IQ METAL A/S

BIRKEMOSEVEJ 1, DK-8361 HASSELAGER

ANNUAL REPORT

1 OCTOBER 2021 – 31 DECEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 22. March 2023.

Thomas Bechmann
Chairman of the Meeting

CVR-No.: 42 62 57 28

Content

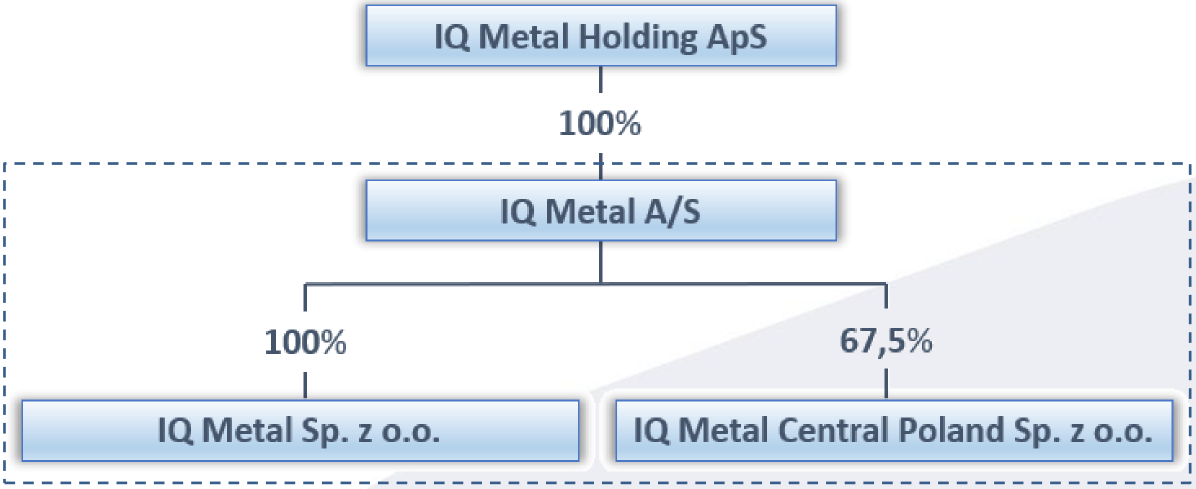
COMPANY DETAILS

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 2021 – 31 December 2022
Divisions	*Head office:* IQ Metal A/S Birkemosevej 1 DK-8361 Hasselager *Polish divisions:* IQ Metal Sp. z o.o. Kniewska 7 PL-70-846 Szczecin IQ Metal Central Poland Sp. z o.o. Elgiszewo 221 PL-87-408 Elgiszewo
Board of Directors	Chairman Thomas Bechmann Board member Lars Taarn Pedersen Board member Carsten Thygesen
Executive Board	Group CEO Bo Fischer Larsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 DK-8000 Aarhus C
Bank	Jyske Bank A/S Enghavevej 32 DK-7100 Vejle mBank S.A. Corporate Branch Szczecin ul. Zbozowa 4 (entrance C) second floor PL-70-653 Szczecin
General Meeting	The Annual General Meeting is held on 22 March 2023 at the Groups head office at Birkemosevej 1, DK-8361 Hasselager.

GROUP STRUCTURE

IQ Metal A/S holds 100% of IQ Metal Sp. z o.o. shares and 67,5% shares of IQ Metal Central Poland Sp. z o.o.

Group structure is as follows:



MANAGEMENT´S STATEMENT

Today the Board of Directors and Board of the Executive Board have discussed and approved the Annual Report of IQ Metal A/S for the year 1 October 2021 - 31 December 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of IQ Metal A/S give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 October 2021 - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Aarhus, 22 March 2023

Executive Board:

Bo Fischer Larsen
Group CEO

Board of Directors:

Thomas Bechmann Chairman	Lars Taarn Pedersen	Carsten Thygesen

INDEPENDENT AUDITOR’S STATEMENT

To the Shareholders of IQ Metal A/S

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of IQ Metal A/S for the financial year 1 October 2021 - 31 December 2022, 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 Company, as well as consolidated statement of cash flows for both the Group and the Company. The Consolidated Financial Statements and the Annual Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements give a true and fair view of the Group´s and the Company´s assets, liabilities and financial position at 31 December 2022, and of the results of the Group’s and Company´s operations and cash flows for the financial year 1 October 2021 - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 Annual Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Annual 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 Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements, Management is responsible for assessing the Group’s and the 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 Annual 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 Annual 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 Annual 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 Annual 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 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 Annual 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 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 Annual 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 Annual Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Annual 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 Commentary

Management is responsible for Management's Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements does not cover Management's Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements, our responsibility is to read Management's Commentary and, in doing so, consider whether Management's Commentary is materially inconsistent with the Consolidated Financial Statements or the Annual 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Commentary is in accordance with the Consolidated Financial Statements and the Annual 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 Commentary.

Aarhus, 22 March 2023

BDO Statsautoriseret revisionsaktieselskab
CVR No. 20 22 26 70

Thomas Nørgaard Christensen
State Authorised Public Accountant
MNE no. mne40048

FINANCIAL HIGHLIGHTS OF THE GROUP

	2022 TDKK (15 mos)	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
Income Statement					
Net revenue	453.646	280.934	195.100	197.259	182.552
Gross profit	59.172	47.888	34.705	48.591	34.392
Operating profit	26.577	23.512	11.449	25.905	23.746
Financial income and expenses, net	-3.987	-1.601	-1.440	-622	-1.321
Profit for the year before tax	22.590	21.911	10.009	25.283	22.426
Profit for the year	19.406	19.129	7.784	19.654	17.540
Balance Sheet					
Balance sheet total	179.657	185.486	144.652	101.481	88.813
Investments in tangible fixed assets	10.663	8.186	47.703	4.429	4.863
Equity	61.978	53.259	40.719	41.929	36.838
Equity ex. minority interests	61.975	53.259	40.719	41.929	36.838
Net working capital	60.728	61.614	39.769	45.698	34.047
Net interest-bearing debt	-57.391	-69.148	-67.121	-32.697	-35.209
Invested capital	119.270	121.287	98.989	64.767	56.289
Average number of full-time employees (without temporary workers)	**312**	**266**	**226**	**209**	**190**
Key ratios					
Gross Margin	13,0	17,0	17,8	24,6	18,8
Operation Margin	5,9	8,4	5,9	13,1	13,0
Return on invested capital	22,1	21,3	14,0	42,8	42,9
Quick ratio	152,7	140,3	139,2	170,4	170,9
Equity ratio	34,5	28,7	28,1	41,3	41,5
Return on equity	33,7	40,7	18,8	49,9	53,2
Index for net revenue	249	154	107	108	100
Net revenue per employee in TDKK	1.454	1.056	863	944	961

FINANCIAL HIGHLIGHTS OF THE GROUP

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

Net working capital (NWC):	Inventories + receivables – trade and other payables + other operating assets, current – other operating liabilities, current
Invested capital:	NWC + intangible and tangible assets (ex goodwill) – provisions – other operating liabilities, non-current
Net interest-bearing debt:	Interest-bearing liabilities – interest-bearing assets – cash and cash equivalents
Free cash flow	Operating cash flows – investments in fixed assets, net
Gross margin:	$\frac{\text{Gross profit/loss x 100}}{\text{Net revenue}}$
Operating margin:	$\frac{\text{Operating profit /loss x 100}}{\text{Net revenue}}$
Return on invested capital:	$\frac{\text{Operating profit/loss adjusted for goodwill amortisation x 100}}{\text{Average invested capital}}$
Quick ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio:	$\frac{\text{Equity ex minorities, at year-end x 100}}{\text{Total assets, at year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$
Net revenue per employee DKK ('000)	$\frac{\text{Net revenue DKK ('000)}}{\text{Average number of full-time employees}}$

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

MANAGEMENT'S COMMENTARY

Principal activities

IQ Metal Group are specialised in providing cost effective integrated metal and steel solutions to customers worldwide. The activities of the Group are contract manufacturing of components and metal parts in steel, stainless steel and aluminum for industrial customers. The customized solutions rang from components over system and supply chain solutions to the IQ Metal Partnership Manufacturing ™ concept for insourcing of entire productions or large scale product portfolios on behalf of customers against long term partnership agreements.

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, IQ Metal Sp. z o.o. and IQ Metal Central Poland Sp. z o.o..

Unusual matters

The financial year 2021/22 was affected by the ongoing invasion of Ukraine and the resulting instability related to supply chains, shortages of raw materials and large fluctuations in all costs incl. energy etc. Detailed description under subsection "Development in activities and financial position" below.

Recognition and measurement uncertainty

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

Development in activities and financial and economic position

The level of activity in the group has exceeded expectations for the financial year 2021/22. Compared to 2020/21, a strong demand for the Group's integrated metal and steel solutions has resulted in a net revenue growth of more than 61% in 2021/22. But with references to the unusual conditions, the profit margin has been challenged.

Despite the declining earnings, in relation to the macro-environmental challenges, the management assesses the result as satisfactory.

During the last month of the financial year 2021/22 the Group have further expanded its activities abroad and established a new company "IQ Metal Central Poland" located near Torún in central Poland.

Profit for the year in relation to expected developments

In the financial year 2021/22, the Group recorded a net revenue of 453.646 TDKK, and a gross profit of 59.172 TDKK. Profit after tax amounted to 19.406 TDKK compared with 19.129 TDKK in the financial year 2020/21.

MANAGEMENT'S COMMENTARY

During the financial year 2021/22, the Group has continued the previous years' investments and the development of new and existing customers. These investments in manufacturing partnerships and existing customer portfolio have triggered a significantly increased level of activity, but the year has also been characterized by major challenges in relation to the conflict in Ukraine, increase of raw material prices and scarcity in the supply chains, yet thanks to appropriate safeguards and counteractions with limited impacts towards employees and customers.

These challenges have currently affected the ratio of earnings, however the Company's net profit has been secured due to the high level of activity.

The results of the Group for 2021/22 are considered satisfactory by the management.

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.

Future expectations

IQ Metal Group operates in a competitive market and the management expects the activities for current year to be slightly higher than recorded for 2021/22. The growing activities will be supported by the already completed expansion of the production and warehouse capacity in Poland and ongoing expansion of the production and office capacity in Denmark.

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. The Group expects consolidated earnings between 20-30 MDKK.

Financial risks

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.

Interest rate risks

The Group´s operating budget for the 2023 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.

MANAGEMENT’S COMMENTARY

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 conflict in Ukraine and the inflation 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 41% to 35%. 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 and through operational excellence.

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, and the Group strives to be an environmentally friendly business partner.

The group holds certification 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.

Corporate social responsibility (CSR) report, ref. the Danish Financial Statements Act, section 99a

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.

integrated metal solutions

MANAGEMENT'S COMMENTARY

Corporate social responsibility (CSR) report (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 440 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
- Responsible Employer
- Role in Society

MANAGEMENT'S COMMENTARY

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

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

MANAGEMENT'S COMMENTARY

Focus area	UN-SDGs	IQ Metal focus	Metrics & Indicators
Environmental and Climate	7 AFFORDABLE AND CLEAN ENERGY	IQM as a significant supplier of products for the renewable energy sector. We will Implement energy sawing practices.	• 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.	• IQM will maintain our ISO 14001 certification. • IQM will improve waste management to facilitate recycling.
	13 CLIMATE ACTION	We will reduce CO2 emissions from buildings and manufacturing processes.	• 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.	• 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.	• 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.	• IQM has a zero-incident at work policy. • IQM donates to organizations fighting serious diseases, poverty and children in need. • IQ Metal is implementing ISO45001 within the Group
	5 GENDER EQUALITY	We will convert a predominantly male business into an attractive place to work for both genders, also at management and board level.	• 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.
	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	We will not tolerate corruption in all its forms and will not tolerate any form of fraud, theft, embezzlement, money laundering or misuse of any kind.	• IQM commits to fight corruption. • IQM will improve transparency and access to information. • IQM has implemented a whistleblower policy.

MANAGEMENT'S COMMENTARY

Corporate social responsibility (CSR) report (continued)

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 CO_2 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 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 COMMENTARY

Corporate social responsibility (CSR) report (continued)

Responsible employer unfolded (continued)

Finally, IQ Metal acknowledges children's right to be children and to educate and therefore, the company does not employ children who are under the mandatory school age. Full time employees under 18 are only employed in connection with the education of apprentices.

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 start of 2023, the IQ Metal Group employs more than 440 employees, and the fact that 440 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.

Finally, IQ Metal expects the highest degree of integrity and honesty in all business activities and the company will not tolerate any form of corruption, direct as well as indirect, fraud, bribery, money-laundering etc. Thus IQ Metal have implemented a Whistleblower system accessible on the Company's webpage, and encourages everyone to report through the system in case of direct or indirect corruption.

The risk is however deemed low, as the Group encourages its employees, not least its customers to adhere to all relevant laws and regulations.

MANAGEMENT’S COMMENTARY

Target figure and policy for the underrepresented gender, ref. the Danish Financial Statements Act, section 99b

IQ Metal Group has a desire to increase the proportion of the underrepresented gender (women) in the organization and thereby also improve the recruitment basis for positions in the company.

The Group offers equal conditions for all applicants regardless of gender, age and ethnicity, however the primary criteria for employment will be competencies and personal qualities, and in an industry where management at all levels primarily consists of men, it may be a challenge in a recruitment process to select the best competences and still favour the underrepresented gender.

In the Company´s Board of Directors, the gender distribution was 0 women and 3 men. The Company’s goal is to increase the number of female board members by 1 and the Company will work towards achieving the goal before the end of 2026.

At the Company's other management levels, the gender distribution is 5 women and 9 men, corresponding to a proportion of women in management positions of 36%. The Company's goal is to increase the number of female management members by 1 and will make efforts to achieve the goal by the end of 2026.

Statutory report on data ethics policy, ref. the Danish Financial Statements Act, section 99d

The Company are aware of the many opportunities and uncertainties in relation to the use of digital tools. As part of the work to ensure best practice in handling data responsibly and in accordance with the General Data Protection Regulation (GDPR), the Group have formulated and implemented a GDPR policy.

IQ Metal does not use complex technologies and the systems and structures are transparent and simple. Based on the above, IQ Metal Group has not found it necessary to develop a specific policy around data ethics. However, to ensure the rights and expectations of all the group's stakeholders, the use and handling of ethically related data is constantly monitored

The risk of cyber attacks is an integral part of the annual risk assessments, just as the group's IT systems are continuously updated to protect IQ Metal's infrastructure. The procedures include the general protection as well as preventive measures in case a potential cyber attack takes place.

INCOME STATEMENT

	Note	Group		Parent company	
		1/10 2021 - 31/12 2022	1/10 2020 - 30/9 2021	1/10 2021 - 31/12 2022	1/10 2020 - 30/9 2021
		DKK	TDKK	DKK	TDKK
NET REVENUE	1	**453.645.674**	**280.934**	**131.051.294**	**83.272**
Cost of sales	2, 3	-394.473.762	-233.046	-105.242.673	-65.239
GROSS PROFIT		**59.171.912**	**47.888**	**25.808.621**	**18.033**
Distribution costs		-954.635	-822	-485.619	-312
Administrative expenses	2, 3	-31.639.964	-23.554	-16.449.218	-11.676
OPERATING PROFIT		**26.577.313**	**23.512**	**8.873.784**	**6.044**
Income from investments in subsidiaries		0	0	13.067.316	14.969
Financial income	4	426.313	930	183.970	91
Financial expenses	5	-4.413.544	-2.531	-912.743	-792
PROFIT BEFORE TAX		**22.590.082**	**21.911**	**21.212.327**	**20.312**
Tax on profit/loss for the year	6	-3.184.349	-2.782	-1.806.594	-1.183
PROFIT FOR THE YEAR	7	**19.405.733**	**19.129**	**19.405.733**	**19.129**

BALANCE SHEET

ASSETS	Note	Group 31/12 2022	Group 30/9 2021	Parent company 31/12 2022	Parent company 30/9 2021
		DKK	TDKK	DKK	TDKK
Other intangible fixed assets		64.652	639	0	0
Intangible assets	8	**64.652**	**639**	**0**	**0**
Land and buildings..........................		2.029.360	1.283	0	0
Production plant and machinery		52.970.579	55.488	13.267.667	13.648
Other plant, fixtures and equipment ..		278.165	460	0	0
Leasehold improvements		686.059	851	686.059	851
Prepayment for tangible fixed assets under construction..........................		1.083.514	473	0	0
Property, plant and equipment ...	9	**57.047.677**	**58.555**	**13.953.726**	**14.319**
Investments in subsidiaries		0	0	44.991.543	40.023
Deposits		1.529.025	1.599	1.529.025	1.478
Financial asset.............................	10	**1.529.025**	**1.599**	**46.520.568**	**41.501**
NON-CURRENT ASSETS...............		**58.641.354**	**60.793**	**60.474.294**	**55.820**

BALANCE SHEET

ASSETS	Note	Group 31/12 2022 DKK	Group 30/9 2021 TDKK	Parent company 31/12 2022 DKK	Parent company 30/9 2021 TDKK
Raw materials and consumables........		23.072.204	32.527	6.047.095	7.037
Work in progress		22.659.138	16.542	6.348.956	5.805
Finished goods and goods for resale..		6.224.567	4.553	2.172.095	1.205
Inventories		**51.955.909**	**53.622**	**14.568.146**	**14.047**
Trade receivables		55.183.490	55.987	19.851.262	18.448
Receivables from group enterprises...		0	1.343	927.581	1.924
Deferred tax asset	11	474.605	472	110.194	137
Other receivables............................		5.861.511	3.522	1.789.472	60
Prepayments and accrued income	12	677.805	750	453.320	394
Receivables		**62.197.411**	**62.074**	**23.131.829**	**20.963**
Cash...		6.862.685	8.996	853.330	5.146
Cash...		**6.862.685**	**8.996**	**853.330**	**5.146**
CURRENT ASSETS		**121.016.005**	**124.692**	**38.553.305**	**40.156**
ASSETS..		**179.657.359**	**185.485**	**99.027.599**	**95.976**

BALANCE SHEET

EQUITY AND LIABILITIES	Note	Group 31/12 2022 DKK	Group 30/9 2021 TDKK	Parent company 31/12 2022 DKK	Parent company 30/9 2021 TDKK
Share capital		1.000.000	1.000	1.000.000	1.000
Reserves for net revaluation according to the equity value method..........		0	0	43.486.144	38.523
Retained earnings............................		51.975.415	42.259	17.489.271	3.736
Proposed dividend for the financial-year		0	10.000	0	10.000
Minority interests		2.600	0	0	0
EQUITY		**61.978.015**	**53.259**	**61.975.415**	**53.259**
Debt to banks................................		28.635.309	39.028	10.000.000	10.000
Lease liabilities		9.487.639	10.603	9.487.639	10.603
Non-current liabilities	13	**38.122.948**	**49.631**	**19.487.639**	**20.603**

BALANCE SHEET

EQUITY AND LIABILITIES	Note	Group 31/12 2022 DKK	Group 30/9 2021 TDKK	Parent company 31/12 2022 DKK	Parent company 30/9 2021 TDKK
Current portion of long-term liabilities		11.150.816	11.010	2.050.306	1.814
Debt to banks.................................		14.980.235	17.504	1.560.013	1.275
Trade payables................................		40.756.011	38.769	9.680.432	11.306
Debt to group enterprises		0	475	0	475
Corporation tax................................		1.881.382	1.546	1.775.589	1.124
Other payables		10.087.540	13.136	2.498.205	6.120
Accruals and deferred income	14	700.412	155	0	0
Current liabilities		**79.556.396**	**82.595**	**17.564.545**	**22.114**
LIABILITIES		**117.679.344**	**132.226**	**37.052.184**	**42.717**
EQUITY AND LIABILITIES		**179.657.359**	**185.485**	**99.027.599**	**95.976**
Contingencies etc.	15				
Charges and securities	16				
Related parties	17				
Consolidated Financial Statements.....	18				

STATEMENT OF CHANGES IN EQUITY

Group

	Share capital	Retained earnings	Proposed dividend for the financial year	Minority interests	Total
Equity at 1 October 2021	**1.000.000**	**42.259.391**	**10.000.000**	**0**	**53.259.391**
Dividend paid			-10.000.000		-10.000.000
Proposed distribution of profit..............................		19.405.733			19.405.733
Capital increase				2.600	2.600
Exchange adjustment, foreign subsidiaries		-689.709			-689.709
Equity at 31 December 2022	**1.000.000**	**60.975.415**	**0**	**2.600**	**61.978.015**

Parent company

	Share capital	Net revaluation under the equity method	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 October 2021	**1.000.000**	**38.523.398**	**3.735.993**	**10.000.000**	**53.259.391**
Dividend paid		-7.414.862	7.414.862	-10.000.000	-10.000.000
Proposed distribution of profit..............................		13.067.316	6.338.417	0	19.405.733
Exchange adjustment, foreign subsidiaries		-689.709			-689.709
Equity at 31 December 2022	**1.000.000**	**43.486.144**	**17.489.271**	**0**	**61.975.415**

CASH FLOW STATEMENT

	Group		Parent company	
	1/10 2021-31/12 2022	**1/10 2020-30/9 2021**	**1/10 2021-31/12 2022**	**1/10 2020-30/9 2021**
	DKK	TDKK	DKK	TDKK
Profit for the year	19.405.733	19.129	19.405.733	19.129
Depreciation and amortisation, reserved	12.549.412	8.597	3.226.632	1.883
Gains from investment activities........	-90.482	-90	-90.482	-90
Profit from subsidiaries	0	0	-13.067.316	-14.969
Tax on profit/loss, reserved..............	3.188.784	2.789	1.806.594	1.183
Corporation tax paid	-2.84.152	-2.306	-1.124.145	-1.183
Change in inventory.........................	1.665.903	-26.832	-521.306	-5.473
Change in receivables	-121.213	-11.006	-2.195.608	9.629
Change in current liabilities (ex bank, tax and dividend)............................	-991.651	15.003	-5.347.994	1.784
CASH FLOWS FROM OPERATING ACTIVITIES	**33.322.334**	**5.284**	**1.717.108**	**11.893**
Purchase of intangible fixed assets	-78.273	-1.014	0	0
Purchase of tangible fixed assets.......	-10.662.836	-8.186	-3.120.367	-6.103
Sale of tangible fixed assets	349.402	90	349.402	90
Purchase of financial investments......	-217.829	0	-212.430	0
Sale of financial investments	161.701	8	161.701	8
Other cash flows relating to investing activities...	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	**-10.447.835**	**-9.102**	**-2.821.694**	**-6.005**

CASH FLOW STATEMENT

	Group		Parent company	
	1/10 2021-31/12 2022	**1/10 2020-30/9 2021**	**1/10 2021-31/12 2022**	**1/10 2020-30/9 2021**
	DKK	TDKK	DKK	TDKK
Changes in subordinated loan capital.	-7.932.248	-2.047	-2.278.362	-3.861
Proceeds from long-term borrowing ..	2.862.500	5.261	1.400.000	5.261
Other changes in long-term debt.......	-7.414.767	-5.742	-7.404.915	3.804
Dividend paid in the financial year.....	-10.000.000	-6.000	-10.000.000	-6.000
CASH FLOWS FROM FINANCING ACTIVITIES	**-22.484.515**	**-8.528**	**-3.473.447**	**-796**
CHANGE IN CASH AND CASH EQUIVALENTS	**389.985**	**-12.346**	**-4.578.033**	**5.092**
Cash and cash equivalents at 1 October	-8.507.536	3.838	3.871.350	-1.220
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**-8.117.551**	**-8.508**	**-706.683**	**3.872**
Specification of cash and cash equivalents at 31 December				
Cash at banks.................................	6.862.685	8.996	853.330	5.146
Bank debt, overdraft........................	-14.980.235	-17.504	-1.560.013	-1.274
CASH AND CASH EQUIVALENTS, NET DEBT.....................................	**-8.117.551**	**-8.508**	**-706.683**	**3.872**

NOTES

	Group		Parent company		Note
	1/10 2021-31/12 2022 DKK	1/10 2020-30/9 2021 TDKK	1/10 2021-31/12 2022 DKK	1/10 2020-30/9 2021 TDKK	
Net revenue					**1**
Segments details (geography)					
Domestic………………………………….	191.812.497	135.407	109.319.497	69.595	
Abroad..…………………………………..	261.833.177	145.527	21.731.797	13.677	
	453.645.674	**280.934**	**131.051.294**	**83.272**	
Segments details (activities)					
Production and sub-supplier activities………………….…………….	453.645.674	280.934	131.051.294	83.272	
	453.645.674	**280.934**	**131.051.294**	**83.272**	
Fee to statutory auditors					**2**
Total fee					
BDO…………………………………………	323.000	292	323.000	292	
Auditors of foreign subsidiaries…..	392.451	224	0	0	
	715.451	**516**	**323.000**	**292**	
Specification of fee					
Statutory audit…….………………..…..	246.599	228	193.500	194	
Tax consultancy…………………….…..	375.536	190	50.000	0	
Other services…….……………………..	93.316	98	79.500	98	
	715.451	**516**	**323.000**	**292**	
Staff costs					**3**
Average number of employees:	312	266	64	59	
Wages and salaries……………………	90.933.334	62.717	38.600.574	27.132	
Pensions…………………………………..	4.623.478	3.476	4.623.478	3.476	
Social security costs…………………..	795.806	751	795.806	751	
Other staff costs……………………….	723.118	506	723.118	506	
	97.075.736	**67.450**	**44.742.976**	**31.865**	
Remuneration of management……	2.722.906	2.410	2.722.906	2.410	
	2.722.906	**2.410**	**2.722.906**	**2.410**	

The remuneration of management is shown accumulated referring to section 98B of the Danish Financial Statements Act.

NOTES

	Group		Parent company		Note
	1/10 2021-31/12 2022 DKK	1/10 2020-30/9 2021 TDKK	1/10 2021-31/12 2022 DKK	1/10 2020-30/9 2021 TDKK	
Financial income					**4**
Group enterprises.........................	0	0	0	70	
Other interest income...................	426.313	930	183.970	21	
	426.313	**930**	**183.970**	**91**	
Financial expenses					**5**
Group enterprises.........................	25.000	64	25.000	64	
Other interest expenses................	4.388.544	2.467	887.743	728	
	4.413.544	**2.531**	**912.743**	**792**	
Tax on profit for the year					**6**
Calculated tax on taxable income of the year..................................	3.192.648	2.029	1.775.589	1.124	
Adjustment of tax previous year..	118	-7	4.553	0	
Adjustment of deferred tax..........	-8.417	-760	26.452	59	
	3.184.349	**2.782**	**1.806.594**	**1.183**	
Proposed distribution of profit					**7**
Proposed dividend for the year......	0	10.000	0	10.000	
Allocation to reserve for net revaluation according to equity value...	0	0	13.067.316	14.969	
Retained earnings.........................	19.405.733	9.129	6.338.417	-5.840	
	19.405.733	**19.129**	**19.405.733**	**19.129**	

NOTES

Intangible assets	Group Other intangible fixed assets	Note 8
Cost at 1 October 2021	1.331.560	
Additions	78.273	
Disposals	0	
Exchange rate adjustment	-23.970	
Cost at 31 December 2022	**1.385.863**	
Depreciation and impairment losses at 1 October 2021	692.627	
Reversal of depreciation of assets disposed of	0	
Depreciation of the year	646.394	
Exchange rate adjustment	-17.809	
Depreciation and impairment losses at 31 December 2022	**1.321.211**	
Carrying amount at 31 December 2022	**64.652**	

NOTES

Property, plant and equipment	Group			Note 9
	Production plants and machinery	Other plants, machinery, tools and equipment	Leasehold improvements	
Cost at 1 October 2021	113.714.285	1.419.392	2.928.622	
Additions	9.273.043	0	15.012	
Disposals	-4.767.460	-111.331	0	
Exchange rate adjustment	-1.106.440	-19.200	0	
Cost at 31 December 2022	**117.113.428**	**1.288.860**	**2.943.634**	
Depreciation and imp.losses at 1 October 2021	58.226.608	959.565	2.077.182	
Reversal of depreciation of assets disposed of	-4.879.592	-65.127	0	
Depreciation of the year	11.181.717	128.963	180.393	
Exchange rate adjustment	-385.884	-12.706	0	
Depreciation and impairment losses at 31 December 2022	**64.142.849**	**1.010.695**	**2.257.575**	
Carrying amount at 31 December 2022	**52.970.579**	**278.165**	**686.059**	
Recognised assets not owned by the company	11.029.652	0	26.757	

Property, plant and equipment (continued)	Group		9
	Land and buildings	Assets under Construction	
Cost at 1 October 2021	1.957.624	472.950	
Additions	1.070.325	304.456	
Disposals	-143.451	-319.882	
Exchange rate adjustment	-42.399	-13.774	
Cost at 31 December 2022	**2.842.100**	**1.083.514**	
Depreciation and impairment losses at 1 October 2021	674.130	0	
Reversal of depreciation of assets disposed of	-16.561	0	
Depreciation of the year	168.294	0	
Exchange rate adjustment	-13.124	0	
Depreciation and imp.losses at 31 December 2022	**812.740**	**0**	
Carrying amount at 31 December 2022	**2.029.360**	**1.083.514**	

NOTES

Property, plant and equipment (continued) — Note 9

	Parent company		
	Production plants and machinery	**Other plants, machinery, tools and equipment**	**Leasehold improvements**
Cost at 1 October 2021	51.752.871	265.000	2.928.622
Additions	3.105.355	0	15.012
Disposals	-1.227.365	0	0
Cost at 31 December 2022	**53.630.861**	**265.000**	**2.943.634**
Depreciation and imp. losses at 1 October 2021	38.285.400	265.000	2.077.184
Reversal of depreciation of assets disposed of	-968.445	0	0
Depreciation of the year	3.046.239	0	180.393
Depreciation and impairment losses at 31 December 2022	**40.363.194**	**265.000**	**2.257.575**
Carrying amount at 31 December 2022	**13.267.667**	**0**	**686.059**
Recognised assets not owned by the company	11.029.652	0	26.757

Financial non-current assets — 10

	Group
	Rent deposit
Cost at 1 October 2021	1.599.271
Additions	212.430
Disposals	-282.676
Exchange rate adjustment	0
Cost at 31 December 2022	**1.529.025**
Depreciation and impairment losses at 1 October 2021	0
Reversal of depreciation of assets disposed of	0
Depreciation of the year	0
Exchange rate adjustment	0
Depreciation and impairment losses at 31 December 2022	**0**
Carrying amount at 31 December 2022	**1.529.025**

NOTES

Financial non-current assets (continued)	Parent company		Note
	Fixed assets investments	Rent deposit	10
Cost at 1 October 2021	1.500.000	1.478.296	
Additions	5.399	212.430	
Disposals	0	-161.701	
Cost at 31 December 2022	**1.505.399**	**1.529.025**	
Revaluation at 1 October 2021	38.523.398	0	
Exchange rate adjustment	-689.709	0	
Dividend paid	-7.414.862	0	
Profit for the year	13.067.316	0	
Revaluation at 31 December 2022	**43.486.144**	**0**	
Carrying amount at 31 December 2022	**44.991.543**	**1.529.025**	

Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit for the year	Ownership
IQ Metal Sp. z o.o., Poland	45.234.515	13.062.881	100 %
Correction accounting policies, Poland	-248.371	4.435	100 %
IQ Metal Central Poland Sp. z o.o., Poland	7.999	0	67,5 %

Deferred tax asset 11

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

	Group		Parent company	
	31/12 2022 DKK	30/9 2021 TDKK	31/12 2022 DKK	30/9 2021 TDKK
Deferred tax, beginning of year	472.349	1.242	136.647	196
Deferred tax for the year	2.256	-770	-26.452	-59
	474.605	**472**	**110.194**	**137**

The Group's deferred tax assets are recognized in the Balance Sheet at 474.605 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

	Note
Prepayments and accrued income	**12**

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

	Note
Non-current liabilities	**13**

	Group				
	Liability 31 December 2022	**Short term liability 31 December 2022**	**Liability after 5 years**	**Liability 1 October 2021**	**Short term liability 1 October 2021**
Debt to banks..........................	37.735.820	7.437.333	0	48.224.362	9.196.653
Lease liabilities.........................	11.537.945	2.050.306	2.415.190	12.416.307	1.813.652
	49.273.765	**9.487.639**	**2.415.190**	**60.640.669**	**11.010.304**

	Parent company				
	Liability 31 December 2022	**Short term liability 31 December 2022**	**Liability after 5 years**	**Liability 1 October 2021**	**Short term liability 1 October 2021**
Debt to banks..........................	10.000.000	0	0	10.000.000	0
Lease liabilities.........................	11.537.945	2.050.306	2.415.190	12.416.307	1.813.651
	21.537.945	**2.050.306**	**2.415.190**	**22.416.307**	**1.813.651**

	Note
Accruals and deferred income	**14**

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

NOTES

Note
15

Contingencies

Contingent liabilities

The Group has signed a rent agreement that is irrevocable until 31 December 2027. Commitment represents a total of 9.742 TDKK. The yearly commitment for rent is 1.948 TDKK. The Group has also signed a rent agreement that is irrevocable until 5 February 2028. Commitment represents a total of 20.435 TDKK. The yearly commitment for rent is 4.462 TDKK. The Group has also signed a rent agreement that is irrevocable until 5 February 2028. Commitment represents a total of 8.773 TDKK. The yearly commitment for rent is 1.726 TDKK. The Group has also signed a rent agreement that is irrevocable until 30 June 2027. Commitment represents a total of 3.508 TDKK. The yearly commitment for rent is 780 TDKK.

The Parent Company has signed a rent agreement that is irrevocable until 31 December 2027. Commitment represents a total of 9.742 TDKK. The yearly commitment for rent is 1.948 TDKK.

Rental commitments

	Group		Parent company	
	31/12 2022 DKK	**30/9 2021** TDKK	**31/12 2022** DKK	**30/9 2021** TDKK
Less than 1 year............................	6.472.412	6.125	1.948.384	1.766
Between 1 and 5 years.................	35.469.869	27.006	7.793.536	4.122
More than 5 years..........................	515.681	363	0	0
	42.457.963	**33.494**	**9.741.920**	**5.888**

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 Pentaco Partners II A/S, which serves as management company for the joint taxation.

IQ Metal Sp. z o.o. and IQ Metal Central Poland Sp. z o.o. is an independent tax subject to IQ Metal A/S and Pentaco Partners II A/S.

NOTES

Note
16

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 37.317 TDKK as per 31 December 2022.
The mortgage deeds are also with security in shares in IQ Metal Sp. z o.o. with a value of 44.986 TDKK as per 31 December 2022.

As security for bank debt, the company has given security of 3.000 TDKK. The security are secured in movables totalling 4.006 TDKK as per 31 December 2022.
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 31 December 2022 of 11.538 TDKK, the Parent company has given mortgage deeds in leased plants and machinery with a value of 11.056 TDKK.

As security for bank debts per 31 December 2022 of 26.265 TDKK, the Parent company has provided security of 20% of the mortgage. The remaining 80% security is provided by Eksport Kredit Fonden EKF.

	Group		**Parent company**	
	Carrying amount of assets TDKK	**Nom. Value of mortgage or outstanding debt** TDKK	**Carrying amount of assets** TDKK	**Nom. Value of mortgage or outstanding debt** TDKK
The following assets have been provided as security for debt:				
Mortgage deeds on inventory, goodwill, furniture, fixtures, accounts receivable and shares….	82.303	14.000	37.317	14.000
Security for bank debt, nominal….		3.000		3.000
Security in movables, nominal…..…		5.450		5.450
Security for bank debt...…………..…		26.265		5.253
The following assets are finance by finance leases:				
Production, plant and equipment..	11.056	11.538	11.056	11.538

The carrying amount of charged assets is shown entirely in accordance with the allocation used in the Financial Statements.

NOTES

Related parties	Note 17

Related parties
The Company's related parties include:

Controlling interest
IQ Metal Holding ApS, Ejgårdsvej 28, 2920 Charlottenlund, CVR-no. 43 09 84 03 owns all shares in the Entity, thus exercising control.

Transactions with related parties
The company did not carry out any material transactions, that were not concluded on market conditions.

According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions, that were not performed on common market conditions.

Consolidated Financial Statements 18
The Company is included in the Consolidated Financial Statements of the ultimate parent, Pentaco Partners II A/S, Ejgårdsvej 28, 2920 Charlottenlund, CVR-no. 37 04 49 97.

ACCOUNTING POLICIES

The Annual Report of IQ Metal A/S for 2021/22 is presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

The financial year 2021/22 contains 15 months reporting and are covering the period 1 October 2021 – 31 December 2022. The financial year is therefore not 1:1 comparable to previous financial year.

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.

Newly established enterprises are recognised in the Consolidated Financial Statements from the date of establishment. 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.

Minority interests

The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and Equity of the subsidiaries is stated as separate items in the allocation of profit/loss and in individual main items under Equity.

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.

ACCOUNTING POLICIES

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.

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.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security, etc. for the Company's employees. Repayments from public authorities are deducted from staff costs.

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.

ACCOUNTING POLICIES

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.

BALANCE SHEET

Intangible 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.

Property, plant and equipment

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.

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.

Financial non-current assets

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.

Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.

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.

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