



VL Staal a/s

Storstrømsvej 1, 6715 Esbjerg N

CVR no. 71 14 83 19

Annual report 2023/24

Approved at the Company's annual general meeting on 16 September 2024

Chair of the meeting:

.....
Frédéric Coirier



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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 VL Staal a/s for the financial year 1 April 2023 - 31 March 2024.

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 March 2024 and of the results of the Company's operations and cash flows for the financial year 1 April 2023 - 31 March 2024.

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.

Esbjerg, 19 June 2024
Executive Board:

.....
Anni Dressø

Board of Directors:

.....
Frédéric Coirier
Chairman

.....
Anni Dressø

.....
Jean Joseph Gildas Leaute

.....
Michael Thomsen
Employee elected

.....
Martin Kristensen
Employee elected

Independent auditor's report

To the shareholder of VL Staal a/s

Opinion

We have audited the financial statements of VL Staal a/s for the financial year 1 April 2023 - 31 March 2024, 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 March 2024 and of the results of the Company's operations as well as the cash flows for the financial year 1 April 2023 - 31 March 2024 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.

Esbjerg, 19 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised Public Accountant
mne35420

Mads Klausen
State Authorised Public Accountant
mne46588



Management's review

Company details

Name	VL Staal a/s
Address, Postal code, City	Storstrømsvej 1, 6715 Esbjerg N
CVR no.	71 14 83 19
Established	16 April 1983
Registered office	Esbjerg
Financial year	1 April 2023 - 31 March 2024
Website	www.vlstaal.dk
E-mail	vlstaal@vlstaal.dk
Telephone	+45 76 10 55 55
Board of Directors	Frédéric Coirier, Chairman Anni Dressø Jean Joseph Gildas Leaute Michael Thomsen, Employee elected Martin Kristensen, Employee elected
Executive Board	Anni Dressø
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Management's review

Financial highlights

DKK'000	2023/24	2022/23	2021/22	2020/21	2019/20
Key figures					
Gross profit	45,816	49,618	39,286	46,439	41,579
Profit before interest and tax (EBIT)	-2,679	-5,592	-9,259	-3,080	-4,543
Net financials	-1,589	-1,022	-1,237	-834	-360
Profit/loss for the year	-4,175	-6,493	-9,258	-3,513	-3,827
Balance sheet					
Total assets	92,099	118,562	128,338	102,040	80,307
Investments in property, plant and equipment	1,484	993	-3,389	-2,097	-1,904
Equity	17,900	22,022	18,082	16,848	20,021
Cash flows					
Cash flows from operating activities	29,657	-8,329	-13,380	-19,658	3,910
Net cash flows from investing activities	-918	-866	-1,704	-4,853	-1,571
Cash flows from financing activities	-24,807	2,345	24,653	30,238	-2,517
Total cash flows	3,932	-6,850	9,569	5,727	-178
Financial ratios					
Equity ratio	19.4%	18.6%	14.1%	16.5%	24.9%
Return on equity	-20.9%	-32.4%	-53.0%	-19.1%	-17.6%
Return on invested capital	-2.3%	-4.3%	-7.4%	0.6%	-1.0%
Liquidity ratio	191.9%	324.1%	278.8%	238.0%	177.3%

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

Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Return on invested capital	$\frac{\text{EBITDA}}{\text{Average invested capital}} \times 100$
Liquidity ratio	$\frac{\text{Total current assets}}{\text{Current liabilities}}$

Management's review

Business review

The primary activity of the Company is manufacturing of steel products, mainly stacks and pressure vessels. Specialized subcontracting work on CNC milling and drilling, surface treatment on specific customer projects is also a strategically important part of the business scope.

A significant part of the production is sold on export markets.

Financial review

The Company's income statement for the year ended 31 March 2024 shows a loss for the year of DKK -4,175 thousand, and the balance sheet at 31 March 2024 shows equity of DKK 17,900 thousand.

The result for the year is in line with previous expectations. Management considers the Company's financial performance in the year unsatisfactory.

The result for the year is negatively affected by lower revenues than expected due to the current market situation. The result for the year is positively affected by improved project execution and increased earnings on projects.

The Company has during the year further-strengthened the organization and improved significantly and in accordance with the Company's strategic and operational plans to take the Company to profitability.

Knowledge resources

The Company continuously improve processes and upgrade employees.

Financial risks and use of financial instruments

The Company's most important operating risk is linked to the ability to be strongly positioned in the main markets and to be able to produce at competitive prices. Continuous improvement of production equipment and processes is a key element in ensuring future competitiveness in the served markets. A strengthening of the organizational structure on sales and project management in combination with the focus on continuous improvement to better serve customer needs are the key enablers for growth and profitability.

Revenue is primarily generated in DKK and EUR, and a material part of the cost of raw materials etc. is purchased in these currencies. Potential risks regarding exchange rate fluctuations are covered by exchange contracts. It is the Company's policy to not actively speculate in financial risks.

Risk of loss on debtors is secured by insurance.

Impact on the external environment

The Company is environmentally conscious and continually works to reduce the environmental impact of business operations.

A public environmental statement detailing the significant environmental impacts, targets and action plans for the Company's current focus areas is prepared annually. The Company's environmental efforts are recognised through certification of the overall management system according to ISO 9001/14001 Det Norske Veritas.

The Company is eco-conscious and has implemented an internal environment policy.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The Company's activities for 2024/25 are expected to be at a higher level compared to 2023/24. The Company's earnings are expected to improve for 2024/25 but are however still expected to be negative.

Financial statements 1 April 2023 - 31 March 2024

Income statement

Note	DKK	2023/24	2022/23
	Gross profit	45,815,821	49,618,263
4	Staff costs	-45,496,241	-52,449,240
	Depreciation of property, plant and equipment	-2,998,700	-2,761,228
	Profit/loss before net financials	-2,679,120	-5,592,205
	Financial income	227,727	64,492
5	Financial expenses	-1,817,023	-1,086,828
	Profit/loss before tax	-4,268,416	-6,614,541
6	Tax for the year	93,205	121,975
	Profit/loss for the year	-4,175,211	-6,492,566

Financial statements 1 April 2023 - 31 March 2024

Balance sheet

Note	DKK	<u>2023/24</u>	<u>2022/23</u>
	ASSETS		
	Fixed assets		
8	Property, plant and equipment		
	Land and buildings	20,664,313	21,003,634
	Plant and machinery	4,564,822	5,417,375
	Other fixtures and fittings, tools and equipment	464,039	938,153
	Property, plant and equipment in progress	161,754	10,362
		<u>25,854,928</u>	<u>27,369,524</u>
9	Investments		
	Investments in subsidiaries	6,983,365	6,983,365
		<u>6,983,365</u>	<u>6,983,365</u>
	Total fixed assets	<u>32,838,293</u>	<u>34,352,889</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	4,482,644	7,034,924
	Work in progress	1,503,242	1,045,643
	Finished goods and goods for resale	436,393	435,578
		<u>6,422,279</u>	<u>8,516,145</u>
	Receivables		
	Trade receivables	11,294,877	32,281,425
10	Work in progress for third parties	24,951,796	26,078,053
	Receivables from group entities	762,073	5,984,825
	Joint taxation contribution receivable	78,232	0
11	Other receivables	6,987,241	6,297,264
12	Prepayments	1,091,121	1,309,718
		<u>45,165,340</u>	<u>71,951,285</u>
	Cash	<u>7,673,414</u>	<u>3,741,098</u>
	Total non-fixed assets	<u>59,261,033</u>	<u>84,208,528</u>
	TOTAL ASSETS	<u><u>92,099,326</u></u>	<u><u>118,561,417</u></u>

Financial statements 1 April 2023 - 31 March 2024

Balance sheet

Note	DKK	<u>2023/24</u>	<u>2022/23</u>
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	17,500,000	17,500,000
	Revaluation reserve	936,000	1,248,000
	Hedging reserve	1,317,466	1,264,382
	Retained earnings	-1,853,608	2,009,603
	Total equity	<u>17,899,858</u>	<u>22,021,985</u>
	Provisions		
16	Other provisions	1,350,000	3,436,740
	Total provisions	<u>1,350,000</u>	<u>3,436,740</u>
	Liabilities other than provisions		
15	Non-current liabilities other than provisions		
	Mortgage debt	3,237,836	4,625,275
	Payables to group entities	39,025,226	62,492,726
		<u>42,263,062</u>	<u>67,118,001</u>
	Current liabilities other than provisions		
15	Current portion of long-term liabilities	1,397,438	1,358,959
	Bank debt	36,613	27,433
	Prepayments received from customers	606,875	0
10	Work in progress for third parties	9,429,163	8,586,091
	Trade payables	10,677,597	6,015,280
	Payables to group entities	1,356,047	1,160,790
	Other payables	7,082,673	8,836,138
		<u>30,586,406</u>	<u>25,984,691</u>
	Total liabilities other than provisions	<u>72,849,468</u>	<u>93,102,692</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>92,099,326</u></u>	<u><u>118,561,417</u></u>

- 1 Accounting policies
- 2 Accounting estimates, assumptions and uncertainties
- 3 Events after the balance sheet date
- 7 Appropriation of profit/loss
- 18 Contractual obligations and contingencies, etc.
- 19 Security and collateral
- 20 Related parties

Financial statements 1 April 2023 - 31 March 2024

Statement of changes in equity

Note	DKK	Share capital	Revaluation reserve	Hedging reserve	Retained earnings	Total
	Equity at 1 April 2022	11,000,000	1,560,000	831,928	4,690,169	18,082,097
	Capital increase	6,500,000	0	0	0	6,500,000
7	Transfer, see					
	"Appropriation of profit/loss"	0	0	0	-6,492,566	-6,492,566
	Adjustment of hedging instruments at fair value	0	0	554,429	0	554,429
	Dissolution of previous years' revaluations	0	-312,000	0	312,000	0
	Tax on items recognised directly in equity	0	0	-121,975	0	-121,975
	Contribution from group	0	0	0	3,500,000	3,500,000
	Equity at 1 April 2023	17,500,000	1,248,000	1,264,382	2,009,603	22,021,985
7	Transfer, see					
	"Appropriation of profit/loss"	0	0	0	-4,175,211	-4,175,211
	Adjustment of hedging instruments at fair value	0	0	68,057	0	68,057
	Dissolution of previous years' revaluations	0	-312,000	0	312,000	0
	Tax on items recognised directly in equity	0	0	-14,973	0	-14,973
	Equity at 31 March 2024	17,500,000	936,000	1,317,466	-1,853,608	17,899,858

The Company's share capital is not divided into several classes.

Financial statements 1 April 2023 - 31 March 2024

Cash flow statement

Note	DKK	2023/24	2022/23
	Profit/loss for the year	-4,175,211	-6,492,566
21	Adjustments	320,611	4,055,534
	Cash generated from operations (operating activities)	-3,854,600	-2,437,032
22	Changes in working capital	33,512,099	-5,892,202
	Cash flows from operating activities	29,657,499	-8,329,234
	Additions of property, plant and equipment	-1,484,103	-992,727
	Disposals of property, plant and equipment	566,200	127,000
	Cash flows to investing activities	-917,903	-865,727
	Proceeds of debt, group enterprises	3,352,500	3,725,000
	Repayments of debt, group enterprises	-26,820,000	0
	Repayments, long-term liabilities	-1,348,960	-1,399,769
	Changes in debt to credit institutions	9,180	19,816
	Cash flows from financing activities	-24,807,280	2,345,047
	Net cash flow	3,932,316	-6,849,914
	Cash and cash equivalents at 1 April	3,741,098	10,591,012
23	Cash and cash equivalents at 31 March	7,673,414	3,741,098

The cash flow statement cannot be directly derived from the other components of the financial statements.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies

The annual report of VL Staal A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class C(m) enterprises.

Pursuant to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of VL Staal a/s are included in the consolidated financial statements of Poujoulat SA, Saint Symphorien, France, (reg. no. 781 446 521)

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).

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 measured at cost. On subsequent recognition, derivative financial instruments are measured at fair value. Positive and negative fair values are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged 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 hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

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

Contract work in progress is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When income from a construction contract cannot be estimated reliably, revenue is recognised only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

The stage of completion is determined by reference to the proportion of costs incurred to the latest cost estimate.

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.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income and operating costs comprise items of a secondary nature relative to the entity's core activities, including management fees and gains or losses on the sale of non-current assets.

Raw materials and consumables

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, 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:

Buildings	10-25 years
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in group entities

The item includes dividend received from group entities in so far as the dividend does not exceed the accumulated earnings in the group entity in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

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.

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.

Land and buildings are revalued at fair value. Revaluations and reversals thereof, less deferred tax, are taken directly to equity. The fair value is made up on the basis of an external assessment based on discounted cash flows.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

Leases

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

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".

Investments in group entities

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

Every year, property, plant and equipment and investments in subsidiaries are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

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.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

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

Production overheads comprise the indirect cost of material and labour as well as maintenance and depreciation of property, plant and equipment used in the production process. Financing costs are not included in cost.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Work in progress for third parties

Contract work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

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

Equity

Revaluation reserve

The reserve comprises revaluations of property, plant and equipment compared to the cost of the assets net of deferred tax.

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

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.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

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.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

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.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the group entities' income taxes vis à vis the tax authorities as the group entities pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Other liabilities are measured at net realisable value.

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.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies (continued)

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.

2 Accounting estimates, assumptions and uncertainties

Recognition and measurement of contracts work in progress is based on a professional assessment of the stage of completion as well as expectations for the remaining execution of each project.

The project execution is subject to different estimates and the assumptions at a given point in time and can be changed while carrying out the projects. It is Management's assessment that the estimates used at 31 March 2024 are based on reasonable assumptions and that the recognition of each project reflects all known conditions.

Due to the uncertainties and estimations the actual results of the execution of projects may deviate from the expected result and thus resulting in both positive and negative deviations from the measurement at 31 March 2024.

3 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

	<u>2023/24</u>	<u>2022/23</u>
DKK		
4 Staff costs		
Wages/salaries	39,230,919	46,169,009
Pensions	5,219,666	5,073,803
Other social security costs	1,045,656	1,206,428
	<u>45,496,241</u>	<u>52,449,240</u>
Average number of full-time employees	<u>89</u>	<u>98</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
DKK	<u>2023/24</u>	<u>2022/23</u>
5 Financial expenses		
Interest expenses, group entities	1,210,533	349,449
Other financial expenses	606,490	737,379
	<u>1,817,023</u>	<u>1,086,828</u>
6 Tax for the year		
Estimated tax charge for the year	-78,232	0
Deferred tax adjustments in the year	-14,973	-121,975
	<u>-93,205</u>	<u>-121,975</u>
7 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	<u>-4,175,211</u>	<u>-6,492,566</u>
	<u>-4,175,211</u>	<u>-6,492,566</u>

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

8 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 April 2023	43,212,656	45,074,932	5,028,665	10,362	93,326,615
Additions in the year	110,221	1,212,128	0	161,754	1,484,103
Disposals in the year	0	-5,845,701	0	0	-5,845,701
Transfer from other accounts	0	10,362	0	-10,362	0
Cost at 31 March 2024	43,322,877	40,451,721	5,028,665	161,754	88,965,017
Revaluations at 1 April 2023	10,000,000	0	0	0	10,000,000
Revaluations at 31 March 2024	10,000,000	0	0	0	10,000,000
Impairment losses and depreciation at 1 April 2023	32,209,022	39,657,557	4,090,512	0	75,957,091
Depreciation in the year	449,542	2,075,043	474,114	0	2,998,699
Amortisation/depreciation and impairment of disposals in the year	0	-5,845,701	0	0	-5,845,701
Impairment losses and depreciation at 31 March 2024	32,658,564	35,886,899	4,564,626	0	73,110,089
Carrying amount at 31 March 2024	20,664,313	4,564,822	464,039	161,754	25,854,928
Carrying amount at 31 March 2024, if no revaluation had been made	19,064,313	4,564,821	464,039	0	

Note 19 provides more details on security for loans, etc. as regards property, plant and equipment.

9 Investments

DKK	Investments in subsidiaries
Cost at 1 April 2023	6,983,365
Cost at 31 March 2024	6,983,365
Value adjustments at 1 April 2023	0
Value adjustments at 31 March 2024	0
Carrying amount at 31 March 2024	6,983,365

Group entities

Name	Domicile	Interest	Equity DKK	Profit/loss DKK
Dansk Skorstens Teknik A/S	Esbjerg	100.00%	3,083,191	62,963

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

DKK	2023/24	2022/23
10 Work in progress for third parties		
Work in progress at sales price	95,016,347	100,036,596
On-account invoicing, work in progress	-79,493,714	-82,544,634
	<u>15,522,633</u>	<u>17,491,962</u>
recognised as follows:		
Work in progress for third parties (assets)	24,951,796	26,078,053
Work in progress for third parties (liabilities)	-9,429,163	-8,586,091
	<u>15,522,633</u>	<u>17,491,962</u>

11 Other receivables

Other receivables includes restricted bank deposits of DKK 6,000 thousand (2022/23: DKK 6,000 thousand), which are pledged as security for guarantee commitments and negative market value of interest rate swap arrangement.

12 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, subscriptions, etc.

13 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2023/24	2022/23	2021/22	2020/21	2019/20
Opening balance	17,500,000	11,000,000	1,000,000	1,000,000	1,000,000
Capital increase	0	6,500,000	1,000,000	1,000,000	1,000,000
	<u>17,500,000</u>	<u>17,500,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

DKK	2023/24	2022/23
14 Deferred tax		
Deferred tax at 1 April	0	0
Adjustment of the deferred tax charge for the year	-14,973	-121,795
Deferred tax on items recognised directly in equity	14,973	121,795
Deferred tax at 31 March	<u>0</u>	<u>0</u>

Unrecognized deferred tax assets amounts to DKK 4,737 thousand which is a result of tax loss carry forward partly offset by temporary differences on property, plant and equipment, profit on work in progress for third parties and indirect production overheads etc.

15 Non-current liabilities other than provisions

DKK	Total debt at 31/3 2024	Short-term portion	Long-term portion	Outstanding debt after 5 years
Mortgage debt	4,635,274	1,397,438	3,237,836	0
Payables to group entities	39,025,226	0	39,025,226	0
	<u>43,660,500</u>	<u>1,397,438</u>	<u>42,263,062</u>	<u>0</u>

As a part of the Company's financing, the parent company has provided a loan facility. The loan facility shall be repaid at 31 March 2025 at the earliest.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

16 Other provisions

Other provisions comprise expected warranty commitments and expected loss on contract work in progress.

17 Derivative financial instruments

Fair value disclosures

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

DKK	Interest rate swap
Fair value at year end	-119,268
Unrealised fair value adjustments for the year, recognised in hedging reserve	68,057
Fair value level	2

18 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK	2023/24	2022/23
Guarantee commitments	25,115,621	28,374,791
	<u>25,115,621</u>	<u>28,374,791</u>

Guarantee commitments comprises recourse and non-recourse guarantee commitments.

The Company has deposited DKK 5,000 thousand as security for guarantee commitments per 31 March 2024.

Operating leases

The Company has entered lease agreements related to cars and trucks with remaining contract terms up to 60 months. The total lease liabilities amounts to DKK 1,287 thousand, whereof DKK 504 thousands fall due within 1 year.

Contingent liabilities

The Company is due to its business character naturally involved in various disputes, etc. In Management's opinion the outcome of these disputes is not expected to have a material negative effect on the financial position apart from the receivables and payables recognised in the balance sheet at 31 March 2024.

Joint Taxation

The Company is jointly taxed with the Company's Danish subsidiary. As administration company, the Company has unlimited joint and several liability, together with the subsidiary, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group.

19 Security and collateral

As security for the Company's mortgage debt, the Company has placed properties as security. The total carrying amount of the properties provided as security represents DKK 20,664 thousand.

Financial statements 1 April 2023 - 31 March 2024

Notes to the financial statements

20 Related parties

VL Staal a/s' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Poujoulat SA	France	Shareholder

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Poujoulat SA	France	www.poujoulat.fr

Related party transactions

VL Staal a/s was engaged in the below related party transactions:

DKK	2023/24	2022/23
Sales of goods and services	8,768,438	16,046,447
Purchase of goods and services	3,147,910	4,203,982
Management fees, income	665,880	665,880
Interest expenses	1,210,533	349,449
Receivables from group entities	762,073	5,984,825
Payables to group entities, short-term	1,356,047	1,160,790
Payables to group entities, long-term	39,025,226	62,492,726
21 Adjustments		
Amortisation/depreciation and impairment losses	2,998,699	2,761,228
Gain/loss on the sale of non-current assets	-566,200	-77,138
Tax for the year	-93,205	-121,975
Change in other provisions	-2,086,740	938,990
Change in market value of interest rate swap	68,057	554,429
	<u>320,611</u>	<u>4,055,534</u>
22 Changes in working capital		
Change in inventories	2,093,866	3,145,707
Change in receivables	27,295,631	-451,094
Change in trade and other payables	4,122,602	-8,586,815
	<u>33,512,099</u>	<u>-5,892,202</u>
23 Cash and cash equivalents at year-end		
Cash according to the balance sheet	<u>7,673,414</u>	<u>3,741,098</u>
	<u>7,673,414</u>	<u>3,741,098</u>