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# *Krøll Cranes A/S*

Nordkranvej 2, DK-3540 Lynge

## Annual Report for 2023

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CVR No. 78 94 47 14

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 19/4 2024

Rolf Buhr  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Krøll Cranes 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 at 31 December 2023 of the Company and of the results of the Company operations and cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Lynge, 19 April 2024

## Executive Board

Henrik Brønsholm Nielsen  
CEO

Thomas Steen Jensen

## Board of Directors

Dr. Rolf Buhr  
Chairman

Mogens Brønsholm Nielsen

Thomas Steen Jensen

Henrik Thal Jantzen

Søren Rasmus Carstens

Søren Nielsen

# Independent Auditor's report

To the shareholder of Krøll Cranes A/S

## Opinion

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 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Krøll Cranes 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 a summary of significant accounting policies ("the Financial Statements").

## 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## 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.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 these 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.
- 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 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.

Hillerød, 19 April 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Carsten Blicher

State Authorised Public Accountant

mne16560

## Company information

<b>The Company</b>	<p>Krøll Cranes A/S Nordkranvej 2 DK-3540 Lyngø</p> <p>Telephone: +45 48187400 Email: Krollcranes@krollcranes.dk Website: www.Krollcranes.dk</p> <p>CVR No: 78 94 47 14 Financial period: 1 January - 31 December Municipality of reg. office: Allerød</p>
<b>Board of Directors</b>	<p>Dr. Rolf Buhr, chairman Mogens Brønsholm Nielsen Thomas Steen Jensen Henrik Thal Jantzen Søren Rasmus Carstens Søren Nielsen</p>
<b>Executive Board</b>	<p>Henrik Brønsholm Nielsen Thomas Steen Jensen</p>
<b>Auditors</b>	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød</p>

# Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	203,392	184,157	139,985	192,515	200,043
Gross profit	23,458	17,165	18,535	18,156	38,057
Profit/loss of primary operations	11,265	8,259	9,076	8,076	25,274
Profit/loss of financial income and expenses	2,693	-7,157	-9,390	6,263	-7,922
Net profit/loss for the year	10,864	769	-276	11,161	13,534
<b>Balance sheet</b>					
Balance sheet total	444,125	407,708	396,800	391,232	378,755
Equity	143,036	132,172	130,042	130,318	124,156
<b>Cash flows</b>					
Cash flows from:					
- operating activities	110,461	49,034	54,816	37,325	11,198
- investing activities	-13,409	-26,552	-49,154	-81,464	-55,888
- financing activities	-64,360	-6,594	-7,161	45,346	44,980
Change in cash and cash equivalents for the year	32,692	15,888	-1,500	1,207	290
Number of employees	58	62	70	69	67
<b>Ratios</b>					
Profit margin	5.5%	4.5%	6.5%	4.2%	12.6%
Return on assets	2.5%	2.0%	2.3%	2.1%	6.7%
Solvency ratio	32.2%	32.4%	32.8%	33.3%	32.8%
Return on equity	7.9%	0.6%	-0.2%	8.8%	11.1%

# Management's review

## Key activities

The main activities are unchanged compared to last year. Krøll Crane's main activities consist of designing, manufacturing, servicing, trading and rental of cranes.

## Development in the year

The income statement of the Company for 2023 shows a profit of DKK 10,864,226, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 143,035,837.

## The past year and follow-up on development expectations from last year

Although the financial result for 2023 is a vast improvement compared to the previous two years and certainly a decent result, it is still a little disappointing, nonetheless. The gross profit is spot on compared to the budget, however the contribution of the new crane units is lower than anticipated. This is due to the timing of quoting, award and execution of the crane orders in these fairly volatile and unpredictable times, with the Russia-Ukraine war still raging and the situation in Gaza very much uncertain.

With our order book still full, this is something we must mitigate as best as possible, and we are certain that this focus will help us reach the budgeted contributions for our current crane orders.

The rental side of the business however, exceeded the projected result. Although the construction industry in Denmark has been predicting doom and gloom for the past few years, it is not something that we are experiencing regarding the rental of our tower cranes and utilisation in 2023 has been good. Looking forward, we expect the same for 2024.

Overall, we performed well and Krøll is still a solid company.

2024 will be an extremely busy year for Krøll. The order book is more than full, and we will have to work hard to fulfil our promised deliveries within the budget. We are however confident that the team is up to the challenge and that we will succeed in making 2024 a great year.

## Capital resources

Krøll Crane's total working capital has increased to MDKK 65. A major reason for the increase in working capital is an increase in ongoing work and in financing from suppliers of goods and services. At the same time, there has been a reduction in the capital tied up in the warehouse and receivables from customers.

As a consequence of the above, cash and cash equivalents in 2023 have increased by MDKK 32.7 from MDKK 16.2 to MDKK 48.9.

Total investment in tangible fixed assets amounted to a net MDKK of 13.4. The majority of the investments have been used for investment in masts and rental cranes.

## Market risks

The Company is influenced by construction trends in several markets including the Far East.

Krøll Crane's use of steel, etc., due to the significant price fluctuations that exist on the market, entails a special risk, as price increases can only be included to a relatively limited extent in the price of the finished products.

## Foreign exchange risks

Currency risks relate mainly to operating activities where income or expenses are denominated in a currency other than DKK. In addition, the Group is exposed to currency risks on intragroup balances. Krøll Cranes is primarily exposed to MYR, which means that profit and cash flows are affected by changes in exchange rates.

As a general rule, exchange rate risks are not hedged, as it is the company's opinion that ongoing hedging will not be optimal from an overall risk and cost point of view.



# Management's review

## Interest rate risks

As a result of investment and financing activities, Krøll Cranes is exposed to changes in interest rates. The interest rate risk consists primarily of long-term loans and leases.

## Credit risks

Credit risks in connection with credit provision to customers are handled when assessing the customer, among other things on the basis of financial position, previous experience and other factors. Bank guarantees will be required for the sale of new cranes.

## Liquidity risks

Krøll Cranes is dependent on having long-term financing at all times. It is therefore the Company's objective and policy only to enter into financing agreements with banks and financial institutions that have a credit rating of at least A. Management monitors current budgets and compares expected cash flows with cash and unused overdraft facilities.

## Research and development

The Company has not incurred costs to research and development during the year.

## External environment

The Company's production has an impact on the environment. The Company complies with present environmental legislation. Krøll Cranes has been ISO 9001:2000 certified since June 2005.

## Intellectual capital resources

The company's business basis includes engineering solutions as well as production and sale of subcomponents and spare parts. Special requirements are placed on the knowledge resources in the development and production of the components.

In order to continuously deliver these solutions, it is crucial that the company can recruit and retain employees with a high level of training in consulting and engineering solutions.

## Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Revenue		203,392,156	184,157,209
Production expenses	1	-179,934,534	-166,992,543
<b>Gross profit</b>		<b>23,457,622</b>	<b>17,164,666</b>
Distribution expenses	1	-69,682	-1,130,721
Administrative expenses	1	-12,122,941	-7,774,890
<b>Profit/loss before financial income and expenses</b>		<b>11,264,999</b>	<b>8,259,055</b>
Financial income		9,316,367	152
Financial expenses		-6,623,771	-7,157,339
<b>Profit/loss before tax</b>		<b>13,957,595</b>	<b>1,101,868</b>
Tax on profit/loss for the year	2	-3,093,369	-332,689
<b>Net profit/loss for the year</b>	3	<b>10,864,226</b>	<b>769,179</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Software		0	7,726
<b>Intangible assets</b>	4	<b>0</b>	<b>7,726</b>
Land and buildings		26,559,332	26,559,332
Plant and machinery		269,187,786	285,889,455
Other fixtures and fittings, tools and equipment		306,541	136,120
<b>Property, plant and equipment</b>	5	<b>296,053,659</b>	<b>312,584,907</b>
Other receivables	6	21,700	128,665
<b>Fixed asset investments</b>		<b>21,700</b>	<b>128,665</b>
<b>Fixed assets</b>		<b>296,075,359</b>	<b>312,721,298</b>
<b>Inventories</b>	7	<b>9,242,103</b>	<b>6,108,605</b>
Trade receivables		30,755,088	35,108,524
Contract work in progress	8	47,111,033	19,250,264
Receivables from group enterprises		8,873,763	10,095,949
Other receivables		2,349,998	5,907,511
Corporation tax		0	1,200,000
Prepayments	9	856,456	1,146,025
<b>Receivables</b>		<b>89,946,338</b>	<b>72,708,273</b>
<b>Cash at bank and in hand</b>		<b>48,861,457</b>	<b>16,169,625</b>
<b>Current assets</b>		<b>148,049,898</b>	<b>94,986,503</b>
<b>Assets</b>		<b>444,125,257</b>	<b>407,707,801</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		20,000,000	20,000,000
Revaluation reserve		16,470,929	16,470,929
Retained earnings		106,564,908	95,700,683
<b>Equity</b>		<b>143,035,837</b>	<b>132,171,612</b>
Provision for deferred tax	10	16,693,153	13,599,784
Other provisions	11	1,960,780	1,233,051
<b>Provisions</b>		<b>18,653,933</b>	<b>14,832,835</b>
Credit institutions		1,412,429	4,121,400
Lease obligations		24,918,124	15,359,197
<b>Long-term debt</b>	12	<b>26,330,553</b>	<b>19,480,597</b>
Credit institutions	12	2,824,860	42,455,344
Lease obligations	12	9,989,527	26,386,685
Prepayments received from customers		39,209	0
Trade payables		45,185,971	36,222,317
Contract work in progress	8	67,556,344	17,121,131
Payables to group enterprises		94,415,154	109,597,682
Other payables		36,093,869	9,439,598
<b>Short-term debt</b>		<b>256,104,934</b>	<b>241,222,757</b>
<b>Debt</b>		<b>282,435,487</b>	<b>260,703,354</b>
<b>Liabilities and equity</b>		<b>444,125,257</b>	<b>407,707,801</b>
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Accounting Policies	17		

## Statement of changes in equity

	<u>Share capital</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK	DKK
Equity at 1 January	20,000,000	16,470,929	95,700,682	132,171,611
Net profit/loss for the year	0	0	10,864,226	10,864,226
<b>Equity at 31 December</b>	<b>20,000,000</b>	<b>16,470,929</b>	<b>106,564,908</b>	<b>143,035,837</b>

## Cash flow statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Result of the year		10,864,226	769,179
Adjustments	13	30,455,981	36,468,951
Change in working capital	14	65,248,512	18,728,588
<b>Cash flow from operations before financial items</b>		<b>106,568,719</b>	<b>55,966,718</b>
Financial income		9,316,367	152
Financial expenses		-6,623,771	-7,157,339
<b>Cash flows from ordinary activities</b>		<b>109,261,315</b>	<b>48,809,531</b>
Corporation tax paid		1,200,000	224,000
<b>Cash flows from operating activities</b>		<b>110,461,315</b>	<b>49,033,531</b>
Purchase of property, plant and equipment		-13,516,234	-26,610,650
Fixed asset investments made etc		106,965	58,181
<b>Cash flows from investing activities</b>		<b>-13,409,269</b>	<b>-26,552,469</b>
Repayment of loans from credit institutions		-42,339,455	11,827,809
Reduction of lease obligations		-6,838,231	-14,063,789
Repayment of payables to group enterprises		-15,182,528	-4,358,320
<b>Cash flows from financing activities</b>		<b>-64,360,214</b>	<b>-6,594,300</b>
<b>Change in cash and cash equivalents</b>		<b>32,691,832</b>	<b>15,886,762</b>
Cash and cash equivalents at 1 January		16,169,625	282,863
<b>Cash and cash equivalents at 31 December</b>		<b>48,861,457</b>	<b>16,169,625</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		48,861,457	16,169,625
<b>Cash and cash equivalents at 31 December</b>		<b>48,861,457</b>	<b>16,169,625</b>

# Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>1. Staff</b>		
Wages and salaries	41,128,226	40,527,186
Pensions	3,465,570	3,558,487
Other social security expenses	659,442	710,086
	<u>45,253,238</u>	<u>44,795,759</u>
Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Production expenses	40,826,234	40,517,910
Distribution expenses	0	115,438
Administrative expenses	4,427,004	4,162,411
	<u>45,253,238</u>	<u>44,795,759</u>
Including remuneration to the Executive Board and Board of Directors:		
Executive board	4,230,000	3,734,000
Board of directors	150,000	147,000
	<u>4,380,000</u>	<u>3,881,000</u>
Average number of employees	<u>58</u>	<u>62</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>2. Income tax expense</b>		
Deferred tax for the year	3,093,369	716,496
	<u>3,093,369</u>	<u>716,496</u>
thus distributed:		
Income tax expense	3,093,369	332,689
Tax on equity movements	0	383,807
	<u>3,093,369</u>	<u>716,496</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>3. Profit allocation</b>		
Retained earnings	<u>10,864,226</u>	<u>769,179</u>
	<b>10,864,226</b>	<b>769,179</b>
<b>4. Intangible fixed assets</b>		
		<u>Software</u>
		DKK
Cost at 1 January		<u>1,048,295</u>
Cost at 31 December		<u>1,048,295</u>
Impairment losses and depreciation at 1 January		1,040,569
Depreciation for the year		<u>7,726</u>
Impairment losses and depreciation at 31 December		<u>1,048,295</u>
Carrying amount at 31 December		<u>0</u>



# Notes to the Financial Statements

## 5. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 January	28,693,510	430,332,034	14,334,726
Additions for the year	0	13,997,276	261,000
Disposals for the year	0	-2,431,512	0
Cost at 31 December	<u>28,693,510</u>	<u>441,897,798</u>	<u>14,595,726</u>
Revaluations at 1 January	21,116,576	0	0
Revaluations at 31 December	<u>21,116,576</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January	23,250,754	144,442,579	14,198,606
Depreciation for the year	0	29,956,904	90,579
Reversal of impairment and depreciation of sold assets	0	-1,689,471	0
Impairment losses and depreciation at 31 December	<u>23,250,754</u>	<u>172,710,012</u>	<u>14,289,185</u>
<b>Carrying amount at 31 December</b>	<b><u>26,559,332</u></b>	<b><u>269,187,786</u></b>	<b><u>306,541</u></b>
Including assets under finance leases amounting to	<u>0</u>	<u>78,115,331</u>	<u>0</u>

## 6. Other fixed asset investments

	Other receivables
	DKK
Cost at 1 January	128,665
Disposals for the year	-106,965
Cost at 31 December	<u>21,700</u>
<b>Carrying amount at 31 December</b>	<b><u>21,700</u></b>

## 7. Inventories

	2023	2022
	DKK	DKK
Raw materials and consumables	902,987	286,481
Finished goods and goods for resale	8,339,116	5,822,124
	<u>9,242,103</u>	<u>6,108,605</u>

## Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>8. Contract work in progress</b>		
Selling price of work in progress	150,780,741	36,435,559
Payments received on account	-171,226,052	-34,306,426
	<u>-20,445,311</u>	<u>2,129,133</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	47,111,033	19,250,264
Prepayments received recognised in debt	-67,556,344	-17,121,131
	<u>-20,445,311</u>	<u>2,129,133</u>

## 9. Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions and similar expenses.

	2023	2022
	DKK	DKK
<b>10. Provision for deferred tax</b>		
Deferred tax liabilities at 1 January	13,599,784	12,883,288
Amounts recognised in the income statement for the year	3,093,369	332,689
Amounts recognised in equity for the year	0	383,807
Deferred tax liabilities at 31 December	<u>16,693,153</u>	<u>13,599,784</u>

	2023	2022
	DKK	DKK
<b>11. Other provisions</b>		
Other provisions	1,960,780	1,233,051
	<u>1,960,780</u>	<u>1,233,051</u>

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of kDKK 1,961 (2022: kDKK 1,233) have been recognised for expected warranty claims.

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>12. Long-term debt</b>		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
<b>Credit institutions</b>		
After 5 years	0	0
Between 1 and 5 years	1,412,429	4,121,400
Long-term part	1,412,429	4,121,400
Within 1 year	2,824,860	6,561,701
Other short-term debt to credit institutions	0	35,893,643
	<u>4,237,289</u>	<u>46,576,744</u>
<b>Lease obligations</b>		
After 5 years	0	0
Between 1 and 5 years	24,918,124	15,359,197
Long-term part	24,918,124	15,359,197
Within 1 year	9,989,527	26,386,685
	<u>34,907,651</u>	<u>41,745,882</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>13. Cash flow statement - Adjustments</b>		
Financial income	-9,316,367	-152
Financial expenses	6,623,771	7,157,339
Depreciation, amortisation and impairment losses, including losses and gains on sales	30,055,208	28,979,075
Tax on profit/loss for the year	3,093,369	332,689
	<u>30,455,981</u>	<u>36,468,951</u>

## Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>14. Cash flow statement - Change in working capital</b>		
Change in inventories	-3,133,498	-221,170
Change in receivables	-18,438,065	4,294,112
Change in other provisions	727,729	-590,681
Change in trade payables, etc	86,092,346	15,246,327
	<u>65,248,512</u>	<u>18,728,588</u>
	2023	2022
	DKK	DKK
<b>15. Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with bankers:		
Mortgage deeds registered to the mortgagor totalling kDKK 29,460, providing security on land and buildings at a total carrying amount of:	26,559,332	26,559,332
Corporate mortgage	20,000,000	20,000,000
Pledge of bank deposits	5,591,750	0
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,618,275	1,655,686
Between 1 and 5 years	3,048,329	3,317,596
	<u>4,666,604</u>	<u>4,973,282</u>
<b>Guarantee obligations</b>		
Facilities at Danske Bank	50,447,992	62,751,784

# Notes to the Financial Statements

## 16. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
Favelle Favco Berhad, Malaysia	Parent company
The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:	
<u>Name</u>	<u>Place of registered office</u>
Muhibbah Engineering (M) Bhd	Lot 579 & 586, 2nd Mile Jalan Batu Tiga Lama 41300 Klang Selangor Darul Ehsan Malaysia
Favelle Favco Berhad	Lot 586, 2nd Mile Jalan Batu Tiga Lama 41300 Klang Selangor Darul Ehsan Malaysia

# Notes to the Financial Statements

## 17. Accounting policies

The Annual Report of Krøll Cranes A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement

# Notes to the Financial Statements

## Income statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Production expenses

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

### Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

### Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

### Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

#### *Development projects*

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 10 year.

### Property, plant and equipment

On acquisition property, plant and equipment are measured at cost comprising the acquisition price and costs of acquisition.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	10-30 years
Other buildings	10-30 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	4-10 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Other fixed asset investments

Other fixed asset investments consist of long-term assets such as deposits.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.



# Notes to the Financial Statements

The Company follows the impairment rules of IFRS 9 and expected losses are recognised irrespective of whether or not an event has occurred giving rise to the loss.

## Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## Equity

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

## Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

# Notes to the Financial Statements

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Cash Flow Statement

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

### *Cash flows from operating activities*

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### *Cash flows from investing activities*

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### *Cash flows from financing activities*

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### *Cash and cash equivalents*

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$