Fayard Holding ApS

Kystvejen 100, DK-5330 Munkebo

Annual Report for 1 October 2021 - 30 September 2022

CVR No 89 76 06 15

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 1 /3 2023

Peter Hald Appel
Chairman of the General Meeting

pwc

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Fayard Holding ApS for the financial year 1 October 2021 - 30 September 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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.

Munkebo, 1 March 2023

Executive Board

Kristian Eidnes Andersen Executive Officer	Thomas Wilkens Andersen

Board of Directors

Peter Hald Appel Chairman	Thomas W. Andersen	Tone E. Andersen
Kristian E. Andersen	Nina E. Andersen	Josefine E. Andersen
Torben Østergaard Nielsen	Niels Bjerregaard	

Independent Auditor's Report

To the Shareholder of Fayard Holding ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Fayard Holding ApS for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”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 Group 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 Financials Statements Act.

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial 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 and the Group'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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Trekantområdet, 1 March 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Henrik Junker Andersen
statsautoriseret revisor
mne42818

Company Information

The Company	Fayard Holding ApS Kystvejen 100 DK-5330 Munkebo Telephone: + 45 75 92 00 00 Facsimile: + 45 75 93 34 30 CVR No: 89 76 06 15 Financial period: 1 October - 30 September Municipality of reg. office: Kerteminde
Board of Directors	Peter Hald Appel, Chairman Thomas W. Andersen Tone E. Andersen Kristian E. Andersen Nina E. Andersen Josefine E. Andersen Torben Østergaard Nielsen Niels Bjerregaard
Executive Board	Kristian Eidnes Andersen Thomas Wilkens Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Group Chart

Parent company

Fayard Holding ApS
Kerteminde, Danmark
Nom. DKK 300.000

Subsidiaries

100% Fayard A/S
Kerteminde, Danmark
Nom. DKK 2.500.000

100% Rudolf Mathis A/S
Kerteminde, Danmark
Nom. DKK 500.000

Associates

50% Elvström Sails A/S
Aabenraa, Danmark
Nom. DKK 4.051.000

41,05% Risskov Residentials AS
Oslo, Norge
Nom. NOK 10.000

22,50% Aarhus Residentials Denmark II AS
Oslo, Norge
Nom. NOK 10.000

Financial Highlights

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

	Group				
	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	987,586	863,189	857,298	652,818	545,811
Gross profit/loss	158,307	114,812	111,643	69,364	103,379
Profit/loss before financial income and expenses	153,494	112,054	110,563	63,732	98,978
Net financials	-100,017	163,705	65,810	56,034	37,161
Profit/loss before tax	54,289	275,759	176,373	119,765	136,139
Net profit/loss for the year	44,064	216,281	138,166	93,812	107,967
Balance sheet					
Balance sheet total	1,358,777	1,358,085	1,160,533	1,052,680	974,690
Equity	1,222,481	1,203,366	1,012,085	898,920	830,108
Cash flows					
Cash flows from:					
- operating activities	-30,827	228,625	120,961	122,887	-22,224
- investing activities	-43,359	-28,538	-13,153	-11,412	-14,382
including investment in property, plant and equipment	-3,122	-1,804	-1,135	-472	-860
- financing activities	-27,500	-25,999	-29,904	-66,035	21,938
Change in cash and cash equivalents for the year	-101,686	174,088	77,904	45,440	-14,668
Number of employees	144	135	137	127	126
Number of employees including permanent partners and co-operators (estimate)	750	650	650	500	420
Ratios					
Gross margin	16.0%	13.3%	13.0%	10.6%	18.9%
Profit margin	15.5%	13.0%	12.9%	9.8%	18.1%
Return on assets	11.3%	8.3%	9.5%	6.1%	10.2%
Solvency ratio	90.0%	88.6%	87.2%	85.4%	85.2%
Return on equity	3.6%	19.5%	14.5%	10.9%	13.7%

Management's Review

Key activities

The group's main activity is it's subsidy firm Fayard A/S is a maritime service company primarily engaged in service, maintenance, retrofits and conversion of ships. Its customers are all over the world.

Development in the year

The Company's revenue for 2021/22 was DKK 987,586k compared to DKK 863,188k last year. The income statement for 2021/22 shows a profit of DKK 44,847k compared to DKK 216,281k last year, and the Company's balance sheet at 30 September 2022 shows equity of DKK 1,223,264k compared to DKK 1,203,366k last year, which is considered satisfactory by Management taking the current market into consideration and compared to the Company's expectations for the year.

The shipyard has about 750 employees engaged with works at Fayard A/S.

Targets and expectations for the year ahead

The management expects a profit before tax next year in the range of DKK 70 mio. Uncertainty is associated with this expectation.

External environment

The Group acknowledges that environmentally conscious management is crucial to the work for a sustainable business. As a consequence, the Company continuously invests in measures to improve the environment.

The Group has prepared an environmental policy based on environmentally responsible operations. This applies both to the use and disposal of materials and wastewater. The policy is a natural part of our product quality and production condition objectives, including ensuring optimal use of resources in production and reducing the environmental impact to the extent possible. We do this by continuously investing in modern technology, including equipment for surface treatment of vessels.

The Group is certified under ISO 9001 (quality management system) and 14001 (environment management system).

At the same time, the Group contributes to a generally improved environment by providing relevant services to the maritime industry which have a positive effect on the environment by lowering the vessels' impact on the environment. Work is ongoing specifically in relation to implementing measures which will limit the fuel consumption and, thus, the emissions of the vessels. We continuously update our brochures on our website with new initiatives to inspire interested parties to consider similar energy-saving measures. The Group closely follows the general requirements imposed on its customers in terms of environmental impact (referred to as EEXI and CII requirements).

Management's Review

The Group has an overall environmental approval and no unresolved issues with the environmental authorities in the form of enforcement notices or bans. The environmental approval is comprehensive and up to date compared to other environmental approvals in the industry.

Intellectual capital resources

The Group employs a significant number of apprentices. This should be seen in the context of the shipyard's focus on securing the necessary labour at several levels of the Company in the future. At the same time, it is necessary to ensure that the labour force meets future requirements of the shipyard and the shipbuilding industry in general. The Group also continues to focus on engaging permanent partners and co-operators in relation to providing apprenticeships.

The Company considers its work on educating the next generation to be one of the most important tasks in society locally and nationally. We achieve this by taking on apprentices in different staff groups as well as providing other internal development opportunities to employees in the organisation.

The Company's target is that at least 10% of the hourly-paid workers at Fayard A/S must be apprentices. The target was met at the balance sheet date. Additional apprentices have been hired after the end of the financial year. The 10% target is maintained for the coming financial year.

Statement of corporate social responsibility

The Group continues its efforts to meet the expectations of customers, suppliers and other business partners by behaving in an exemplary manner, showing respect and building mutual trust every single day.

The Company's policies are an integral part of how the Group conducts business and key elements of the Group' quality manual, which can be found on the Company's website: www.fayard.dk.

In terms of the Company's business model, please refer to the section "Principal activities" on page 7 of this Annual Report, see section 99 a(3), first sentence of the Danish Financial Statements Act.

Based on this, the Group gives priority to thorough planning and organisation of all work assignments to create optimal conditions for the Company's employees during their performance of the work.

In addition, workplace environment committees are in place and representatives have been elected to be responsible for ongoing follow-up on compliance with and improvement of the Groups policies. This applies to working conditions, job satisfaction as well as health and safety. The Group is taking direct social responsibility internally and externally, for example by offering its employees help with health treatments, etc. In parallel, a "working committee" has been set up comprising day-to-day management and employee representatives, which exchange ideas for various improvement proposals and summarise input from significant parts of the organisation.

Management's Review

The Group will continue to work for reduced resource consumption and minimise the impact on the external environment. In this context, the Company uses modern technology to ensure that work processes are efficient from an environmental perspective. This includes the introduction of energy-saving measures, which are a focal point similar to, for example, waste management, wastewater, oil, etc., from ships. Through this, the Company optimises its use of the resources deployed in order to minimise waste, which also reduces the Company's emissions to the greatest possible extent. Diesel-powered plants have been replaced by electric plants, which has resulted in energy savings of 50%.

The Group develops its business by actively servicing and installing products which help achieve climate improvements in the maritime sector. This is the cause of the Group' resource consumption.

In addition, the Group has launched a project to collect data on energy consumption to measure the total C02 emissions from the Group' activities and, in the long term, to prepare a comprehensive ESG report.

The Group respects human rights as adopted by the international community, and the Company tolerates no form of corruption, extortion or bribery.

The Group is regularly being audited by customers (including questions about working environment, anti-corruption, safety, etc.). No unresolved issues exist in relation to such audits.

The Company's quality manual is reviewed on an ongoing basis with a view to its continued development. In this connection, The Group emphasises an open and honest dialogue internally in the Company as well as with its stakeholders in general.

The working environment is of high priority throughout the Company. The employees constitute the Company's most important resources and are a prerequisite for success. In the past financial year, work continued on reducing the number of occupational accidents through regular follow-up, including instructions and training of staff.

The Groups clear objective is to avoid any occupational accidents and continuous work is being done to reduce illness to a low level. The work is based on a safety manual, which is continuously updated. The number of accidents decreased during the financial year.

Moreover, during the financial year, the Group again focussed on reducing absence due to illness.

The Company's health policy is to offer healthy food in the canteens and quick follow-up and action in case of absence due to illness. All employees are offered health insurance.

Environmental and climate risks

With its production activities in mind, the Group works on limiting its impact on the environment and climate.

All significant risks and corrective actions are described in our section on ISO 9001/14001 standards.

Management's Review

Under the ISO 14001 system, you will find up-to-date safety data sheets on all chemicals to which all users have access 24/7. Our ISO 9001 certification was last renewed in March 2021, and ISO 14001 was renewed in May 2020.

The risks associated with discharges are assessed as limited due to the considerable focus and professional management of such risk by carrying out work in dry docks in closed-loop systems where any impact on the environment is encased. We expect to keep focus on this area in the next financial year.

Other risks include extremely high tides and flooding, which would affect the power supply. Measures against such events have been implemented and tested in practice and have worked so far.

In order to contribute to the reduction of total CO_2 emissions and to reduce noise, the Group has decided that, where technically possible, all vessels arriving at the shipyard should be offered the option of onshore power supply from mobile onshore power supply-plants. Approximately 60% of the vessels receive onshore power. This ensures more environmentally friendly power than the power produced by the ships' own generators. At the same time, much of the work carried out by the Group helps reduce the environmental impact of the individual vessel, as in many cases, the ships achieve optimised propulsion after having been at our shipyard and, thus, reduced fuel consumption.

Risks related to social and employeematters

The Group is focussed on a healthy and good working environment. Attention is generally paid to safety and current legislation on the working environment in the workplace. The risk of occupational injury is assessed to be low for the industry, as the Company is subject to formal regulation of ordinary work and industry standards, of which safety is an integrated part. Safety will remain a focal point in the next financial year. On 1 November 2021, the Group underwent a risk-based inspection by the Danish Working Environment Authority without significant comments, and the same applied in connection with a special inspection regarding the containment of COVID-19, which also resulted in no significant comments.

The ongoing supervision of compliance with working environment rules and sound work processes is key to maintaining these as part of the regular routines.

The Group is situated in Odense Port's area, where several heavy industry activities take place. As transport is also a major activity in the area, it is crucial to comply with the rules and pay extra attention because so much work is carried out using personal protective equipment (hearing protection, etc.).

ISO 45001 (occupational health and safety) is planned to be implemented and certified in the spring of 2023.

Respect for human rights and risk of human rights violations

The Group is an international operator and ensures compliance with applicable legislation. The Group does not accept work which is in violation of fundamental human rights. The risk of human rights violations is considered low. In 2021/22, no reports of human rights violations were received by the Company or its business partners, including during ISO 9001 audits by customers.

We will continue this work in future. Please also refer to Fayard A/S' Code of Conduct on www.fayard.dk.

Risk of corruption and bribery

The Group is an international operator who neither tolerates corruption nor bribery. Such conduct is moreover not accepted by the Group. The risk of corruption and bribery is considered to be low in view of the Groups business area and controls. In 2021/22, no information was received about any cases of corruption or bribery in the Company or at business partners.

We will continue this work in future. Please also refer to Fayard A/S' Code of Conduct on www.fayard.dk.

The Group naturally complies with all relevant legislation, and to ensure this, a code of conduct has been prepared (available to everyone on www.fayard.dk), which provides ethical guidelines for our employees and subcontractors on how to act with respect to, for example, child labour, discrimination and corruption, etc.

Employment contracts of the Company's staff include the employee's obligation to read and follow the the Group Code of Conduct.

Once a year, subcontractors of the Group confirm their compliance with the Company's Code of Conduct.

Finally, in continuation of the above, it should be noted that, in 2022, the Group implemented a whistleblower scheme allowing employees to report issues anonymously.

Statement on gender composition

The Group aims at providing the Company's female employees with the same career and management opportunities as their male colleagues, and making employees feel that the Company culture is open and unbiased, allowing each individual to make the most of his or her competencies regardless of gender.

The Group is an inclusive workplace and we guarantee that no differential treatment will take place based on ethnic origin, skin colour, gender, religion, nationality, sexual orientation, social background or political beliefs. Employees, partners and customers constitute several different nationalities in our workplace, which implies that many different cultures are present and that we work in an international environment.

The Group is aware of "Targets and policies on gender representation in the management and related reporting", see Danish Act no. 1383 of 23 December 2012. However, the Group reserves the right to form the most optimal management team for the Company. Female board members elected by the general meeting constitute 37,5%. The target was for women to reach 37,50% by the end of the financial year 2021/22. Therefore, this target was met.

Management's Review

When recruiting new employees, the Group always strives to invite candidates of both genders for interviews when possible. All employees, regardless of gender, are hired based on the individual's qualifications and competencies. No intentional sex discrimination takes place. It should be noted that the Groups industry has a considerable predominance of men, which places severe limitations on the possible distribution of the two genders while also ensuring the right competencies in connection with recruitment.

Statement of data ethics

The Group does not use advanced technologies such as artificial intelligence or machine learning. The company handles ordinary data in the form of customer data and employee data. Data is adequately handled in accordance with the GDPR and our privacy and information security policies. With the limited handling of data, it is the company's assessment that there is no need for a policy on data ethics. The company will continuously assess whether a policy is necessary.

Income Statement 1 October - 30 September

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent Company 2021/22 TDKK	Parent Company 2020/21 TDKK
Revenue		**987,586**	**863,189**	**0**	**0**
Cost of sales	2	-829,279	-748,377	0	0
Gross profit/loss		**158,307**	**114,812**	**0**	**0**
Administrative expenses	2	-20,186	-14,692	-1,429	-243
Operating profit/loss		**138,121**	**100,120**	**-1,429**	**-243**
Other operating income		15,373	11,934	0	0
Profit/loss before financial income and expenses		**153,494**	**112,054**	**-1,429**	**-243**
Income from investments in subsidiares		0	0	120,704	87,928
Income from investments in associates		12,038	5,845	12,038	5,845
Financial income		1,001	158,611	36	157,527
Financial expenses	3	-113,056	-751	-112,343	-222
Profit/loss before tax		**53,477**	**275,759**	**19,006**	**250,835**
Tax on profit/loss for the year	4	-9,413	-59,478	25,058	-34,554
Net profit/loss for the year		**44,064**	**216,281**	**44,064**	**216,281**

Balance Sheet 30 September

Assets

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent Company 2021/22 TDKK	Parent Company 2020/21 TDKK
Goodwill		8,096	0	0	0
Intangible assets	5	**8,096**	**0**	**0**	**0**
Land and buildings		59,549	59,498	0	0
Plant and machinery		2,393	2,838	0	0
Other fixtures and fittings, tools and equipment		726	0	0	0
Property, plant and equipment	6	**62,668**	**62,336**	**0**	**0**
Investments in subsidiaries	7	0	0	181,290	138,586
Investments in associates	8	62,553	40,941	62,553	40,941
Other investments	9	72,496	50,511	72,496	50,511
Other receivables	9	20,796	21,189	0	0
Fixed asset investments		**155,845**	**112,641**	**316,339**	**230,038**
Fixed assets		**226,609**	**174,977**	**316,339**	**230,038**
Raw materials and consumables		12,303	7,900	0	0
Finished goods and goods for resale		450	0	0	0
Inventories		**12,753**	**7,900**	**0**	**0**

Balance Sheet 30 September

Assets

		Group		Parent Company	
	Note	2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Trade receivables		73,641	87,641	0	0
Contract work in progress	10	67,958	18,815	0	0
Receivables from associates		2,500	0	2,500	0
Other receivables		20,974	14,645	0	0
Deferred tax asset	13	876	0	459	175
Corporation tax		0	0	29,089	0
Prepayments		2,541	1,496	0	0
Receivables		**168,490**	**122,597**	**32,048**	**175**
Bonds	11	868,256	1,026,161	868,256	1,026,161
Current asset investments		**868,256**	**1,026,161**	**868,256**	**1,026,161**
Cash at bank and in hand		**82,669**	**26,450**	**5,839**	**81**
Currents assets		**1,132,168**	**1,183,108**	**906,143**	**1,026,417**
Assets		**1,358,777**	**1,358,085**	**1,222,482**	**1,256,455**

Balance Sheet 30 September

Liabilities and equity

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent Company 2021/22 TDKK	Parent Company 2020/21 TDKK
Share capital		300	300	300	300
Reserve for net revaluation under the equity method		0	0	173,256	131,135
Retained earnings		1,192,181	1,178,066	1,018,925	1,046,931
Proposed dividend for the year		30,000	25,000	30,000	25,000
Equity		**1,222,481**	**1,203,366**	**1,222,481**	**1,203,366**
Provision for deferred tax	13	0	906	0	0
Other provisions	14	17,122	13,192	0	0
Provisions		**17,122**	**14,098**	**0**	**0**
Corporation tax		7,155	42,752	0	22,775
Long-term debt	15	**7,155**	**42,752**	**0**	**22,775**
Trade payables		71,033	47,444	0	0
Contract work in progress, liabilities	10	17,081	29,527	0	0
Payables to group enterprises		0	0	0	30,122
Other payables		23,905	20,898	1	192
Short-term debt		**112,019**	**97,869**	**1**	**30,314**
Debt		**119,174**	**140,621**	**1**	**53,089**
Liabilities and equity		**1,358,777**	**1,358,085**	**1,222,482**	**1,256,455**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	300	0	1,178,066	25,000	1,203,366
Exchange adjustments	0	0	51	0	51
Ordinary dividend paid	0	0	0	-25,000	-25,000
Net profit/loss for the year	0	0	14,064	30,000	44,064
Equity at 30 September	**300**	**0**	**1,192,181**	**30,000**	**1,222,481**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 October	300	131,135	1,046,931	25,000	1,203,366
Exchange adjustments	0	51	0	0	51
Ordinary dividend paid	0	0	0	-25,000	-25,000
Net profit/loss for the year	0	42,070	-28,006	30,000	44,064
Equity at 30 September	**300**	**173,256**	**1,018,925**	**30,000**	**1,222,481**

Cash Flow Statement 1 October - 30 September

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK
Net profit/loss for the year		44,064	216,281
Adjustments	16	114,498	-100,233
Change in working capital	17	-29,288	7,396
Cash flows from operating activities before financial income and expenses		**129,274**	**123,444**
Financial income		1,000	158,072
Financial expenses		-114,033	-751
Cash flows from ordinary activities		**16,241**	**280,765**
Corporation tax paid		-47,068	-52,140
Cash flows from operating activities		**-30,827**	**228,625**
Purchase of intangible assets		-8,986	0
Purchase of property, plant and equipment		-3,122	-1,804
Fixed asset investments made etc		-33,788	-28,353
Sale of property, plant and equipment		0	1,619
Dividends received from associates		2,537	0
Cash flows from investing activities		**-43,359**	**-28,538**
Repayment of loans from credit institutions		0	-999
Raising of loans to associates		-2,500	0
Dividend paid		-25,000	-25,000
Cash flows from financing activities		**-27,500**	**-25,999**
Change in cash and cash equivalents		**-101,686**	**174,088**
Cash and cash equivalents at 1 October		1,052,611	878,523
Cash and cash equivalents at 30 September		**950,925**	**1,052,611**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		82,669	26,450
Current asset investments		868,256	1,026,161
Cash and cash equivalents at 30 September		**950,925**	**1,052,611**

Notes to the Financial Statements

1 Subsequent events

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

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK

2 Staff

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent Company 2021/22 TDKK	Parent Company 2020/21 TDKK
Wages and Salaries	95,884	88,841	0	0
Pensions	7,251	6,750	0	0
Other social security expenses	4,834	3,199	0	0
Other staff expenses	1,490	213	0	0
	109,459	**99,003**	**0**	**0**
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	100,198	89,696	0	0
Administrative expenses	9,261	9,307	0	0
	109,459	**99,003**	**0**	**0**
Including remuneration to the Executive and Supervisory Boards	**3,525**	**4,285**	**0**	**0**
Average number of employees	**144**	**135**	**0**	**0**

3 Financial expenses

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent Company 2021/22 TDKK	Parent Company 2020/21 TDKK
Interest paid to group enterprises	0	0	126	222
Other financial expenses	113,056	751	112,217	0
	113,056	**751**	**112,343**	**222**

Notes to the Financial Statements

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
4 Tax on profit/loss for the year				
Current tax for the year	11,471	54,673	-24,774	34,696
Deferred tax for the year	-2,058	4,805	-284	-142
	9,413	**59,478**	**-25,058**	**34,554**

5 Intangible assets

Group

	Goodwill
	TDKK
Cost at 1 October	0
Additions for the year	8,986
Cost at 30 September	8,986
Amortisation for the year	890
Impairment losses and amortisation at 30 September	890
Carrying amount at 30 September	**8,096**

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK
Cost at 1 October	106,188	27,197	7,304
Net effect from merger and acquisition	2,604	0	1,436
Additions for the year	1,431	205	1,234
Cost at 30 September	110,223	27,402	9,974
Impairment losses and depreciation at 1 October	46,690	24,359	7,304
Net effect from merger and acquisition	1,216	0	1,184
Depreciation for the year	2,768	650	760
Impairment losses and depreciation at 30 September	50,674	25,009	9,248
Carrying amount at 30 September	**59,549**	**2,393**	**726**

Notes to the Financial Statements

7 Investments in subsidiaries

	Parent Company	
	2021/22	2020/21
	TDKK	TDKK
Cost at 1 October	20,930	20,930
Additions for the year	10,000	0
Cost at 30 September	30,930	20,930
Value adjustments at 1 October	117,656	115,728
Net profit/loss for the year	121,594	87,928
Dividend to the Parent Company	-88,000	-86,000
Amortisation of goodwill	-890	0
Value adjustments at 30 September	150,360	117,656
Carrying amount at 30 September	**181,290**	**138,586**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Fayard A/S	Kerteminde	2.500	100%
Fayard Invest ApS	Kerteminde	50	100%
Restaurant Rudolf Mathis A/S	Kerteminde	500	100%

Notes to the Financial Statements

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK

8 Investments in associates

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent Company 2021/22 TDKK	Parent Company 2020/21 TDKK
Cost at 1 October	27,462	12,387	27,462	12,387
Additions for the year	12,195	15,075	12,195	15,075
Cost at 30 September	39,657	27,462	39,657	27,462
Value adjustments at 1 October	13,479	7,635	13,479	7,635
Exchange adjustment	51	0	51	0
Net profit/loss for the year	11,903	5,844	11,903	5,844
Dividends received	-2,537	0	-2,537	0
Value adjustments at 30 September	22,896	13,479	22,896	13,479
Carrying amount at 30 September	**62,553**	**40,941**	**62,553**	**40,941**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Elvström Sails A/S	Aabenraa	4.051	50.0%
Aarhus Residentials Denmark II AS	Oslo, Norge	10	22.5%
Risskov Residentials AS	Oslo, Norge	10	41.1%

9 Other fixed asset investments

	Group		Parent Company
	Other investments	Other receiv-ables	Other investments
	TDKK	TDKK	TDKK
Cost at 1 October	50,511	21,189	50,511
Additions for the year	21,985	681	21,985
Disposals for the year	0	-1,074	0
Cost at 30 September	72,496	20,796	72,496
Carrying amount at 30 September	**72,496**	**20,796**	**72,496**

Notes to the Financial Statements

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK

10 Contract work in progress

Selling price of work in progress	655,622	444,785	0	0
Payments received on account	-604,745	-455,497	0	0
	50,877	**-10,712**	**0**	**0**
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	67,958	18,815	0	0
Prepayments received recognised in debt	-17,081	-29,527	0	0
	50,877	**-10,712**	**0**	**0**

11 Bonds

Carrying amount at at 1 October	1,026,161	859,748	1,026,161	859,748
Unrealized fair value adjustments	-157,905	166,413	-157,905	166,413
	868,256	**1,026,161**	**868,256**	**1,026,161**

12 Distribution of profit

Proposed dividend for the year			30,000	25,000
Reserve for net revaluation under the equity method			42,070	93,772
Retained earnings			-28,006	97,509
			44,064	**216,281**

Notes to the Financial Statements

13 Deferred tax asset

	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
	TDKK	TDKK	TDKK	TDKK
Deferred tax asset at 1 October	-906	3,899	175	33
Amounts recognised in the income statement for the year	2,058	-4,805	284	142
Net effect from merger and acquisition	-276	0	0	0
Deferred tax asset at 30 September	**876**	**-906**	**459**	**175**

14 Other provisions

The Company provides warranties of 1 to 5 years 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 have been recognised for expected warranty claims.

	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
Other provisions	17,122	13,192	0	0
	17,122	**13,192**	**0**	**0**

The provisions are expected to mature as follows:

	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
Within 1 year	17,122	13,192	0	0
	17,122	**13,192**	**0**	**0**

15 Long-term debt

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:

Corporation tax

	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
Between 1 and 5 years	7,155	42,752	0	22,775
Long-term part	7,155	42,752	0	22,775
Within 1 year	0	0	0	0
	7,155	**42,752**	**0**	**22,775**

Notes to the Financial Statements

	Group	
	2021/22	2020/21
	TDKK	TDKK

16 Cash flow statement - adjustments

	2021/22 TDKK	2020/21 TDKK
Financial income	-1,001	-158,611
Financial expenses	113,056	751
Depreciation, amortisation and impairment losses, including losses and gains on sales	5,068	3,994
Income from investments in associates	-12,038	-5,845
Tax on profit/loss for the year	9,413	59,478
	114,498	**-100,233**

17 Cash flow statement - change in working capital

	2021/22 TDKK	2020/21 TDKK
Change in inventories and receivables	-47,370	3,564
Change in other provisions	3,930	1,118
Change in trade payables, etc	14,152	2,714
	-29,288	**7,396**

18 Contingent assets, liabilities and other financial obligations

The company has entered into agreements of rent of areas, dry dock facilities and cranes etc.. Longest noncancellable lease agreement runs until 2046. The annual rental expense is about twenty-five million Danish krones.

The company has entered into agreements of leases of cars and trucks for DKK 4,756k.

Notes to the Financial Statements

19 Related parties

	Basis
Controlling interest	
Thomas W. Andersen, Klintevej 14, 5300 Kerteminde	Voting majority

Other related parties

Board of Directors and Executive Board

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

20 Fee to auditors appointed at the general meeting

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	214	186	14	13
Tax advisory services	540	61	248	0
Non-audit services	166	42	162	0
	920	**289**	**424**	**13**
Other				
Audit fee	44	0	0	0
Non-audit services	6	0	0	0
	50	**0**	**0**	**0**
	970	**289**	**424**	**13**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Fayard Holding ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021/22 are presented in TDKK.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Fayard Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Notes to the Financial Statements

21 Accounting Policies (continued)

Leases

Leases in terms of which the Group 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 Group.

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

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Revenue

The company has omitted information on the distribution of net revenue by business areas and geographical markets, as the business areas and geographical markets do not differ from each other.

Revenue

Revenue from contract work in progress and finished contract work is recognised in the income statement when the sale is consided 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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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 Group. 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.

Cost of sales

Cost of sales comprises 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.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities. Information on fees for auditors elected by the general meeting has been omitted as these are included in the consolidated accounts for the parent company.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

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 onaccount taxation scheme.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

Other buildings	2 - 50	years
Plant and machinery	3 - 20	years
Other fixtures and fittings, tools and equipment	3 - 7	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

Notes to the Financial Statements

21 Accounting Policies (continued)

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

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.

Investments in associates

Investments in associates are recognised and measured under the equity method.

The item“Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of long-term receivables from sales and services as well 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

Notes to the Financial Statements

21 Accounting Policies (continued)

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 with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

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.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable

Notes to the Financial Statements

21 Accounting Policies (continued)

amount.

Equity

Dividend

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

Provisions

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 income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group´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 Group´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” and ”Current asset investments”. ”Current asset investments” consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$

Notes to the Financial Statements

21 Accounting Policies (continued)

Return on assets	$\dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$