQ Metal A/S
Birkemosevej 1
DK-8361 Hasselager

Polish division:
IQ Metal Sp. z o.o.
Kniewska 7
PL-70-846 Szczecin

Board of Executives

Group CEO Bo Fischer Larsen

Board of Directors

Chairman Carsten Thygesen
Board member Ole Juul Jørgensen
Group CEO Bo Fischer Larsen
Plant director Jesper Zacher Nielsen

Auditor

BDO Statsautoriseret revisionsaktieselskab
Kystvejen 29
DK-8000 Aarhus C

Bank

Sydbank A/S
Store Torv 12
DK-8000 Aarhus C

BNP Paribas Bank Polska S.A.
Centrum Bankowości Korporacyjnej w Szczecinie
al. Papieża Jana Pawła II 3/4
PL-70-413 Szczecin

General Meeting

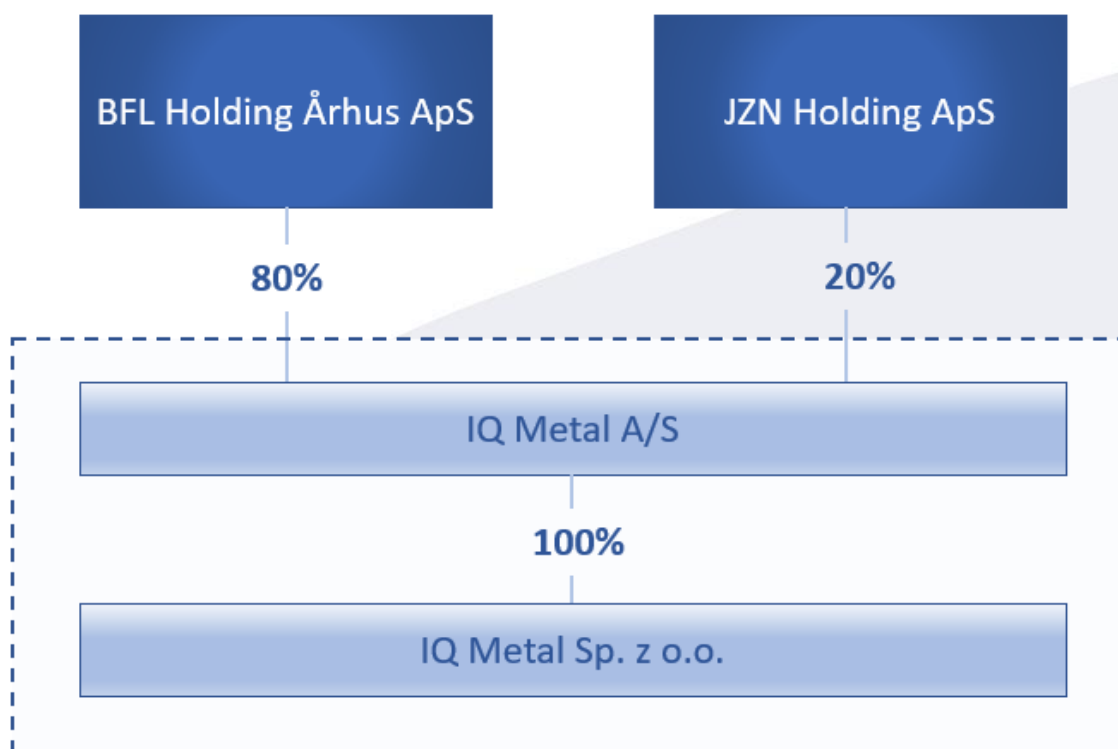
The Annual General Meeting is held on 9 December 2021 at BDO, Kystvejen 29, DK-8000 Aarhus C.

GROUP STRUCTURE

IQ Metal A/S holds 100% of IQ Metal Sp. z o.o. shares.

Group structure is as follows:

IQ Metal concern overview



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of IQ Metal A/S for the year 1 October 2020 - 30 September 2021.

The Annual Report is presented in accordance with 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's and the Company's financial position at 30 September 2021 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 October 2020 - 30 September 2021.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Aarhus, on 9 December 2021

Board of Executives:

Bo Fischer Larsen

Board of Directors:

Carsten Thygesen
Chairman

Bo Fischer Larsen

Jesper Zacher Nielsen

Ole Juul Jørgensen

INDEPENDENT AUDITOR'S STATEMENT

To the Shareholders of IQ Metal A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of IQ Metal A/S for the financial year 1 October 2020 - 30 September 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows for both the Group and the Parent Company. 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 financial position of the Group and the Parent Company at 30 September 2021, and of the results of the Group and Parent Company operations as well as the consolidated cash flows of the Group and the Parent Company for the financial year 1 October 2020 - 30 September 2021 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 the Parent Company Financial Statements" 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. 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 Company 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 Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the 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 the 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 Financial Statement

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the 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 mis-statement 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 the 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 the 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 the 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 the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the 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 the 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 or the 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 the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Aarhus, 9 December 2021

BDO Statsautoriseret revisionsaktieselskab
CVR No. 20 22 26 70

Steen Pedersen
State Authorised Public Accountant
MNE no. mne24680

Thomas Nørgaard Christensen
State Authorised Public Accountant
MNE no. mne40048

FINANCIAL HIGHLIGHTS OF THE GROUP

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Income Statement					
Gross profit	47.888	34.705	48.591	34.392	28.271
Operating profit	23.512	11.449	25.905	23.746	16.506
Financial income and expenses, net	-1.601	-1.440	-622	-1.321	-606
Profit for the year before tax	21.911	10.009	25.283	22.426	15.900
Profit for the year	19.129	7.784	19.654	17.540	12.414
Balance Sheet					
Balance sheet total	185.486	144.652	101.481	88.813	84.867
Investments in tangible fixed assets	8.186	47.703	4.429	4.863	5.862
Equity	53.259	40.719	41.929	36.838	29.094
Net working capital	61.614	39.769	45.698	34.047	35.289
Net interest-bearing debt	-69.148	-67.121	-32.697	-35.209	-37.502
Invested capital	121.287	98.989	64.767	56.289	54.510
Average number of full-time employees (without temporary workers)					
	266	226	209	190	195
Ratios					
Rate of return	21,3	14,0	42,8	42,9	32,1
Solvency ratio	28,7	28,1	41,3	41,5	34,3
Return on equity	40,7	18,8	49,9	53,2	46,6

The ratios stated in the above Financial Highlights have been calculated as follows:

Rate of return:
$$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$$

Invested capital:

Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets – trade payables – other provisions – other long and short term working liabilities

Solvency ratio:
$$\frac{\text{Equity ex minorities, at year - end} \times 100}{\text{Total equity and liabilities, at year - end}}$$

Return on equity
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

IQ Metal Group are specialised in providing cost effective metal solutions to customers worldwide and the activities of the Group are contract manufacturing of components and metal parts in steel, stainless steel and aluminum to industrial customers. The customized solutions ranging from components to system deliveries, are handled by the Group from third-party and total logistics solutions.

In the following, the name Group is used as a general name covering all IQ Metal and therefore applies to the Group, IQ Metal A/S and IQ Metal Sp. Z. o o..

Exceptional matters

The financial year 2020/21 is affected by the ongoing COVID-19 pandemic on profit and revenue, as well as the global increases in raw material prices. See further description under subsection "Development in activities and financial position" below.

Uncertainty as to recognition and measurement

There has not been any uncertainties associated with the recognition and measurement of business operations.

Development in activities and financial position

In the financial year 2020/21, the Group recorded a gross profit of 47.888 TDKK.

Profit after tax amounted to 19.129 TDKK compared with 7.784 TDKK in the financial year 2019/20.

During the financial year 2020-2021, the Group has continued the previous years' investment and implementation of production equipment and automation as well as the development of new and existing customers. Similar to the previous financial year, operations and implementations have been affected by the ongoing pandemic situation, yet thanks to appropriate safeguards and counteractions with very limited impacts towards employees and customers.

As expected, the large investments in new manufacturing partnerships and the existing customer portfolio have triggered a significantly increasing level of activity, but the year has also been characterized by major challenges in relation to rising raw material prices and scarcity in the supply chains. These challenges have currently affected the ratio of earning as well as an increase of capital employed related to the necessity of securing components and raw materials however, the company's budgeted net profit has been secured due to the high level of activity.

The annual result has fulfilled the expectations of the management.

MANAGEMENT'S REVIEW

Profit/loss for the year compared to future expectations

Thanks to a significant increase in the activities the impacts of the disruptions caused by a continued pandemic situation and a dramatic unexpected situation in the raw material market were minimized and the budgets were fulfilled.

The result is considered as satisfactory.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Group's financial position.

Special risks

Operational risks

The Group is an industrial subcontractor and therefore considerably sensitive to macroeconomic fluctuations and consequent business cycles.

By the entrance to the current financial year, there is still a certain uncertainty in relation to the pandemic- and raw material situation, but with references to the current safety- and countermeasures in place, the management estimates that the potential risks are relatively balanced.

Despite a continuing growth in all 3 main product-/customer related segments, during the last fiscal year IQ Metal managed to reduce the exposure to the Group's largest segment from an exposure of 52% to 41%. In order to further reduce the risk and vulnerability, it is the strategy to continue the development and balancing between the main segments.

Price risks

As in previous years, the pressure on prices has continued and IQ Metal Group's conclusion remains that future operating results must be realized through higher volumes.

Foreign exchange risks

Purchase and sale in foreign currencies are primarily conducted in EUR and PLN. The Group's active currency strategy minimizes the risks of the DKK/PLN, and PLN/EUR exchange rate fluctuations.

Credits raised at IQ Metal Sp. z o.o. have increased the PLN currency exposure against EUR/DKK.

MANAGEMENT'S REVIEW

Special risks (continued)

Interest rate risks

The Group's operating budget for the 2021/22 financial year is based on the level of interest at the beginning of the financial year, with a certain margin, so an increasing interest rate level will only have a limited impact on the Group's profit.

Environmental situation

IQ Metal A/S complies with current environmental legislation.

In the operations of the IQ Metal Group no solvents, chlorine compound or other environmentally stressed substances are used.

The IQ Metal Group is certified against the requirements of the ISO14001:2015.

Knowledge resources

The company does not undertake own R&D activities, but contributes with technical know-how customer oriented product development process.

Future expectations

IQ Metal Group expects to continue the growth in sales. The growing activities will be supported by expanding the factory and warehouse capacity.

The expected results are expressed in the budgets for the coming financial year and the management expects to realize improved figures of sales and profit for the current year.

Corporate social responsibility

The IQ Metal Group aims to develop its business and meet its strategic challenges in a financially and socially justifiable way by adhering to legislation, conducting its activities responsibly, and taking measures of a social nature.

For more than two decades, a major share of the activities of IQ Metal has been targeted renewable energy. Today, IQ Metal is positioned as a significant supplier to the largest producers of offshore wind turbines.

MANAGEMENT'S REVIEW

Corporate social responsibility (continued)

With the establishment of IQ Metal Poland in 2010, the company for the first time extended its global footprint outside of Denmark. The role as a responsible organisation and employer was extended to comprise the activities in a new and different environment and society. Today, IQ Metal is paying very much attention to our role as employer as well as taking a social responsibility within the local society in both Denmark and Poland. Not only are 350 families dependent upon the jobs and wages we offer, but IQ Metal will also make sure they work in a safe and great work place.

With the UN's Global Compact implemented late 2015, IQ Metal has focused on creating a sustainable workplace and the corporate social responsibility has now been further extended towards the global footprint. Through our actions and day-to-day behaviour, IQ Metal prioritizes our contribution to the UN's Sustainable Development Goals.



Specifically, we adopt the UN-SDG into our actions with CSR initiatives and commitments within these main focus areas:

- ❖ Environmental and Climate impact
- ❖ Responsible Employer
- ❖ Role in Society

MANAGEMENT'S REVIEW

IQ Metal Group's UN-SDG focus, metrics, and indicators

The IQ Metal Group focuses on these sustainable development goals and actions:

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



5 GENDER
EQUALITY



7 AFFORDABLE AND
CLEAN ENERGY



8 DECENT WORK AND
ECONOMIC GROWTH






12 RESPONSIBLE CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



MANAGEMENT'S REVIEW

Focus area	UN-SDGs	IQ Metal focus	Metrics & Indicators
Environmental and Climate impact	7 AFFORDABLE AND CLEAN ENERGY 	IQM as a significant supplier of products for the renewable energy sector. We will Implement energy saving practices.	<ul style="list-style-type: none"> • IQM will hold the current leading position in the category of small weldments for the offshore Wind Turbine industry. • IQM will aim to use renewable energy sources.
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	We will encourage reduce, reuse, and recycle at our workplaces.	<ul style="list-style-type: none"> • IQM will maintain our ISO 14001 certification. • IQM will improve waste management to facilitate recycling.
	13 CLIMATE ACTION 	We will reduce CO ₂ emissions from buildings and manufacturing processes.	<ul style="list-style-type: none"> • IQM will reduce CO₂ emission from laser cutting. • IQM will reduce the consumption of oil and gas for heating of buildings.
Responsible Employer	4 QUALITY EDUCATION 	We will contribute to the development of competences within our industry.	<ul style="list-style-type: none"> • IQM will establish internal and external training & education. • IQM will cooperate with vocational schools and universities.
	8 DECENT WORK AND ECONOMIC GROWTH 	We will innovate processes and productivity, improve competitiveness, and continuously make our company a better place to work.	<ul style="list-style-type: none"> • IQM will continue to grow sales based on innovation by all members of staff. • IQM will continuously improve the employee satisfaction at the workplace.
Role in Society	3 GOOD HEALTH AND WELL-BEING 	We will be a safe place to work and we will contribute to national and global improvement of health at work.	<ul style="list-style-type: none"> • IQM has a zero-incident at work policy. • IQM donates financial support for organizations that fight serious diseases, people in poverty and children in need.
	5 GENDER EQUALITY 	We will convert a predominantly male business into an attractive place to work for both genders.	<ul style="list-style-type: none"> • IQM will improving the ratio of women on the shop floor. • IQM will develop career paths for female employees in engineering, quality, and logistic functions.

MANAGEMENT'S REVIEW

Environmental and Climate impact unfolded

For more than 2 decades, renewable energy has been among the most important activities of the IQ Metal Group. Since the ending of the last millennium, our products have been installed within thousands of onshore and offshore Wind Turbines that produce CO₂ emission-free energy. In other words, every day the outcome of our activities supply Gigawatts of clean energy to industries and households around the World.

The wind turbine components that IQ Metal supply are produced on traditional energy consuming machinery, using the available sources of energy in our factories. This cannot be changed. Therefore, as an element of improving the environmental footprint, IQ Metal has launched initiatives to reduce the energy consumption in the operations by implementing more efficient and less energy consuming machines and supporting technology.

During the past financial year the impact of the new environment friendly technology has resulted in significant improvements when it comes to the consumption of power versus activity level and output.

Responsible employer unfolded

Our staff are the main assets of the IQ Metal Group. Innovations, the developments, and the continuous improvements spring from the people in our organisation. Jobs and career opportunities must be based and balanced according to the needs and capabilities of our staff. IQ Metal Group has the possibility to satisfy the needs and wishes of our staff, regardless if they feel most comfortable by standard and routines work, knowing every day what tomorrow will bring, or are high-potentials looking for a more diverse and challenging workday. We are able to screen and identify high-potentials, and we continuously nurture, grow, and develop their talents and offer attractive career paths within the IQ Metal Group.

As a responsible employer we do not see our people as "Human Resources". Our employees are individuals, and all of them play a role in the growth of the IQ Metal Group.

IQ Metal Denmark has a long and ongoing tradition of training apprentices, which we initially aimed to extend to IQ Metal Poland. Due to lack of external, well-organized vocational schools, IQ Metal Poland instead developed an internal IQ Metal Welding Academy, which is structured and organized according to the Scandinavian templates of developing workers with documented skilled competences.

Generic skills like language lessons are organized in groups according to the current level of competences. Training and development of engineers, administrative staff and managers are organized according to individual needs and schedules and the company's growth strategy.

During the past financial year IQ Metal has increased the development of employees, from training and certifications of shop floor workers, over the launching of training and education in classes to individual training programs and sponsoring of master degrees.

MANAGEMENT'S REVIEW

Responsible employer unfolded (continued)

In coming years, the reporting will include a more explicit listing of the activities related to the role as a responsible employer, and we invite companies like us to do the same and make the results publicly available.

Role in Society unfolded

IQ Metal must be a safe and good place to work and a zero-incident safety policy is a must. By the end of 2021, the IQ Metal Group employs more than 350 employees, and the fact that 350 families are dependent upon the wellbeing of the IQ Metal Group makes us humble and respectful towards our role as employer.

Since 2010, when the activities of the IQ Metal Group were extended to comprise the operations in Poland, our awareness and adoption of our role in society has been growing. The IQ Metal Group was initially forced to navigate within different cultures and societies, teaching us to be grateful for conditions that cannot be taken for granted everywhere. We have now come further than this.

Today, we strongly support equality between genders, and despite the fact that the nature of the metal and steel business used to be dominated by men, we manage to attract and employ female workers on various levels - especially in IQ Metal Poland. Women must have equal opportunities, and IQ Metal Group supports their rights in society, and we offer the same employment conditions as their male colleagues within the organisation.

We realize that we cannot on our own do a major impact in all areas, e.g. within treating serious diseases, but we can do something. Therefore, IQ Metal Group each year make a number of donations and support activities targeted major causes in the global society. Our key focus has been to extend fixed long-term donations supporting orphan girls in Pakistan, the fight against cancer, and donations to fight other serious diseases.

As IQ Metal believes in a sustained and long term effort, during the past financial year, the current donations and fundings have been continued.

INCOME STATEMENT 1 OCTOBER – 30 SEPTEMBER

	Note	Group		Parent company	
		2021	2020	2021	2020
		DKK	TDKK	DKK	TDKK
GROSS PROFIT	1	47.887.802	34.705	18.032.510	16.933
Distribution costs	1	-821.869	-695	-312.192	-348
Administrative expenses.....	1	-23.553.877	-22.561	-11.676.397	-11.110
OPERATING PROFIT		23.512.056	11.449	6.043.921	5.475
Income from investments in subsidiaries		0	0	14.969.744	3.686
Financial income	2	930.312	1.135	91.008	246
Financial expenses.....	3	-2.530.994	-2.575	-792.210	-459
PROFIT BEFORE TAX		21.911.374	10.009	20.312.463	8.948
Tax on profit/loss for the year	4	-2.782.074	-2.225	-1.183.163	-1.164
PROFIT FOR THE YEAR	5	19.129.300	7.784	19.129.300	7.784

BALANCE SHEET AT 30 SEPTEMBER

ASSETS	Note	Group		Parent company	
		2021	2020	2021	2020
		DKK	TDKK	DKK	TDKK
Other intangible fixed assets		638.933	51	0	0
Intangible fixed assets	6	638.933	51	0	0
Land and buildings.....		1.283.493	585	0	0
Production plant and machinery		55.487.677	16.590	13.467.471	9.130
Other plant, fixtures and equipment ..		459.827	501	0	0
Leasehold improvements		851.440	970	851.440	970
Prepayment for tangible fixed assets under construction.....		472.950	40.661	0	0
Tangible fixed assets	7	58.555.387	59.307	14.318.911	10.100
Investments in subsidiaries		0	0	40.023.398	27.447
Deposits		1.599.271	1.610	1.478.296	1.486
Fixed asset investments.....	8	1.599.271	1.610	41.501.694	28.933
FIXED ASSETS		60.793.591	60.967	55.820.605	39.033

BALANCE SHEET AT 30 SEPTEMBER

ASSETS	Note	Group		Parent company	
		2021	2020	2021	2020
		DKK	TDKK	DKK	TDKK
Raw materials and consumables.....		32.526.632	12.230	7.036.859	4.079
Work in progress		16.542.083	11.090	5.805.342	2.737
Finished goods and goods for resale..		4.553.097	3.469	1.204.638	1.758
Inventories		53.621.812	26.789	14.046.839	8.574
Trade receivables		55.986.961	47.314	18.448.269	14.821
Receivables from group enterprises...		1.343.000	300	1.923.853	13.814
Deferred tax asset	9	472.349	1.242	136.647	196
Other receivables.....		3.521.938	2.291	59.624	1.003
Prepayments and accrued income	10	749.694	690	394.281	355
Receivables		62.073.942	51.837	20.962.674	30.189
Cash.....		8.996.384	5.058	5.145.787	0
Cash.....		8.996.384	5.058	5.145.787	0
CURRENT ASSETS		124.692.138	83.685	40.155.300	38.763
ASSETS.....		185.485.729	144.652	95.975.905	77.796

BALANCE SHEET AT 30 SEPTEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2021	2020	2021	2020
		DKK	TDKK	DKK	TDKK
Share capital		1.000.000	1.000	1.000.000	1.000
Reserves for net revaluation accord- ing to the equity value method.....		0	0	38.523.398	25.947
Retained earnings.....		42.259.391	33.719	3.735.993	7.772
Proposed dividend for the financial- year		10.000.000	6.000	10.000.000	6.000
EQUITY		53.259.391	40.719	53.259.391	40.719
Debt to banks.....		39.027.710	48.250	10.000.000	10.000
Lease liabilities		10.602.655	7.344	10.602.655	7.344
Long-term liabilities	11	49.630.365	55.594	20.602.655	17.344

BALANCE SHEET AT 30 SEPTEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2021	2020	2021	2020
		DKK	TDKK	DKK	TDKK
Current portion of long-term liabilities		11.010.305	8.262	1.813.652	1.212
Debt to banks.....		17.503.920	1.220	1.274.436	1.220
Trade payables.....		38.768.977	22.659	11.305.961	7.119
Debt to group enterprises		475.477	532	475.477	532
Corporation tax.....		1.546.138	1.325	1.124.137	1.183
Other payables		13.136.476	13.871	6.120.196	8.467
Accruals and deferred income	12	154.680	470	0	0
Current liabilities		82.595.973	48.339	22.113.859	19.733
LIABILITIES		132.226.338	103.933	42.716.514	37.077
EQUITY AND LIABILITIES		185.485.729	144.652	95.975.905	77.796
Contingencies etc.	13				
Charges and securities	14				
Related parties	15				
Consolidated financial statements.....	16				

STATEMENT OF CHANGES IN EQUITY

	Group			
	Share capital	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 October 2020	1.000.000	33.718.865	6.000.000	40.718.865
Dividend paid			-6.000.000	-6.000.000
Proposed distribution of profit for the year		9.129.300	10.000.000	19.129.300
Exchange adjustment, foreign subsidiaries		-588.774		-588.774
Equity at 30 September 2021	1.000.000	42.259.391	10.000.000	53.259.391

	Parent company				
	Share capital	Net revaluation under the equity method	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 October 2020	1.000.000	25.946.613	7.772.252	6.000.000	40.718.865
Dividend paid		-1.804.185	1.804.185	-6.000.000	-6.000.000
Proposed distribution of profit		14.969.744	-5.840.444	10.000.000	19.129.300
Exchange adjustment, foreign subsidiaries		-588.774			-588.774
Equity at 30 September 2021	1.000.000	38.523.398	3.735.993	10.000.000	53.259.391

CASH FLOW STATEMENT 1 OCTOBER – 30 SEPTEMBER

	Group		Parent company	
	2021	2020	2021	2020
	DKK	TDKK	DKK	TDKK
Profit for the year	19.129.300	7.784	19.129.300	7.784
Reversed depreciation of the year	8.596.924	4.418	1.883.374	1.416
Gains from investment activities	-90.000	-113	-90.000	-113
Profit from subsidiaries	0	0	-14.969.744	-3.686
Reversed tax on profit/loss for the year	2.789.243	2.232	1.183.163	1.164
Corporation tax paid	-2.305.775	-3.029	-1.183.099	-895
Change in inventory	-26.832.669	-6.386	-5.473.178	-1.292
Change in receivables	-11.006.121	6.588	9.628.871	9.955
Change in current liabilities (ex bank, tax and dividend).....	15.003.089	8.388	1.783.811	3.544
CASH FLOWS FROM OPERATING ACTIVITIES	5.283.990	19.882	11.892.498	17.877
Purchase of intangible fixed assets	-1.014.224	-94	0	0
Purchase of tangible fixed assets	-8.186.050	-47.703	-6.102.770	-6.016
Sale of tangible fixed assets	90.000	113	90.000	113
Purchase of financial investments	0	-146	0	-22
Sale of financial investments	8.042	63	8.042	63
Other cash flows relating to investing activities	0	753	0	753
CASH FLOWS FROM INVESTING ACTIVITIES	-9.102.232	-47.014	-6.004.728	-5.109

CASH FLOW STATEMENT 1 OCTOBER – 30 SEPTEMBER

	Group		Parent company	
	2021	2020	2021	2020
	DKK	TDKK	DKK	TDKK
Changes in subordinated loan capital.	-2.046.968	-6.448	-3.860.803	-4.830
Proceeds from long-term borrowing ..	5.261.572	51.516	5.261.572	5.485
Other changes in long-term debt.....	-5.742.026	2.242	3.804.185	3.065
Dividend paid in the financial year	-6.000.000	-8.000	-6.000.000	-8.000
CASH FLOWS FROM FINANCING ACTIVITIES	-8.527.422	39.310	-796.195	-4.280
CHANGE IN CASH AND CASH EQUIVALENTS	-12.345.663	12.178	5.091.575	8.488
Cash and cash equivalents at 1 October	3.838.127	-8.340	-1.220.225	-9.708
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	-8.507.536	3.838	3.871.350	-1.220
Specification of cash and cash equivalents at 30 September				
Cash at banks.....	8.996.384	5.058	5.145.787	0
Bank debt, overdraft.....	-17.503.920	-1.220	-1.274.437	-1.220
CASH AND CASH EQUIVALENTS, NET DEBT	-8.507.536	3.838	3.871.350	-1.220

NOTES

	Group		Parent company		Note
	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK	
Staff costs					1
Average number of employees:	266	226	59	59	
Wages and salaries.....	62.716.603	52.672	27.131.614	24.626	
Pensions.....	3.476.161	3.455	3.476.191	3.455	
Social security costs.....	751.490	579	751.490	579	
Other staff costs.....	505.641	373	505.641	373	
	67.449.895	57.079	31.864.936	29.033	
Remuneration of management and board of directors.....	2.229.711	1.608	2.229.711	1.608	
	2.229.711	1.608	2.229.711	1.608	
Financial income					2
Group enterprises.....	0	0	70.208	197	
Other interest income.....	930.312	1.135	20.800	49	
	930.312	1.135	91.008	246	
Financial expenses					3
Group enterprises.....	64.000	50	64.000	50	
Other interest expenses.....	2.466.994	2.525	728.210	409	
	2.530.994	2.575	792.210	459	
Tax on profit for the year					4
Calculated tax on taxable income of the year.....	2.029.409	3.166	1.124.137	1.183	
Adjustment of tax previous year..	-7.169	-8	0	0	
Adjustment of deferred tax.....	759.834	-933	59.026	-19	
	2.782.074	2.225	1.183.163	1.164	

NOTES

	Group		Parent company		Note
	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK	
Proposed distribution of profit					5
Proposed dividend for the year.....	10.000.000	6.000	10.000.000	6.000	
Allocation to reserve for net revaluation according to equity value.....	0	0	14.969.744	3.686	
Retained earnings.....	9.129.300	1.784	-5.840.444	-1.902	
	19.129.300	7.784	19.129.300	7.784	

Intangible fixed assets

	Group Other intangible fixed assets	6
Cost at 1 October 2020	332.188	
Additions	1.014.224	
Disposals	0	
Exchange rate adjustment	-14.852	
Cost at 30 September 2021	1.331.560	
Depreciation and impairment losses at 1 October 2020	281.452	
Reversal of depreciation of assets disposed of	0	
Depreciation of the year	419.857	
Exchange rate adjustment	-8.682	
Depreciation and impairment losses at 30 September 2021	692.627	
Carrying amount at 30 September 2021	638.933	

NOTES

Tangible fixed assets	Group			Note 7
	Production plants and machinery	Other plants, machinery, tools and equipment	Leasehold improvements	
Cost at 1 October 2020	72.468.960	1.343.564	2.904.111	
Additions	46.992.211	95.661	24.511	
Disposals	-5.000.000	0	0	
Exchange rate adjustment	-746.886	-19.833	0	
Cost at 30 September 2021	113.714.285	1.419.392	2.928.622	
Depreciation and imp.losses at 1 October 2020 ..	55.879.248	842.252	1.934.080	
Reversal of depreciation of assets disposed of ...	-5.000.000	0	0	
Depreciation of the year	7.652.154	128.616	143.102	
Exchange rate adjustment	-304.794	-11.303	0	
Depreciation and impairment losses at 30 September 2021	58.226.608	959.565	2.077.182	
Carrying amount at 30 September 2021 ...	55.487.677	459.827	851.440	
Recognised assets not owned by the company ..	11.916.597	0	42.708	

Tangible fixed assets (continued)	Group		7
	Land and buildings	Assets under Construction	
Cost at 1 October 2020	1.085.320	40.660.760	
Additions	899.393	-39.825.726	
Disposals	0	0	
Exchange rate adjustment	-27.089	-362.083	
Cost at 30 September 2021	1.957.624	472.950	
Depreciation and impairment losses at 1 October 2020	500.379	0	
Reversal of depreciation of assets disposed of	0	0	
Depreciation of the year	184.194	0	
Exchange rate adjustment	-10.443	0	
Depreciation and imp.losses at 30 September 2021	674.130	0	
Carrying amount at 30 September 2021	1.283.493	472.950	

NOTES

Tangible fixed assets (continued)	Parent company			Note 7
	Production plants and machinery	Other plants, machinery, tools and equipment	Leasehold improvements	
Cost at 1 October 2020	50.674.613	265.000	2.904.111	
Additions	6.078.258	0	24.511	
Disposals	-5.000.000	0	0	
Cost at 30 September 2021	51.752.871	265.000	2.928.622	
Depreciation and imp. losses at 1 October 2020	41.545.128	265.000	1.934.080	
Reversal of depreciation of assets disposed of ...	-5.000.000	0	0	
Depreciation of the year	1.740.272	0	143.102	
Depreciation and impairment losses at 30 September 2021	38.285.400	265.000	2.077.184	
Carrying amount at 30 September 2021 ...	13.467.471	0	851.440	
Recognised assets not owned by the company ..	11.916.597	0	42.708	
Fixed asset investments			Group	8
			Rent deposit	
Cost at 1 October 2020			1.609.481	
Additions			0	
Disposals			-8.042	
Exchange rate adjustment			-2.168	
Cost at 30 September 2021			1.599.271	
Depreciation and impairment losses at 1 October 2020			0	
Reversal of depreciation of assets disposed of			0	
Depreciation of the year			0	
Exchange rate adjustment			0	
Depreciation and impairment losses at 30 September 2021			0	
Carrying amount at 30 September 2021			1.599.271	

NOTES

Fixed asset investments (continued)	Parent company		Note 8
	Fixed assets investments	Rent deposit	
Cost at 1 October 2020	1.500.000	1.486.338	
Additions	0	0	
Disposals	0	-8.042	
Cost at 30 September 2021	1.500.000	1.478.296	
Revaluation at 1 October 2020.....	25.946.613	0	
Exchange rate adjustment	-588.774	0	
Dividend paid.....	-1.804.185	0	
Profit for the year	14.969.744	0	
Revaluation at 30 September 2021	38.523.398	0	
Carrying amount at 30 September 2021	40.023.398	1.478.296	

Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit for the year	Ownership
IQ Metal Sp. z o.o., Poland	40.276.204	14.962.575	100 %
Correction accounting policies, Poland.....	-252.806	7.169	100 %

Deferred tax assets

Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	Group		Parent company	
	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
Deferred tax, beginning of year...	1.241.883	333	195.673	177
Deferred tax for the year.....	-769.534	909	-59.026	19
	472.349	1.242	136.647	196

The Group's deferred tax assets are recognized in the Balance Sheet at 472.349 DKK. The tax asset relates primarily to lease liabilities. The tax asset is recognized on the basis of the expectations to the positive tax profits for the next couple of years, and the temporary deviation between the financial accounts and tax are expected to be fully utilized through equalization of future earnings. The assessments are based on the Group's budgets for the next three years. The budgets have been prepared according to the Group's usual budget procedure.

NOTES

Prepayments and accrued income

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Prepayments and accruals recognised as assets include costs incurred relating to the subsequent financial year.

Long-terms liabilities

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	Group				
	Liability 30 September 2021	Short term liability 30 September 2021	Liability after 5 years	Liability 1 October 2020	Short term liability 1 October 2020
Debt to banks.....	48.224.362	9.196.653	10.000.000	55.254.581	7.005.076
Lease liabilities.....	12.416.307	1.813.651	3.882.908	8.583.025	1.239.186
	60.640.669	11.010.304	13.882.908	63.837.607	8.244.262

	Parent company				
	Liability 30 September 2021	Short term liability 30 September 2021	Liability after 5 years	Liability 1 October 2020	Short term liability 1 October 2020
Debt to banks.....	10.000.000	0	10.000.000	10.000.000	0
Lease liabilities.....	12.416.307	1.813.651	3.882.908	8.555.503	1.211.664
	22.416.307	1.813.651	13.882.908	18.555.503	1.211.664

Accruals and deferred income

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Accruals and deferred income includes payments received relating to revenue in subsequent financial year.

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**Note
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Contingencies

Contingent liabilities

The Group has signed a rent agreement that is irrevocable until 31 December 2024. Commitment represents a total of 5.888 TDKK. The yearly commitment for rent is 1.766 TDKK. The Group has also signed a rent agreement that is irrevocable until 5 February 2028. Commitment represents a total of 27.606 TDKK. The yearly commitment for rent is 4.359 TDKK.

The Parent Company has signed a rent agreement that is irrevocable until 31 December 2024. Commitment represents a total of 5.888 TDKK. The yearly commitment for rent is 1.766 TDKK.

Joint liabilities

The Parent company is jointly and severally liable together with the parent company and the other group companies in the jointly taxed group for tax on the Group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the Group's jointly taxed income is stated in the annual report of BFL Holding Århus ApS, which serves as management company for the joint taxation.

IQ Metal Sp. z o.o. is an independent tax subject to IQ Metal A/S and BFL Holding Århus ApS.

Charges and securities

As security for all balances with banks, the company has given mortgage of 14.000 TDKK. The mortgage deeds are secured in inventory, goodwill, furniture, fixtures and accounts receivable. Furthermore, there are opposite bank issued mortgage deeds in furniture, fixtures and goodwill totalling 34.855 TDKK as per 30 September 2021.

The mortgage deeds are also with security in shares in IQ Metal Sp. z o.o. with a value of 40.023 TDKK as per 30 September 2021.

As security for bank debt, the company has given security of 3.000 TDKK. The security are secured in movables totalling 5.262 TDKK as per 30 September 2021.

The Company has also given mortgage of 5.450 TDKK and security in movables with a value of 3.000 TDKK for all balances with banks.

As security for lease debts per 30 September 2021 of 12.416 TDKK, the Parent company has given mortgage deeds in leased plants and machinery with a value of 11.959 TDKK.

As security for bank debts per 30 September 2021 of 37.216 TDKK, the Parent company has provided security of 18.6% of the mortgage, whilst the Parent Company's sister company, Ejendomsselskabet Birkemosevej 1 ApS, has provided security of 1.4%. The remaining 80% security is provided by Eksport Kredit Fonden EKF.

As security for Parent Company's sister company Ejendomsselskabet Birkemosevej 1 ApS's balances with the bank, the Parent Company has given guarantee for payments. The sister company's balance with the bank is 2.080 TDKK as per 30 September 2021.

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**Note
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Related parties

The Parent Company's related parties include:

Controlling interest

Member of board of executive Bo Fischer Larsen, Aarhus, is the controlling shareholder through his holding company BFL Holding Århus ApS's ownership.

Other related parties

Other related parties consists of Executive Board, Board of directors, these persons related family members and subsidiary IQ Metal Sp. z o.o. and the sistercompany Ejendomsselskabet Birkemosevej 1 ApS.

Transactions with related parties

The company has not had any transactions with related parties that are not agreed on terms with the markets.

IQ Metal A/S rents buildings owned by the sistercompany Ejendomsselskabet Birkemosevej 1 ApS. The rent is agreed on market-related terms.

Consolidated financial statement

The company is included in the consolidated financial statements of BFL Holding Århus ApS, Kystvejen 57, 8000 Aarhus C, CVR-no. 30 07 57 14.

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ACCOUNTING POLICIES

The annual report of IQ Metal A/S for 2020/21 is presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The accounting policies are consistent with the policies applied last year.

Consolidated financial statements

The consolidated financial statements include the parent company IQ Metal A/S and its subsidiaries in which IQ Metal A/S directly or indirectly holds more than 50 % of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20 % and 50 % of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

INCOME STATEMENT

Net revenue

Net revenue from sale finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Production costs

Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. Commercial enterprises recognise cost of sales, and the manufacturing enterprises recognise production costs equal to the revenue for the year, including direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

ACCOUNTING POLICIES

Distribution costs

The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

Administrative expenses

Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses, etc. and related amortisation.

Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the Income Statement by the amounts that relate to the financial year.

Interest and other costs of borrowing for financing of manufacture of current assets and fixed assets are not recognised in the cost price.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the portion that may be attributed to the profit for the year, and is recognised directly in equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Computer software are measured at cost less accumulated depreciation and impairment losses.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Land and buildings	5-10 years	0-10 % of cost
Production plant and machinery	5-10 years	0-10 % of cost
Other plant, fixtures and equipment	3-8 years	0-10 % of cost
Lease improvement	10 years	0-10 % of cost

Profit or loss on disposal of tangible fixed assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Lease contracts

Lease contracts relating to tangible fixed assets where the Company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the Balance Sheet.

The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the Company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the term of the contract.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the term of the contract. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Fixed asset investments

Investments in subsidiaries are measured in the parent company balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill.

Net revaluation of investments in subsidiaries is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the parent company has a legal or actual liability to cover the subsidiary's negative balance.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO method. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include bank deposits.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet at the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax resulting from changes in tax rates are recognised in the Income Statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalized value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

The capitalised residual lease liability on finance lease contracts is also recognised as financial liabilities.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the Income Statement as financial income or expenses.

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

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the balance sheet date. Non-monetary items are translated at the rate at the time of acquisition or at the time of subsequent revaluation or write-down of the asset. The items of the Income Statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustments of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in equity.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents include bank overdraft and cash in hand.

