# *Fayard Holding ApS*

Kystvejen 100, DK-5330 Munkebo

## Annual Report for
## 1 October 2022 - 30 September 2023

CVR No. 89 76 06 15

The Annual Report was presented and adopted at the Annual General Meeting of the company on 15/12 2023

Peter Hald Appel
Chairman of the general meeting

# Contents

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Fayard Holding ApS for the financial year 1 October 2022 - 30 September 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Munkebo, 15 December 2023

**Executive Board**

| | |
|---|---|
| Kristian Eidnes Andersen<br>Executive Officer | Thomas Wilkens Andersen |

**Board of Directors**

| | | |
|---|---|---|
| Peter Hald Appel<br>Chairman | Torben Østergaard Nielsen | Thomas W. Andersen |
| Tone E. Andersen | Kristian E. Andersen | Niels Bjerregaard |
| Nina E. Andersen | Josefine E. Bach Andersen | |

# 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 2023 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 2022 - 30 September 2023 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 2022 - 30 September 2023, 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 Financial 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.

**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 Parent 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 Parent 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 Group´s and the Parent 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 Group´s and the Parent 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 Parent 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.

# Independent Auditor's report

Trekantområdet, 15 December 2023

**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

Jan Bunk Harbo Larsen
State Authorised Public Accountant
mne30224

Henrik Junker Andersen
State Authorised Public Accountant
mne42818

# Company information

| | |
|---|---|
| **The Company** | Fayard Holding ApS<br>Kystvejen 100<br>DK-5330 Munkebo<br><br>Telephone: + 45 75 92 00 00<br><br>CVR No: 89 76 06 15<br>Financial period: 1 October 2022 - 30 September 2023<br>Municipality of reg. office: Kerteminde |
| **Board of Directors** | Peter Hald Appel, chairman<br>Torben Østergaard Nielsen<br>Thomas W. Andersen<br>Tone E. Andersen<br>Kristian E. Andersen<br>Niels Bjerregaard<br>Nina E. Andersen<br>Josefine E. Bach Andersen |
| **Executive Board** | Kristian Eidnes Andersen<br>Thomas Wilkens Andersen |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Herredsvej 32<br>DK-7100 Vejle |

# Group Chart

| Company | Residence | Ownership |
|---|---|---|
| **Fayard Holding ApS** | **Kerteminde** | |
| Fayard A/S | Kerteminde | 100% |
| Rudolf Mathis A/S | Kerteminde | 100% |
| Fayard Invest ApS | Kerteminde | 100% |
| Elvström Sails A/S* | Aabenraa | 50% |
| Risskov Residentials AS* | Oslo, Norge | 41,05% |
| Aarhus Residentials Denmark II AS* | Oslo, Norge | 22,50% |

*Associated companies

# Financial Highlights

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

| | Group | | | | |
|---|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Revenue | 1,119,530 | 987,586 | 863,189 | 857,298 | 652,818 |
| Gross profit/loss | 184,942 | 158,307 | 114,812 | 111,643 | 69,364 |
| Profit/loss before financial income and expenses | 170,827 | 153,494 | 112,054 | 110,563 | 63,732 |
| Profit/loss of financial income and expenses | 93,683 | -91,471 | 163,705 | 65,810 | 56,034 |
| Net profit/loss | 213,385 | 52,610 | 216,281 | 138,166 | 93,812 |
| **Balance sheet** | | | | | |
| Balance sheet total | 1,650,582 | 1,367,323 | 1,358,085 | 1,160,533 | 1,052,680 |
| Investment in property, plant and equipment | 30,527 | 3,122 | 1,804 | 1,135 | 472 |
| Equity | 1,414,412 | 1,231,027 | 1,203,366 | 1,012,085 | 898,920 |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| - operating activities | 346,225 | -30,827 | 228,625 | 120,961 | 122,887 |
| - investing activities | -69,447 | -43,359 | -28,538 | -13,153 | -11,412 |
| - financing activities | -32,500 | -27,500 | -25,999 | -29,904 | -66,035 |
| Change in cash and cash equivalents for the year | 244,278 | -101,686 | 174,088 | 77,904 | 45,440 |
| Number of employees | 150 | 144 | 135 | 137 | 127 |
| **Ratios** | | | | | |
| Gross margin | 16.5% | 16.0% | 13.3% | 13.0% | 10.6% |
| Profit margin | 15.3% | 15.5% | 13.0% | 12.9% | 9.8% |
| Return on assets | 10.3% | 11.2% | 8.3% | 9.5% | 6.1% |
| Solvency ratio | 85.7% | 90.0% | 88.6% | 87.2% | 85.4% |
| Return on equity | 16.1% | 4.3% | 19.5% | 14.5% | 10.9% |

See the description under accounting policies.

# 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 Group’s revenue for 2022/23 was TDKK 1,119,530 compared to TDKK 987,586 last year. The income statement for 2022/23 shows a profit of TDKK 213,385 compared to TDKK 52,610 last year, and the Company's balance sheet at 30 September 2023 shows equity of TDKK 1,414,412 compared to TDKK 1,231,027 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 realized result deviates positively from the expectation due to enter of new orders after the end of the previous financial year, which have contributed positively.

There are engaged approx. 850 people at the yard throughout the period.

**Targets and expectations for the year ahead**

The management expects a profit before tax next year in the range of DKK 80 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. In 2022/23, optimization of the process wastewater plant for cleaner wastewater has been initiated. The optimization is expected to be completed in 2023/24. 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. Fayard A/S is certified under ISO 9001 (quality management system), 14001 (environment management system) and 45001 (occupational health and safety).

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 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. For example, the number of ships and the number of square meters treated with silicone paint has been increasing from 2021/22 to 2022/23. Silicone paint provides a fuel saving of approx. 8%. Fayard A/S closely follows the legislative requirements imposed on its customers in terms of environmental impact (referred to as EEXI and CII requirements).

The Groups 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 Group 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.

# Management's review

After the end of the financial year, the Group has established an apprentice workshop. A full-time partner is attached to the workshop, who must contribute to the establishment, development and teaching of the apprenticeship workshop, as a supplement to the teaching and training available at the vocational schools, with which the Group is in close collaboration.

The Group has a goal that 10% of the workforce among the hourly employees who work at the Group must be apprentices. The objective was met on the status day. After the end of the financial year, additional apprentices were hired. The target of 10% 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 Group’s policies are an integral part of how Fayard A/S 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 Group' 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.

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, maintaining and installing products with a view to climate improvements for the maritime sector, to which the Group's resource consumption relates.

In addition, the Group has established a project to collect data on energy consumption in order to measure the total C02 emission and other consumption data from Fayard A/S' activities and in the long term to prepare a comprehensive ESG report with relevant data, where Fayard A /S at the same time has initiated internal reporting relating to relevant data points according to the CSRD directive, although Fayard A/S is not yet covered by this.

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 Group’s quality manual is reviewed on a 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 number of accidents has been increasing in the financial year. The Group's clear objective is to avoid any occupational accident and work is continuously being done to reduce cases of illness to a low level. The Group works on the basis of a safety manual, which is updated continuously, to which further instruction has been initiated for its own employees, regular business partners and sub-suppliers.

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

The Group'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 9001/14001/45001 standards. 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 Group is newly certified ISO 45001 in June 2023.

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 whereany 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 CO2 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 40% 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 employee matters:

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.

The Group has a psychological work environment policy:

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.).

Respect for human rights and risk of human rights violation:

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 2022/23, 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 the Group' 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 Fayard A/S' business area and controls. In 2022/23, 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 the Group' 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.In 2022/23, no inquiries were received via the whistleblower scheme.

**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.

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 Group’ 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. However, in 2022/23 there were too few vacancies and relevant candidates to show a significant change in the overall gender breakdown. The Group will continue their efforts to have more women in the management team in the coming years.

# Management's review

**Statement on 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.

**Uncertainty relating to recognition and measurement**

There has been no uncertainty regarding recognition and measurement in the Annual Report.

**Unusual events**

The financial position at 30 September 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022/23 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 October 2022 - 30 September 2023

| | Note | Group 2022/23 TDKK | Group 2021/22 TDKK | Parent company 2022/23 TDKK | Parent company 2021/22 TDKK |
|---|---|---|---|---|---|
| Revenue | | 1,119,530 | 987,586 | 0 | 0 |
| Production expenses | 1 | -934,588 | -829,279 | 0 | 0 |
| **Gross profit** | | **184,942** | **158,307** | **0** | **0** |
| Administrative expenses | 1 | -28,638 | -20,186 | -2,413 | -1,429 |
| **Operating profit/loss** | | **156,304** | **138,121** | **-2,413** | **-1,429** |
| Other operating income | | 14,523 | 15,373 | 0 | 0 |
| **Profit/loss before financial income and expenses** | | **170,827** | **153,494** | **-2,413** | **-1,429** |
| Income from investments in subsidiaries | | 0 | 0 | 135,904 | 120,704 |
| Income from investments in associates | | 1,545 | 12,038 | 1,545 | 12,038 |
| Financial income | 2 | 92,222 | 9,547 | 90,529 | 8,582 |
| Financial expenses | 3 | -84 | -113,056 | -81 | -112,343 |
| **Profit/loss before tax** | | **264,510** | **62,023** | **225,484** | **27,552** |
| Tax on profit/loss for the year | 4 | -51,125 | -9,413 | -12,099 | 25,058 |
| **Net profit/loss for the year** | 5 | **213,385** | **52,610** | **213,385** | **52,610** |

# Balance sheet 30 September 2023

## Assets

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | Note | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | | TDKK | TDKK | TDKK | TDKK |
| Goodwill | | 7,206 | 8,096 | 0 | 0 |
| **Intangible assets** | 6 | **7,206** | **8,096** | **0** | **0** |
| Land and buildings | | 85,578 | 59,549 | 0 | 0 |
| Plant and machinery | | 1,932 | 2,393 | 0 | 0 |
| Other fixtures and fittings, tools and equipment | | 1,027 | 726 | 0 | 0 |
| **Property, plant and equipment** | 7 | **88,537** | **62,668** | **0** | **0** |
| Investments in subsidiaries | 8 | 0 | 0 | 200,244 | 181,290 |
| Investments in associates | 9 | 35,146 | 62,553 | 35,146 | 62,553 |
| Other investments | 10, 11 | 144,228 | 81,042 | 140,197 | 81,042 |
| Other receivables | 10 | 30,094 | 20,796 | 0 | 0 |
| **Fixed asset investments** | | **209,468** | **164,391** | **375,587** | **324,885** |
| **Fixed assets** | | **305,211** | **235,155** | **375,587** | **324,885** |
| Raw materials and consumables | | 12,013 | 12,303 | 0 | 0 |
| Finished goods and goods for resale | | 358 | 450 | 0 | 0 |
| **Inventories** | | **12,371** | **12,753** | **0** | **0** |

# Balance sheet 30 September 2023

## Assets

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | Note | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | | TDKK | TDKK | TDKK | TDKK |
| Trade receivables | | 92,192 | 73,641 | 0 | 0 |
| Contract work in progress | 12 | 12,332 | 67,958 | 0 | 0 |
| Receivables from associates | | 5,000 | 2,500 | 5,000 | 2,500 |
| Other receivables | | 22,352 | 20,974 | 835 | 0 |
| Deferred tax asset | 13 | 90 | 876 | 459 | 459 |
| Corporation tax | | 0 | 0 | 0 | 29,089 |
| Prepayments | 14 | 5,831 | 2,541 | 0 | 0 |
| **Receivables** | | **137,797** | **168,490** | **6,294** | **32,048** |
| **Current asset investment** | 11 | **914,467** | **868,256** | **914,467** | **868,256** |
| **Cash at bank and in hand** | | **280,736** | **82,669** | **126,435** | **5,839** |
| **Current assets** | | **1,345,371** | **1,132,168** | **1,047,196** | **906,143** |
| **Assets** | | **1,650,582** | **1,367,323** | **1,422,783** | **1,231,028** |

# Balance sheet 30 September 2023

## Liabilities and equity

| | Note | Group | | Parent company | |
|---|---|---|---|---|---|
| | | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | | TDKK | TDKK | TDKK | TDKK |
| Share capital | | 300 | 300 | 300 | 300 |
| Reserve for net revaluation under the equity method | | 0 | 0 | 164,764 | 173,256 |
| Retained earnings | | 1,389,112 | 1,200,727 | 1,224,348 | 1,027,471 |
| Proposed dividend for the year | | 25,000 | 30,000 | 25,000 | 30,000 |
| **Equity** | | **1,414,412** | **1,231,027** | **1,414,412** | **1,231,027** |
| Other provisions | 15 | 10,724 | 17,122 | 0 | 0 |
| **Provisions** | | **10,724** | **17,122** | **0** | **0** |
| Corporation tax | | 46,611 | 7,155 | 8,370 | 0 |
| **Long-term debt** | 16 | **46,611** | **7,155** | **8,370** | **0** |
| Trade payables | | 89,175 | 71,033 | 0 | 0 |
| Contract work in progress | 12 | 54,786 | 17,081 | 0 | 0 |
| Other payables | | 34,874 | 23,905 | 1 | 1 |
| **Short-term debt** | | **178,835** | **112,019** | **1** | **1** |
| **Debt** | | **225,446** | **119,174** | **8,371** | **1** |
| **Liabilities and equity** | | **1,650,582** | **1,367,323** | **1,422,783** | **1,231,028** |

| | |
|---|---|
| Contingent assets, liabilities and other financial obligations | 19 |
| Related parties | 20 |
| Fee to auditors appointed at the general meeting | 21 |
| Subsequent events | 22 |
| Accounting Policies | 23 |

# Statement of changes in equity

## Group

| | Share capital | Retained earnings | Proposed dividend for the year | Total |
|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 October | 300 | 1,192,181 | 30,000 | 1,222,481 |
| Net effect from change of accounting policy | 0 | 8,546 | 0 | 8,546 |
| Adjusted equity at 1 October | 300 | 1,200,727 | 30,000 | 1,231,027 |
| Ordinary dividend paid | 0 | 0 | -30,000 | -30,000 |
| Net profit/loss for the year | 0 | 188,385 | 25,000 | 213,385 |
| **Equity at 30 September** | **300** | **1,389,112** | **25,000** | **1,414,412** |

## Parent company

| | 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 | 173,256 | 1,018,925 | 30,000 | 1,222,481 |
| Net effect from change of accounting policy | 0 | 0 | 8,546 | 0 | 8,546 |
| Adjusted equity at 1 October | 300 | 173,256 | 1,027,471 | 30,000 | 1,231,027 |
| Ordinary dividend paid | 0 | 0 | 0 | -30,000 | -30,000 |
| Net profit/loss for the year | 0 | -8,492 | 196,877 | 25,000 | 213,385 |
| **Equity at 30 September** | **300** | **164,764** | **1,224,348** | **25,000** | **1,414,412** |

# Cash flow statement 1 October 2022 - 30 September 2023

| | Note | Group 2022/23 | Group 2021/22 |
|---|---|---|---|
| | | TDKK | TDKK |
| Result of the year | | 213,385 | 52,610 |
| Adjustments | 17 | -37,012 | 105,952 |
| Change in working capital | 18 | 93,207 | -29,288 |
| **Cash flow from operations before financial items** | | **269,580** | **129,274** |
| Financial income | | 87,612 | 1,000 |
| Financial expenses | | -84 | -114,033 |
| **Cash flows from ordinary activities** | | **357,108** | **16,241** |
| Corporation tax paid | | -10,883 | -47,068 |
| **Cash flows from operating activities** | | **346,225** | **-30,827** |
| Purchase of intangible assets | | 0 | -8,986 |
| Purchase of property, plant and equipment | | -30,526 | -3,122 |
| Fixed asset investments made etc | | -67,874 | -33,788 |
| Dividends received from associates | | 28,953 | 2,537 |
| **Cash flows from investing activities** | | **-69,447** | **-43,359** |
| Repayment of payables to associates | | -2,500 | -2,500 |
| Dividend paid | | -30,000 | -25,000 |
| **Cash flows from financing activities** | | **-32,500** | **-27,500** |
| **Change in cash and cash equivalents** | | **244,278** | **-101,686** |
| Cash and cash equivalents at 1 October | | 950,925 | 1,052,611 |
| **Cash and cash equivalents at 30 September** | | **1,195,203** | **950,925** |
| Cash and cash equivalents are specified as follows: | | | |
| Cash at bank and in hand | | 280,736 | 82,669 |
| Current asset investments | | 914,467 | 868,256 |
| **Cash and cash equivalents at 30 September** | | **1,195,203** | **950,925** |

# Notes to the Financial Statements

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | TDKK | TDKK | TDKK | TDKK |
| **1. Staff** | | | | |
| Wages and salaries | 106,493 | 95,884 | 0 | 0 |
| Pensions | 8,416 | 7,251 | 0 | 0 |
| Other social security expenses | 4,921 | 4,834 | 0 | 0 |
| Other staff expenses | 1,440 | 1,490 | 0 | 0 |
| | **121,270** | **109,459** | **0** | **0** |
| Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items: | | | | |
| Production expenses | 105,107 | 100,198 | 0 | 0 |
| Administrative expenses | 16,163 | 9,261 | 0 | 0 |
| | **121,270** | **109,459** | **0** | **0** |
| **Including remuneration to the Executive Board and Board of Directors** | **3,534** | **3,525** | | |
| **Average number of employees** | **150** | **144** | **0** | **0** |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | TDKK | TDKK | TDKK | TDKK |
| **2. Financial income** | | | | |
| Income from securities, which are fixed assets | 4,478 | 8,546 | 5,131 | 8,546 |
| Other financial income | 87,744 | 1,001 | 85,398 | 36 |
| | **92,222** | **9,547** | **90,529** | **8,582** |

# Notes to the Financial Statements

## 3. Financial expenses

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | TDKK | TDKK | TDKK | TDKK |
| Interest paid to group enterprises | 0 | 0 | 0 | 126 |
| Other financial expenses | 84 | 113,056 | 81 | 112,217 |
| | **84** | **113,056** | **81** | **112,343** |

## 4. Income tax expense

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | TDKK | TDKK | TDKK | TDKK |
| Current tax for the year | 56,702 | 11,471 | 18,461 | -24,774 |
| Deferred tax for the year | 785 | -2,058 | 0 | -284 |
| Adjustment of tax concerning previous years | -6,362 | 0 | -6,362 | 0 |
| | **51,125** | **9,413** | **12,099** | **-25,058** |

## 5. Profit allocation

| | Parent company | |
|---|---|---|
| | 2022/23 | 2021/22 |
| | TDKK | TDKK |
| Proposed dividend for the year | 25,000 | 30,000 |
| Reserve for net revaluation under the equity method | -8,492 | 42,070 |
| Retained earnings | 196,877 | -19,460 |
| | **213,385** | **52,610** |

# Notes to the Financial Statements

## 6. Intangible fixed assets

### Group

| | Goodwill |
|---|---|
| | TDKK |
| Cost at 1 October | 8,986 |
| Cost at 30 September | 8,986 |
| | |
| Impairment losses and amortisation at 1 October | 890 |
| Amortisation for the year | 890 |
| Impairment losses and amortisation at 30 September | 1,780 |
| | |
| **Carrying amount at 30 September** | **7,206** |

## 7. 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 | 110,223 | 27,402 | 9,974 |
| Additions for the year | 29,100 | 133 | 1,293 |
| Disposals for the year | 0 | 0 | -303 |
| Cost at 30 September | 139,323 | 27,535 | 10,964 |
| | | | |
| Impairment losses and depreciation at 1 October | 50,674 | 25,009 | 9,248 |
| Depreciation for the year | 3,071 | 594 | 992 |
| Reversal of impairment and depreciation of sold assets | 0 | 0 | -303 |
| Impairment losses and depreciation at 30 September | 53,745 | 25,603 | 9,937 |
| | | | |
| **Carrying amount at 30 September** | **85,578** | **1,932** | **1,027** |

# Notes to the Financial Statements

| | Parent company | |
|---|---|---|
| | 2022/23 | 2021/22 |
| | TDKK | TDKK |

## 8. Investments in subsidiaries

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Cost at 1 October | 30,930 | 20,930 |
| Additions for the year | 4,550 | 10,000 |
| Cost at 30 September | 35,480 | 30,930 |
| | | |
| Value adjustments at 1 October | 150,360 | 117,656 |
| Net profit/loss for the year | 136,794 | 121,594 |
| Dividend to the Parent Company | -121,500 | -88,000 |
| Amortisation of goodwill | -890 | -890 |
| Value adjustments at 30 September | 164,764 | 150,360 |
| | | |
| **Carrying amount at 30 September** | **200,244** | **181,290** |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Ownership |
|---|---|---|---|
| Fayard A/S | Kerteminde | 2.500 | 100% |
| Fayard Invest ApS | Kerteminde | 50 | 100% |
| Restaurant Rudolf Mathis A/S | Kerteminde | 500 | 100% |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | TDKK | TDKK | TDKK | TDKK |

## 9. Investments in associated companies

| | Group 2022/23 TDKK | Group 2021/22 TDKK | Parent company 2022/23 TDKK | Parent company 2021/22 TDKK |
|---|---|---|---|---|
| Cost at 1 October | 39,658 | 27,462 | 39,658 | 27,462 |
| Additions for the year | 0 | 12,195 | 0 | 12,195 |
| Cost at 30 September | 39,658 | 39,657 | 39,658 | 39,657 |
| | | | | |
| Value adjustments at 1 October | 22,896 | 13,479 | 22,896 | 13,479 |
| Exchange adjustment | 0 | 51 | 0 | 51 |
| Net profit/loss for the year | 1,545 | 11,903 | 1,545 | 11,903 |
| Dividends received | -28,953 | -2,537 | -28,953 | -2,537 |
| Value adjustments at 30 September | -4,512 | 22,896 | -4,512 | 22,896 |
| | | | | |
| **Carrying amount at 30 September** | **35,146** | **62,553** | **35,146** | **62,553** |

Investments in associates are specified as follows:

| Name | Place of registered office | Share capital | Ownership and Votes |
|---|---|---|---|
| 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% |

# Notes to the Financial Statements

## 10. Other fixed asset investments

### Group

| | Other investments | Other receivables |
|---|---|---|
| | TDKK | TDKK |
| Cost at 1 October | 72,496 | 20,796 |
| Additions for the year | 58,708 | 10,405 |
| Disposals for the year | 0 | -1,107 |
| Cost at 30 September | 131,204 | 30,094 |
| Revalutations at 1 October | 8,546 | 0 |
| Revaluations for the year | 4,478 | 0 |
| Revaluations at 30 September | 13,024 | 0 |
| **Carrying amount at 30 September** | **144,228** | **30,094** |

### Parent company

| | Other investments |
|---|---|
| | TDKK |
| Cost at 1 October | 72,496 |
| Additions for the year | 54,024 |
| Cost at 30 September | 126,520 |
| Revalutations at 1 October | 8,546 |
| Revaluations for the year | 5,131 |
| Revaluations at 30 September | 13,677 |
| **Carrying amount at 30 September** | **140,197** |

Other investments consists of unlisted investments, which is measured at fair value.

The fair value for each unlisted investment is determined based on methods which best reflect the individual investment's potential and risk. In general, the fair value is determined following the IPEV Valuation Guidelines which prescribe the use of accepted valuation methods, such as multiple analysis/benchmarking, most recent transaction multiple and other relevant methods.

Upon initial investment, cost of the investment is generally determined to represent the fair value. In connection with the use of this method, the Group assesses which multiples are applicable as well as assesses the determination of the applicable earnings to be used in the calculation of the deemed fair value.

The measurement of investments is based on measurement methods, in which material non-observable inputs are included such as assessment of which method best reflects fair value, assessment of the performance of each investment, determination of multiples and future earnings, and assessment of whether a pervasive negative development should result in the recognition of impairment write-downs.

Material unobservable assumptions used in the valuation of unlisted investments consist of multiples and future earnings expectations for the investments. The multiples are derived from looking at the valuation of comparable business for each investment. As the multiples are multiplied on the expected earning level of a given investment, the multiple used has a significant effect on the valuation. Management believes that the multiples applied are on a par with the market for comparable investments.

The fair value of the investments is impacted by the development in applied multiples as well as expected future earnings and development in each group enterprise. A decrease or increase in the above-mentioned material non-observable inputs may have a direct effect on the measurement of the investments, just as the fair value of the investment is impacted by the development in macroeconomic conditions.

## 11. Other investments at fair value

| | Value adjustment, income statement | Fair value at 30. September |
|---|---|---|
| | TDKK | TDKK |
| **Group** | | |
| Listed bonds and shares | 85,398 | 914,467 |
| Other fixed asset investments | 4,478 | 144,228 |
| **Parent company** | | |
| Listed bonds and shares | 85,398 | 914,467 |
| Other fixed asset investments | 5,131 | 140,197 |

## 12. Contract work in progress

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | TDKK | TDKK | TDKK | TDKK |
| Selling price of work in progress | 659,704 | 655,622 | 0 | 0 |
| Payments received on account | -702,158 | -604,745 | 0 | 0 |
| | **-42,454** | **50,877** | **0** | **0** |
| Recognised in the balance sheet as follows: | | | | |
| Contract work in progress recognised in assets | 12,332 | 67,958 | 0 | 0 |
| Prepayments received recognised in debt | -54,786 | -17,081 | 0 | 0 |
| | **-42,454** | **50,877** | **0** | **0** |

## 13. Deferred tax asset

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | TDKK | TDKK | TDKK | TDKK |
| Deferred tax asset at 1 October | 876 | -906 | 459 | 175 |
| Net effect from merger and acquisition | | -276 | | |
| Other adjustments | -1 | | 0 | |
| Amounts recognised in the income statement for the year | -785 | 2,058 | 0 | 284 |
| **Deferred tax asset at 30 September** | **90** | **876** | **459** | **459** |

The recognised tax asset comprises temporary differences on contract work in progress expected to be utilised within the next one to two years.

## 14. Prepayments

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

## 15. 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 | | Parent company | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | TDKK | TDKK | TDKK | TDKK |
| Other provisions | 10,724 | 17,122 | 0 | 0 |
| | **10,724** | **17,122** | **0** | **0** |

The provisions are expected to mature as follows:

| | | | | |
|---|---|---|---|---|
| Within 1 year | 10,724 | 17,122 | 0 | 0 |
| After 5 years | 0 | 0 | 0 | 0 |
| | **10,724** | **17,122** | **0** | **0** |

## 16. 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:

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | TDKK | TDKK | TDKK | TDKK |
| **Corporation tax** | | | | |
| After 5 years | 0 | 0 | 0 | 0 |
| Between 1 and 5 years | 46,611 | 7,155 | 8,370 | 0 |
| Long-term part | 46,611 | 7,155 | 8,370 | 0 |
| Within 1 year | 0 | 0 | 0 | 0 |
| | **46,611** | **7,155** | **8,370** | **0** |

# Notes to the Financial Statements

## 17. Cash flow statement - Adjustments

| | Group | |
|---|---|---|
| | 2022/23 | 2021/22 |
| | TDKK | TDKK |
| Financial income | -92,222 | -9,547 |
| Financial expenses | 84 | 113,056 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 5,546 | 5,068 |
| Income from investments in associates | -1,545 | -12,038 |
| Tax on profit/loss for the year | 51,125 | 9,413 |
| | **-37,012** | **105,952** |

## 18. Cash flow statement - Change in working capital

| | Group | |
|---|---|---|
| | 2022/23 | 2021/22 |
| | TDKK | TDKK |
| Change in inventories | 382 | -4,853 |
| Change in receivables | 32,407 | -42,518 |
| Change in other provisions | -6,398 | 3,930 |
| Change in trade payables, etc | 66,816 | 14,153 |
| | **93,207** | **-29,288** |

## 19. 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 2053.
The annual rental expense is about forty-four million Danish krones.

The company has entered into agreements of leases of cars and trucks for DKK 3.710k.

# Notes to the Financial Statements

## 20. Related parties

| | Basis |
|---|---|
| **Controlling interest** | |
| Thomas W. Andersen,<br>Klintevej 14, 5300 Kerteminde | Voting majority |

**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.

## 21. Fee to auditors appointed at the general meeting

| | Group | |
|---|---|---|
| | 2022/23 | 2021/22 |
| | TDKK | TDKK |
| **PricewaterhouseCoopers** | | |
| Audit fee | 222 | 214 |
| Tax advisory services | 652 | 540 |
| Non-audit services | 63 | 166 |
| | **937** | **920** |
| **Other** | | |
| Audit fee | 45 | 44 |
| Non-audit services | 9 | 6 |
| | **54** | **50** |

## 22. Subsequent events

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

# Notes to the Financial Statements

## 23. Accounting policies

The Annual Report of Fayard Holding ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in TDKK.

**Changes in accounting policies**

The company has changed accounting policies for measuring other investments (Fixed asset investments) from cost to fair value. The change has resulted in an increase of the year's result with TDKK 4,611 (2021/22: TDKK 8,546). It has also affected the company's fixed assets with TDKK 4,611 (2021/22: TDKK 8,546) and the total balance sheet with TDKK 4,611 (2021/22: TDKK 8,546). Equity is affected by TDKK 4,611 (2021/22: TDKK 8,546). The company's cash flow is not affected by the change.

**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 on or after 1 July 2018***

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. 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.

***Pooling of interests***

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

**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.

# Notes to the Financial Statements

**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.

**Segment information on 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.

## Income statement

**Net sales**

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 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.

**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.

Production expenses also include amortisation of goodwill to the extent that goodwill relates to production activities.

**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.

# Notes to the Financial Statements

**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 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.

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 fixed 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 year.

**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 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.

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 subsidiaries and associates**

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

The items "Investments in subsidiaries" and "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 deduction or addition of unrealised intercompany profits or losses and 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 subsidiaries and 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 subsidiaries and the associates.

Subsidiaries and 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**

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 fair value.

**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 and costs of completion. 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 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.

# Notes to the Financial Statements

**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 amount.

### Equity

**Dividend**

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

# Notes to the Financial Statements

#### 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.

## 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 | Gross profit x 100 / Revenue |
| Profit margin | Profit before financials x 100 / Revenue |
| Return on assets | Profit before financials x 100 / Total assets at year end |
| Solvency ratio | Equity at year end x 100 / Total assets at year end |
| Return on equity | Net profit for the year x 100 / Average equity |