# Jørgensen & Utoft A/S

Nordkajen 29, 7100 Vejle

CVR no. 61 23 29 15

## Annual report 2023

Approved at the Company's annual general meeting on 17 April 2024

Chair of the meeting:

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Finn Dyhre Hansen

## Contents

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Jørgensen & Utoft A/S for the financial year 1 January - 31 December 2023.

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

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

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Vejle, 17 April 2024
Executive Board:

| | |
|---|---|
| Morten Bech<br>executive officer | Søren Kruse Tjørnelund<br>executive officer |

Board of Directors:

| | | |
|---|---|---|
| Finn Dyhre Hansen<br>Chairman | Niels Utoft | Henning Jørgensen |
| Michael Juul Hansen | Carsten Georg Lauth | |

## Independent auditor's report

### To the shareholders of Jørgensen & Utoft A/S

### Opinion

We have audited the financial statements of Jørgensen & Utoft A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

## Independent auditor's report

- 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aabenraa, 17 April 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Michael Anker
State Authorised Public Accountant
mne32128

Lasse Poulsen
State Authorised Public Accountant
mne45891

# Management's review

## Company details

| | |
|---|---|
| Name | Jørgensen & Utoft A/S |
| Address, Postal code, City | Nordkajen 29, 7100 Vejle |
| | |
| CVR no. | 61 23 29 15 |
| Established | 11 December 1981 |
| Registered office | Vejle |
| Financial year | 1 January - 31 December |
| | |
| Board of Directors | Finn Dyhre Hansen, Chairman<br>Niels Utoft<br>Henning Jørgensen<br>Michael Juul Hansen<br>Carsten Georg Lauth |
| | |
| Executive Board | Morten Bech, executive officer<br>Søren Kruse Tjørnelund, executive officer |
| | |
| Auditors | EY Godkendt Revisionspartnerselskab<br>Skibbroen 16, 6200 Aabenraa, Denmark |

# Management's review

## Financial highlights

| DKK'000 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Revenue | 1,851,293 | 2,337,959 | 1,646,716 | 1,189,096 | 1,230,085 |
| Operating profit/loss | 74,830 | 95,410 | 142,870 | 26,220 | 18,158 |
| Profit before interest and tax (EBIT) | 74,980 | 95,747 | 143,277 | 26,240 | 18,178 |
| Net financials | -10,593 | -8,569 | -3,707 | -3,588 | -3,875 |
| Profit for the year | 50,181 | 67,969 | 108,824 | 17,647 | 11,100 |
| Total assets | 343,278 | 518,966 | 521,695 | 385,886 | 410,762 |
| Investments in property, plant and equipment | 1,059 | 2,691 | 2,501 | 732 | 923 |
| Equity | 153,575 | 187,981 | 175,248 | 98,425 | 91,778 |
| Cash flows from operating activites | 99,204 | 47,646 | 105,857 | -16,875 | 80,818 |
| Net cash flows from investing activities | 462 | 742 | 123 | 165 | -918 |
| Total cash flows | 0 | -7,636 | 2,461 | 175 | 5,000 |
| **Financial ratios** | | | | | |
| Operating margin | 4.1% | 4.1% | 8.7% | 2.2 % | 1.5 % |
| Gross margin | 6.2% | 6.1% | 12.5% | 4.3% | 3.2% |
| Return on assets | 17.4% | 18.3% | 31.5% | 6.6% | 4.2% |
| Equity ratio | 44.7% | 36.2% | 33.6% | 25.5% | 22.3% |
| Return on equity | 29.4% | 37.4% | 79.5% | 18.6% | 12.0% |
| Average number of full-time employees | 24 | 24 | 24 | 24 | 23 |

For terms and definitions, please see the accounting policies.

## Management's review

### Business review

The Company's main activity is trading in steel products.

### Financial review

The income statement for 2023 shows a profit of t.DKK 50,181 against a profit of t.DKK 67,969 last year, and the balance sheet at 31 December 2023 shows equity of t.DKK 153,575.

The company's revenue was lower than expected. The decline in revenue was driven by lower prices and slower demand compared to last year. The development is considered satisfactory.

The profit before tax in 2023 was as expected, and the company considers the annual result for 2023 to be satisfactory.

The steel market in 2023 has been driven by a slowdown in demand and decreasing prices for most of the year. Consequently it has been important to balance the inventory level. Since Q4/2023 some price recovery has been seen.

### Knowledge resources

The Company has built up an organization with a high knowledge level within the steel trade.

### Financial risks and use of financial instruments

### Market risks

The greater part of the Company's sales is made on a hedged basis, whereas the rest of the sales is based on market prices. This implies a risk of loss in a declining market.

### Foreign exchange risks

The Company's currency positions are in EUR and DKK. Consequently, the risk is considered limited.

### Credit risks

The company hedges its debtor risks by taking out credit insurance.

### Outlook

For 2024 the revenue is expected in the level of MDKK 1.600 – 1.900.

The Company expect 2024 profit before tax in the range from MDKK 30 – 50.

### Impact on the external environment

The Company has no production and merely trades in steel; therefore, the Company is considered to have a very limited environmental impact.

### Statutory CSR report

### Description of business model

It is the Company's strategy to deliver the products and the service demanded by customers at a competitive price with a small and agile organization. It is the objective to maintain and develop the in-depth knowledge of the steel business.

Jørgensen & Utoft A/S is a trading and wholesale company selling steel products, plates and coils of standard commercial qualities. We service a broad range of - primarily - Danish industrial enterprises, ranging from small owner-managed companies to major international groups. We emphasize a high level of expertise, a high service level and competitive prices as one of the leading wholesalers of flat steel products in the Nordic countries.

The Company has 24 employees, 3-4 of whom are store men handling goods and products. All operations take place from the Company's domicile at Vejle Harbor in Denmark. It is the Company's objective to generate a profit that supports its business development.

## Management's review

### Risk assessment

Risk related to the environment and climate is considered low. Risk is assessed as low because Jørgensen & Utoft A/S's business model is based on a wholesaler role, which means that the environmental and climate impact is regarded as minimal.

The greatest risk related to social and employee relations is the risk of accidents. The company focuses on ensuring a good and safe working environment.

The Company has established internal systems for evaluation of the key suppliers that it cooperates with. Management is not aware of any human right violations or bribery and corruption practices at the level of its suppliers. As the company primarily serves Danish customers, and as the most important suppliers are evaluated with a view to the risk of human rights violations as well as bribery and corruption, it is assessed that the risk related to bribery and corruption, is low.

### Policies, initiatives and results

It is the Company's objective to have a good and safe working environment for all employees. This is ensured e.g through the working environment organization set up, in which health and safety issues are discussed and measures are adopted and evaluated. The Company's other policies relating to social and employee matters have been put down in an employee manual. These policies concern the employees' rights and obligations towards the Company. The Company's employee manual is available to all employees, and all employees are familiar with it and with the Company's policies. The Company has a zero target for work-related accidents, and there were no work-related accidents in 2023. In 2023, the company has discussed and measured health and safety issues to ensure that their employees are safe. In 2024, the company will continue its work to ensure a good and safe working environment for all employees.

Company Management disapproves of bribery and continuously monitors the Company's operations to ensure that no form of bribes are offered. In 2023 the Company Management has monitored the company's operations to ensure that no form of bribes are offered. There have been no bribery incidents in 2023. The company will continue to monitor operations. An anticorruption and bribery policy will be implemented in the company in 2024.

The Company will monitor the need for policies regarding environment, climate as well as human rights. The Company has few employees, and Management has great insight into the business. It has therefore not been considered necessary to prepare policies for the environment, climate as well as human rights yet.

### Report on the gender composition of Management

The Company has a long term strategy and long term objectives in relation to gender composition of management. The members of the Board of Directors are recruited with this in mind to ensure a long-lasting attachment to the Company. Efforts will be made in future to maintain this stability and continuity on the Board of Directors.

So far, the Company has employed, and will continue to employ, the most suitable board members, executives and other employees irrespective of their gender, race or religion. This practice is supportedby the Company's recruitment and staff policies.

### *5 years overview*

| | 2023 | 2022 |
|---|---|---|
| *Supreme governing body* | | |
| Total number of members | 5 | 5 |
| Underrepresented gender in % | 0.0 | 0.0 |
| Target figure in % | 20.0 | 20.0 |
| Year in which the target figure is expected to be met | 2026 | 2026 |

### *Supreme governing body*

The Board of Directors consists of a total of five members. It is the Company's target to have at least one woman on the Board of Directors by 2026.

Female representation on the Board of Directors remains 0 % as in 2022. This is due to the fact that there have been no changes in the board in 2023.

## Management's review

### Other levels of management

As the number of employees of the Company does not exceed 50, the exemption rule of the Danish Financial Statements Act is applied; thus, the gender representation at other management levels is not disclosed.

### Data ethics

Jørgensen & Utoft A/S does not currently have a written policy for data ethics, as the company has assessed that the extent of data processing in the company is limited to data that is strictly necessary for carrying out the company's main activity - buying and selling steel products.

Since the introduction of GDPR regulations, Jørgensen & Utoft A/S has worked to limit and refrain from collecting, sharing and storing personal data.

# Financial statements 1 January - 31 December

## Income statement

| Note | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| 2 | **Revenue** | 1,851,293 | 2,337,959 |
| | Cost of sales | -1,720,510 | -2,175,770 |
| | Other operating income | 150 | 337 |
| 3 | Other external expenses | -15,597 | -19,513 |
| | **Gross profit** | 115,336 | 143,013 |
| 4 | Staff costs | -38,102 | -44,844 |
| | Amortisation/depreciation and impairment of property, plant and equipment | -2,254 | -2,422 |
| | **Profit before net financials** | 74,980 | 95,747 |
| | Financial income | 1,167 | 285 |
| | Financial expenses | -11,760 | -8,854 |
| | **Profit before tax** | 64,387 | 87,178 |
| 5 | Tax for the year | -14,206 | -19,209 |
| | **Profit for the year** | 50,181 | 67,969 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| | **ASSETS** | | |
| | **Fixed assets** | | |
| 7 | **Property, plant and equipment** | | |
| | Land and buildings | 14,777 | 15,585 |
| | Fixtures and fittings, other plant and equipment | 3,989 | 4,903 |
| | | 18,766 | 20,488 |
| | **Total fixed assets** | 18,766 | 20,488 |
| | **Non-fixed assets** | | |
| | **Inventories** | | |
| | Raw materials and consumables | 237,878 | 282,539 |
| | | 237,878 | 282,539 |
| | **Receivables** | | |
| | Trade receivables | 82,985 | 181,087 |
| | Other receivables | 2,742 | 34,471 |
| 8 | Prepayments | 907 | 381 |
| | | 86,634 | 215,939 |
| | **Total non-fixed assets** | 324,512 | 498,478 |
| | **TOTAL ASSETS** | 343,278 | 518,966 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| 9 | Share capital | 2,000 | 2,000 |
| | Hedging reserve | 177 | -236 |
| | Retained earnings | 126,398 | 126,217 |
| | Dividend proposed | 25,000 | 60,000 |
| | **Total equity** | 153,575 | 187,981 |
| | **Provisions** | | |
| 10 | Deferred tax | 59 | 99 |
| | **Total provisions** | 59 | 99 |
| | **Liabilities other than provisions** | | |
| 11 | **Non-current liabilities other than provisions** | | |
| | Mortgage debt | 4,791 | 5,758 |
| | Lease liabilities | 1,107 | 2,210 |
| | | 5,898 | 7,968 |
| | **Current liabilities other than provisions** | | |
| 11 | Short-term part of long-term liabilities other than provisions | 3,672 | 3,403 |
| | Bank debt | 39,515 | 51,537 |
| | Trade payables | 136,929 | 227,516 |
| | Corporation tax payable | 283 | 2,223 |
| | Other payables | 3,347 | 38,239 |
| | | 183,746 | 322,918 |
| | **Total liabilities other than provisions** | 189,644 | 330,886 |
| | **TOTAL EQUITY AND LIABILITIES** | 343,278 | 518,966 |

1 Accounting policies
6 Appropriation of profit
13 Contractual obligations and contingencies, etc.
14 Security and collateral
15 Off-balance sheet arrangements
16 Related parties

# Financial statements 1 January - 31 December

## Statement of changes in equity

| Note | DKK'000 | Share capital | Hedging reserve | Retained earnings | Dividend proposed | Total |
|---|---|---|---|---|---|---|
| | Equity at 1 January 2022 | 2,000 | 0 | 118,248 | 55,000 | 175,248 |
| 6 | Transfer, see "Appropriation of profit" | 0 | 0 | 7,969 | 60,000 | 67,969 |
| | Other value adjustments of equity | 0 | -302 | 0 | 0 | -302 |
| | Tax on items recognised directly in equity | 0 | 66 | 0 | 0 | 66 |
| | Dividend distributed | 0 | 0 | 0 | -55,000 | -55,000 |
| | **Equity at 1 January 2023** | 2,000 | -236 | 126,217 | 60,000 | 187,981 |
| 6 | Transfer, see "Appropriation of profit" | 0 | 0 | 25,181 | 25,000 | 50,181 |
| | Other value adjustments of equity | 0 | 529 | 0 | 0 | 529 |
| | Tax on items recognised directly in equity | 0 | -116 | 0 | 0 | -116 |
| | Dividend distributed | 0 | 0 | 0 | -60,000 | -60,000 |
| | Extraordinary dividend distributed and recognised under equity | 0 | 0 | -25,000 | 0 | -25,000 |
| | **Equity at 31 December 2023** | 2,000 | 177 | 126,398 | 25,000 | 153,575 |

## Financial statements 1 January - 31 December

### Cash flow statement

| Note | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| | Profit for the year | 50,181 | 67,969 |
| 17 | Adjustments | 26,903 | 29,864 |
| | Cash generated from operations (operating activities) | 77,084 | 97,833 |
| 18 | Changes in working capital | 49,016 | -22,669 |
| | Cash generated from operations (operating activities) | 126,100 | 75,164 |
| | Interest received, etc. | 1,167 | 285 |
| | Interest paid, etc. | -11,760 | -8,854 |
| | Income taxes paid | -16,303 | -18,949 |
| | **Cash flows from operating activities** | 99,204 | 47,646 |
| | Additions of property, plant and equipment | -215 | -29 |
| | Disposals of property, plant and equipment | 677 | 771 |
| | **Cash flows to investing activities** | 462 | 742 |
| | Dividends paid | -85,000 | -55,000 |
| | Proceeds of debt to credit institutions | -12,022 | 1,704 |
| | Repayments, long-term liabilities | -969 | -972 |
| | Repayments, finance leases | -1,675 | -1,756 |
| | **Cash flows from financing activities** | -99,666 | -56,024 |
| | **Net cash flow** | 0 | -7,636 |
| | Cash and cash equivalents at 1 January | 0 | 7,636 |
| | **Cash and cash equivalents at 31 December** | 0 | 0 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies

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

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

### Income statement

#### Revenue

The Company has chosen IAS 11 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

#### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

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

#### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

| | |
|---|---|
| Land and buildings | 30 years |
| Fixtures and fittings, other plant and equipment | 3-10 years |

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

## Balance sheet

#### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

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

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

### Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

## Financial statements 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies (continued)**

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Equity

*Hedging reserve*

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

*Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

## Financial statements 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies (continued)**

Other liabilities are measured at net realisable value.

#### Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

#### Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

#### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

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

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

#### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

## Financial statements 1 January - 31 December

### Notes to the financial statements

### 1 Accounting policies (continued)

#### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

| | |
|---|---|
| Operating profit/loss | Profit/loss before net financials +/- Other operating income and other operating expenses |
| Operating margin | $\frac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$ |
| Gross margin | $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$ |
| Equity ratio | $\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$ |
| Return on equity | $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$ |

# Financial statements 1 January - 31 December

## Notes to the financial statements

| | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| 2 | **Segment information** | | |
| | **Breakdown of revenue by business segment:** | | |
| | Steel products | 1,851,293 | 2,337,959 |
| | | 1,851,293 | 2,337,959 |
| | **Breakdown of revenue by geographical segment:** | | |
| | Europe | 1,851,293 | 2,337,959 |
| | | 1,851,293 | 2,337,959 |

No other segments than steel products and Europe is presented in respect of business segments and geographical markets as, in all material respects, the activities and the markets, respectively, do not show any mutual differences.

| | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| 3 | **Fee to the auditors appointed in general meeting** | | |
| | Total fees to EY | 326 | 195 |
| | Statutory audit, EY | 278 | 195 |
| | Other assistance EY | 48 | 0 |
| | Other assistance, PWC | 0 | 22 |
| | | 326 | 217 |
| 4 | **Staff costs** | | |
| | Wages/salaries | 36,586 | 43,410 |
| | Pensions | 1,328 | 1,238 |
| | Other social security costs | 188 | 196 |
| | | 38,102 | 44,844 |
| | Average number of full-time employees | 24 | 24 |
| | Remuneration to members of Management: | | |
| | Executive Board | 14,399 | 20,817 |
| | Board of Directors | 219 | 216 |
| | | 14,618 | 21,033 |
| 5 | **Tax for the year** | | |
| | Estimated tax charge for the year | 14,246 | 19,281 |
| | Deferred tax adjustments in the year | -40 | -72 |
| | | 14,206 | 19,209 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

| DKK'000 | 2023 | 2022 |
|---|---|---|
| **6 Appropriation of profit** | | |
| **Recommended appropriation of profit** | | |
| Proposed dividend recognised under equity | 25,000 | 60,000 |
| Extraordinary dividend distributed in the year | 25,000 | 0 |
| Retained earnings | 181 | 7,969 |
| | 50,181 | 67,969 |

7 **Property, plant and equipment**

| DKK'000 | Land and buildings | Fixtures and fittings, other plant and equipment | Total |
|---|---|---|---|
| Cost at 1 January 2023 | 24,242 | 19,904 | 44,146 |
| Additions | 0 | 1,059 | 1,059 |
| Disposals | 0 | -1,182 | -1,182 |
| Cost at 31 December 2023 | 24,242 | 19,781 | 44,023 |
| Impairment losses and depreciation at 1 January 2023 | 8,657 | 15,001 | 23,658 |
| Depreciation | 808 | 1,446 | 2,254 |
| Reversal of accumulated depreciation and impairment of assets disposed | 0 | -655 | -655 |
| Impairment losses and depreciation at 31 December 2023 | 9,465 | 15,792 | 25,257 |
| **Carrying amount at 31 December 2023** | 14,777 | 3,989 | 18,766 |
| Property, plant and equipment include finance leases with a carrying amount totalling | 0 | 3,680 | 3,680 |
| Depreciated over | 30 years | 3-10 years | |

Note 14 provides more details on security for loans, etc. as regards property, plant and equipment.

8 **Prepayments**

Prepayments include accrual of expenses relating to subsequent financial years, including insurance premiums, subscriptions, interest and other costs.

| DKK'000 | 2023 | 2022 |
|---|---|---|
| **9 Share capital** | | |
| Analysis of the share capital: | | |
| 2,000 A shares of DKK 1,000.00 nominal value each | 2,000 | 2,000 |
| | 2,000 | 2,000 |

Each A shares carries one voting rights. No shares have separate rights.

# Financial statements 1 January - 31 December

## Notes to the financial statements

| | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| 10 | **Deferred tax** | | |
| | Deferred tax at 1 January | 99 | 171 |
| | Amounts recognised in the income statement for the year | -40 | -72 |
| | **Deferred tax at 31 December** | 59 | 99 |

Deferred tax liabilities primarily relates to temporary differences of fixed assets that are expected to be utilised within future earnings.

### 11 Non-current liabilities other than provisions

| DKK'000 | Total debt at 31/12 2023 | Short-term portion | Long-term portion | Outstanding debt after 5 years |
|---|---|---|---|---|
| Mortgage debt | 5,758 | 967 | 4,791 | 952 |
| Lease liabilities | 3,813 | 2,706 | 1,107 | 0 |
| | 9,571 | 3,673 | 5,898 | 952 |

### 12 Derivative financial instruments

The Company uses hedging instruments such as currency swaps to hedge recognised and non-recognised transactions.

#### Currency risks

Analysis of the Company's balances in foreign currency as well as related hedging transactions at 31 December 2023:

| Currency (DKK'000) | Payment/maturity | Receivables | Net position |
|---|---|---|---|
| t.EUR (nom. 39.000) | < 1 year | 227 | 227 |

#### Forecast transactions

The Group hedges to a certain extent anticipated currency risks regarding sales and purchases of goods by means of forward exchange contracts.

#### *Fair value disclosures*

The Company has the following assets and liabilities measured at fair value:

| DKK'000 | Currency exchange contract |
|---|---|
| Fair value at year end | 227 |
| Unrealised fair value adjustments for the year, recognised in hedging reserve | 227 |
| Fair value level | 2 |

## Financial statements 1 January - 31 December

### Notes to the financial statements

**13 Contractual obligations and contingencies, etc.**

**Other contingent liabilities**

| DKK'000 | 2023 | 2022 |
|---|---|---|
| Guarantee commitments | 7,486 | 7,486 |
| | 7,486 | 7,486 |

Guarantee commitments include payment guarantees towards factoring companies provided via the bank.

**Other financial obligations**

Other rent liabilities:

| DKK'000 | 2023 | 2022 |
|---|---|---|
| Rent liabilities | 132 | 108 |

Rent and lease liabilities include a rent obligation of land totalling t.DKK 132 in interminable rent agreements with remaining contract terms of 6 months.

**14 Security and collateral**

Trade receivables, inventories, intellectual property rights as well as operating fixtures and fittings, tools and equipment at a carrying amount of t.DKK 321,172 at 31 December 2023 have been put up as security for debt to other credit institutions, totalling t.DKK 75,000.

Land and buildings at a carrying amount of t.DKK 14,777 at 31 December 2023 have been put up as security for debt to mortgage credit institutions, totalling t.DKK 13,570.

Land and buildings at a carrying amount of t.DKK 14,777 at 31 December 2023 have been put up as security for debt to other credit institutions, totalling t.DKK 4,000.

**15 Off-balance sheet arrangements**

The Company has the following, non-recognised arrangements:

**Nature and commercial purpose**

Jørgensen & Utoft A/S has transferred a part of trade receivables to a factoring company amounting to MDKK 175.6 at 31 December 2023 (2022: MDKK 264.8).

**Risks, benefits and impact**

The credit risk associated with the trade receivables has been transferred to the factoring company. Therefore, the receivables are considered sold to the factoring company and thus not recognized in the balance sheet.

By transferring trade receivables to a factoring company, liquidity is improved and savings are made towards debtor management costs, including handling recovery of overdue receivables.

## Financial statements 1 January - 31 December

### Notes to the financial statements

### 16 Related parties

Jørgensen & Utoft A/S' related parties comprise the following:

**Significant influence**

| Related party | Domicile | Basis for significant influence |
|---|---|---|
| Niels Utoft Holding ApS | Juelsminde | Shares owned |
| Henning Jørgensen Holding ApS | Silkeborg | Shares owned |

**Related party transactions**

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

**Information on the remuneration to management**

Information on the remuneration to Management appears from note 4, "Staff costs".

| | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| 17 | **Adjustments** | | |
| | Amortisation/depreciation and impairment losses | 2,254 | 2,422 |
| | Gain/loss on the sale of non-current assets | -150 | -337 |
| | Financial income | -1,167 | -285 |
| | Financial expenses | 11,760 | 8,854 |
| | Tax for the year | 14,246 | 19,282 |
| | Deferred tax | -40 | -72 |
| | | 26,903 | 29,864 |
| 18 | **Changes in working capital** | | |
| | Change in inventories | 44,661 | -1,884 |
| | Change in receivables | 129,305 | -3,188 |
| | Change in trade and other payables | -124,950 | -17,597 |
| | | 49,016 | -22,669 |

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## Michael Anker
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