
SH GROUP A/S

Kuopiovej 20, DK-5700 Svendborg

Annual Report for 2024

CVR No. 12 76 27 04

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 29/4 2025

Peter Bruun Nikolajsen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SH GROUP A/S for the financial year 1 January - 31 December 2024.

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 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

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.

Svendborg, 29 April 2025

Executive Board

Kaare Vang Jensen
CEO

Board of Directors

Jacob Østergaard Bergenholtz
Chairman

Knud Andersen

Morten Brian Nielsen

Joris Marinus Valks

Michiel Hijmans

Independent Auditor's report

To the shareholder of SH GROUP A/S

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 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of SH GROUP A/S for the financial year 1 January - 31 December 2024, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

Odense M, 29 April 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam

State Authorised Public Accountant

mne27768

Brian Petersen

State Authorised Public Accountant

mne33722

Company information

The Company	SH GROUP A/S Kuopiovej 20 DK-5700 Svendborg Telephone: + 45 62 21 78 10 CVR No: 12 76 27 04 Financial period: 1 January - 31 December Municipality of reg. office: Svendborg
Board of Directors	Jacob Østergaard Bergenholtz, chairman Knud Andersen Morten Brian Nielsen Joris Marinus Valks Michiel Hijmans
Executive Board	Kaare Vang Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M
Lawyers	Focus Advokater
Bankers	Sydbank Kirkevej 7 6200 Aabenraa

Financial Highlights

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

	Group				
	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	694,706	657,641	595,383	450,853	430,718
Gross profit	344,148	318,302	253,953	206,512	215,928
Profit/loss of primary operations	44,158	37,518	17,551	-4,359	8,181
Profit/loss of financial income and expenses	-5,066	-10,215	-5,574	-3,343	-2,409
Net profit/loss for the year	27,842	18,737	7,295	-6,940	2,512
Balance sheet					
Balance sheet total	500,380	424,191	460,399	376,067	387,275
Investment in property, plant and equipment	12,714	4,528	4,593	1,142	1,543
Equity	231,871	204,043	185,469	177,953	184,925
Cash flows					
Cash flows from:					
- operating activities	57,901	586	2,747	40,568	44,685
- investing activities	-16,853	-10,338	-19,521	-9,173	-1,541
- financing activities	-42,110	6,395	18,210	-30,715	-41,594
Change in cash and cash equivalents for the year	-1,062	-3,357	1,436	680	1,550
Number of employees	362	359	311	296	306
Ratios					
Gross margin	49.5%	48.4%	42.7%	45.8%	50.1%
Profit margin	6.4%	5.7%	2.9%	-1.0%	1.9%
Return on assets	8.8%	8.8%	3.8%	-1.2%	2.1%
Solvency ratio	46.3%	48.1%	40.3%	47.3%	47.8%
Return on equity	12.8%	9.6%	4.0%	-3.8%	1.4%
EBITDA (normalized)*	81,582	64,905	41,252	17,299	33,549
EBITDA-margin (normalized)*	11.7%	9.9%	6.9%	3.8%	7.8%

*EBITDA (normalized): Earnings before interests, taxes, depreciations and amortizations, excluding any extraordinary costs.

Management's review

Key activities

The Group's activity comprises marketing, development and design as well as production, installation and service of advanced hydraulic, electric and mechanical lifting and handling systems for operations focusing on reliability, primarily within the marine, defence, energy and infrastructure sectors.

Development in the year

The consolidated income statement for 2024 shows revenue of DKK 694,706k compared to DKK 657,641k in 2023 as well as consolidated EBITDA (normalized) of DKK 81,582k compared to DKK 64,905k in 2023. The Group achieved revenue growth of more than 5% and saw profit from operating activities improve significantly in 2024. The growth was achieved in the Group's core areas, including Defense.

The positive development for the year was foreseen in the Annual Report for 2023. Due to the expected increase in revenue in the core areas, profit from operating activities was, likewise, expected to increase substantially.

Targets and expectations for the year ahead

The Group expects a positive development in revenue of more than 10% for 2025. Due to the increased revenue, profit from operating activities is expected to increase further in 2025.

Market overview

The Group sells its solutions globally, with northern Europe constituting the largest market. The Group sees an increasing number of global market opportunities and, therefore continuously consider establishing subsidiaries in other countries.

Capital resources

Regularly, management assesses whether the Group's capital structure is adequate, while the Board of Directors assesses whether the Company's capital structure is in accordance with the interests of the Company and its stakeholders. The overall objective is to ensure a capital structure which supports long-term profitable growth.

Major changes may occur in the Group's working capital depending on the size of the projects undertaken by the Group. The Group seeks, at all times, to have the capital resources required to meet such changes.

As of 31. December 2024, the Group's interest-bearing debt totals DKK 23 million, net (DKK 65 million as of 31 December 2023), which is viewed as low.

Management concludes that the current capital structure provides the flexibility necessary to meet the Company's forward-looking strategy.

Management's review

Ownership and Management

SH Group A/S is wholly owned by MC SHG ApS, which in turn is partly owned (65%) by the private equity fund Mentha Capital, through the company Mentha Fund VII Denmark HoldCo K/S. The remaining shares are owned by Morten Brian Nielsen and Lars Præst through their companies mn76invest ApS and Yggdrasil Invest ApS.

On the 25th of September 2024, MC SHG ApS acquired SH Group A/S from BWB Partners and minority shareholders.

Mentha Capital is represented on the Board of Directors by Jacob Bergenholtz (Chairman, joined on 25 September 2024) and Joris Marinus Valks (joined on 25 September 2024).

Board of Directors and Executive Board

The Board of Directors has been elected by all shareholders of the Company.

Kaare Vang Jensen is the CEO of SH Group A/S.

The Board of Directors has set up a special Audit Committee that monitors the financial reporting process, internal control systems and risk management systems. Every year, four to six board meetings and two Audit Committee meetings are held. All members of the Board of Directors are recommended jointly by the shareholders.

The Board of Directors of SH Group A/S has five members:

Management's review

Board of Directors

Name	Jacob Østergaard Bergenholtz (Chairman)	Knud Andersen	Morten Brian Nielsen	Joris Marinus Yalks	Michiel Hijmans
Position	Chairman of the Board - SH Group A/S	Board member - SH Group A/S	Board member - SH Group A/S	Board member - SH Group A/S	Board member - SH Group A/S
Joined the board	25.09.2025	25.09.2025	25.09.2025	25.09.2025	19.02.2025
Chairman of the board of directors	MC SHG ApS SH Group A/S	AB INVENTECH A/S, AB Inventech Group ApS, ABI Industriudvikling ApS, OKTO Grid ApS HOVE A/S, LOEVSCHALL A/S,			
Deputy chairman of the board		A/S VESTFRØST			LIDRS B.V.
Member of the board of directors	B/WBP Fonden, Mentha Capital Denmark P/S Auxo ApS MC Pluto Holding ApS	SH GROUP A/S, TOPPAC A/S, Hans Aa A/S Hans Aa Group Holding ApS, Hans Aa Group Holding II ApS	SH GROUP A/S MC SHG ApS	SH GROUP A/S MC SHG ApS	SH Group A/S
Managerial posts	ANPARTSSELSKABE T AF 31. OKTOBER 2007, ANPARTSSELSKABE T AF 1. DECEMBER 2011, ANPARTSSELSKABE T AF 7. JUNI 2007, B/WB Partners GP ApS, B/WBP CIV GP ApS, JB1 ApS, Mentha Capital Denmark P/S MC Pluto Holding ApS MC NewCo I ApS	Klosterdal ApS		M/WC Group B.V.	Co-Director LIDRS B.V. Senior Associate Fellow Clingendael Institute
Owner	B/WB Partners I K/S B/WB Partners II K/S, B/WBP CIV GP ApS, B/WBP I CIV K/S B/WBP II CIV K/S JB1 ApS, Mentha Capital Denmark P/S B/WB Partners GP ApS	Klosterdal ApS, Tvillumvej 27	mn76invest ApS	Matamico Holding B.V.	Maritime & More Solutions LIDRS B.V.

Management's review

Internal controls and risk management systems

The Board of Directors and the Executive Board have the overall responsibility for the Group's risk management and internal controls.

The organisational structure and internal guidelines constitute the control environment together with legislation and other rules applying to the Group.

In relation to the financial reporting, Management has special focus on procedures and internal controls within the following areas:

- Recognition of income and statement of work in progress under the percentage of completion method;
- Inventory management, including write-down principles;
- Receivables management, including provision assessments.

The Group has established a formal group reporting process including monthly reporting, covering, among other things, budget follow-up, performance assessment and target realisation. The Board of Directors reviews the management guidelines and determines management requirements which ensure reliable, adequate and timely reporting to the Board of Directors. In addition, the Group has introduced a whistleblower scheme to facilitate the reporting of any serious wrongdoing.

Besides board meetings, telephone meetings are held with the Chairman at which the reporting is being discussed. Key staff members participate when needed.

Special risks – operating risks and financial risks

Operating risks

The Group is not exposed to any particular operating risks.

Currency risk

The Group's purchases and sales are primarily made in EUR, Norwegian or Danish kroner. The Company is not involved in any speculative foreign exchange transactions.

Market risk

The Group's use of steel etc. as raw material implies a special market risk as price increases can only be included in the price of future products.

Interest rate risk

The Group does not hedge interest rate risks and is therefore exposed to movements in the interest rate level in respect of both short and long-term rates.

Credit risk

The Group continuously evaluates its financial business partners. When concluding sales agreements, the Group always tries to ensure current payments which set off the expenses incurred from project completion. Historically, the Company has realised only immaterial bad debts.

Management's review

Research and development

In 2024, the Group developed a new Cube module as well as a deck skidding system which form part of the patented Cube system for the management of flexible modules to the defence industry. The development projects have entered into the prototype and testing phase and are progressing as planned.

Strategy and objectives

Strategy

The Group's strategy is to develop, produce and deliver high-quality products and services resulting in continuous profitable growth. Our aim is to create growth through organic development of existing business areas and to develop new business areas based on the Group's capabilities. At the same time, the opportunities of strategic cooperation and acquisitions are continuously explored.

Corporate social responsibility report

The Group actively strives to be a socially responsible enterprise. The CSR policies lay down the guidelines for the efforts in this respect. The Group has implemented policies for human rights, environment and climate, social and staff conditions, data ethics as well as an anti-corruption policy.

In relation to the Group's business model, reference is made to the description in the section "Key activity".

Human rights, data ethics and anti-corruption

The Group believes that we should treat each other with mutual respect. The Group does not discriminate based on gender, age, origin, religious beliefs, or any other factor. The Group does not want to cooperate with enterprises that are corrupt or do not respect human rights. It is the Group's policy that the use and collection of data must not take place at the expense of people's fundamental and legal rights. Consequently, the Group only collects, stores and uses data where deemed necessary. The Group assesses the risk of human rights violations and corruption as low, as primary operations are within low-risk areas. The Group has introduced a Code of Conduct with which all executives are familiar and all business partners are required to comply. All employees are familiar with the Group's values, and neither human rights violations nor data ethical issues nor attempts at corruption were recorded in 2024. In future, the Group will continue to monitor compliance with human rights, data ethics and corruption policies.

Social and employee matters

The Group values a positive working environment with healthy physical and mental working conditions for all employees. Due to its business model and the nature of the work, safety is of the highest priority to the Group and it ensures compliance with existing legislation. The risk of work-related injuries is assessed as limited and continuous efforts are made to reduce the risk. As part of this work, the Group has established a workplace environment committee which works continuously to improve safety and working conditions. Moreover, the Group focuses on ensuring that relevant employees receive the necessary training and certificates so that they have the skills required to perform specialised tasks in a sound and safe manner.

An important part of a good working environment is the development of employees' skills, which is continuously prioritised, for example through training. The Group employs a considerable number of apprentices and trainees and emphasizes their training and skill development.

Management's review

In 2024, a number of employees attended courses and training and had their certificates renewed to the effect that, in the year, new competencies were acquired and existing competencies were maintained. In addition, a number of apprentices earned their certificate of completed apprenticeship in 2024. The Group will continue to prioritise training and skills enhancement. This will be done through courses and training of current employees and by employing trainees, apprentices, and students for internships.

Environment and climate

The Group is committed to minimizing the environmental and climate effects of its operations. Consequently, the Group works continuously to limit its energy consumption and use raw materials that have the least possible impact on the environment. The Group monitors the area closely and prepares an environmental statement. The Group has set out environmental targets for waste and the use of chemicals, respectively, in order to protect the environment and to have the least possible impact on employees.

In 2024, the Company continued its efforts in a number of focus areas, including waste separation, clean-up of chemicals and compliance with the conditions of the environmental approval.

Our goal is to control and reduce the impact of chemicals on the environment and our employees as much as possible. We do this by choosing products that are safer but still effective.

The Group's environmental approval requires internal inspection with respect to maintenance of filters and replacement of filter materials in extraction systems.

The Group focuses on the impact on the environment of the production and the related energy consumption, and the Group continuously seeks to reduce its energy consumption, most recently through the implementation of recommendations from energy consultants. In 2024, the Group continued its work on converting from gas to a more sustainable source in parts of the facilities. The Group expects to be able to continue this work in 2025.

Presently, the Group is not environmentally certified but works systematically according to standardised principles. Written policies as well as both short and long-term environmental targets are to contribute to reducing the impact of CO₂, SO₂ and NO_x by reducing energy consumption and waste.

The total effect of our environmental efforts is positive, and our self-review did not give rise to any comments.

Report on gender representation

Target figures for the Board of Directors

The Group's goal is that the share of female board members should constitute 20 per cent at 31 December 2025. In order to achieve the target figure, the number of women on the Board must be increased from 0 to 1 female board member by the end of 2025.

In the current financial year, the Board of Directors appointed five male members. This did not result in any changes to the gender representation on the Board of Directors.

Going forward, the Board of Directors will to the extent possible nominate suitable female candidates for the Board of Directors.

Management's review

Employees

During the year, the Group has seen an inflow of skilled and experienced employees who have reinforced its knowledge and skills base. The increase in employees will help drive the increased activities of the Group. The average number of full-time employees of the Group for 2024 was 362 (2023: 359).

The development in the number of employees (including part-time employees) from the beginning of 2024 to the end of 2024 was as follows:

	Total	Denmark	Rest of the world
Number of employees, beginning of 2024	383	378	5
Net inflow/outflow	+25	+25	0
Number of employees, end of 2024	408	403	5

Uncertainty relating to recognition and measurement

In 2020, the customer of two of the Company's projects had its contracts with the end user terminated. The contracts between the customer and the Group have not been terminated, and both parties have fulfilled their contractual obligations. Based on the outlook for the global energy markets, Management believes both projects will be completed. However, should the customer choose to terminate the two contracts with the Group, this may, with respect to one of the contracts, have a negative accounting effect in the future. There is no liquidity impact from termination. During 2024, there has been no significant developments in the matter.

Unusual circumstances

The Group's assets, liabilities and financial position as of 31 December 2024 as well as the results of the Group's operations for 2024 are not affected by any unusual circumstances.

Subsequent events after the balance sheet date

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

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Revenue	2	694,706	657,641	694,706	655,131
Work on own account recognised in assets		688	1,919	688	1,919
Other operating income		200	3,370	200	55
Expenses for raw materials and consumables		-293,123	-289,597	-293,123	-288,027
Other external expenses		-58,323	-55,031	-63,232	-55,466
Gross profit		344,148	318,302	339,239	313,612
Staff expenses	3	-272,366	-253,395	-267,818	-248,994
Earnings Before Interest Taxes Depreciation and Amortization		71,782	64,907	71,421	64,618
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-27,624	-26,955	-23,833	-23,073
Other operating expenses		0	-434	0	-434
Profit/loss before financial income and expenses		44,158	37,518	47,588	41,111
Income from investments in subsidiaries		0	0	-3,417	-3,514
Financial income		549	227	537	206
Financial expenses	5	-5,615	-10,442	-5,616	-10,500
Profit/loss before tax		39,092	27,303	39,092	27,303
Tax on profit/loss for the year	6	-11,250	-8,566	-11,250	-8,566
Net profit/loss for the year	7	27,842	18,737	27,842	18,737

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Completed development projects		4,804	12,355	4,804	12,355
Acquired patents		1,574	1,098	1,574	1,098
Software		414	0	414	0
Goodwill		98,854	111,228	69,826	78,454
Development projects in progress		7,846	4,867	7,846	4,867
Intangible assets	8	113,492	129,548	84,464	96,774
Land and buildings		31,969	31,687	31,969	31,687
Plant and machinery		13,714	10,716	13,714	10,716
Other fixtures and fittings, tools and equipment		1,695	829	1,633	723
Leasehold improvements		2,228	1,404	2,228	1,404
Property, plant and equipment in progress		551	0	551	0
Property, plant and equipment	9	50,157	44,636	50,095	44,530
Investments in subsidiaries	10	0	0	30,633	34,062
Deposits	11	675	855	675	855
Fixed asset investments		675	855	31,308	34,917
Fixed assets		164,324	175,039	165,867	176,221
Inventories	12	20,044	24,029	20,044	24,029
Trade receivables		200,721	125,344	200,721	125,344
Contract work in progress	13	107,884	93,015	107,884	93,015
Receivables from group enterprises		24	0	24	0
Other receivables		2,859	111	2,779	29
Corporation tax		200	464	200	464
Prepayments	14	1,535	2,338	1,535	2,338
Receivables		313,223	221,272	313,143	221,190

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand		<u>2,789</u>	<u>3,851</u>	<u>2,018</u>	<u>3,118</u>
Current assets		<u>336,056</u>	<u>249,152</u>	<u>335,205</u>	<u>248,337</u>
Assets		<u>500,380</u>	<u>424,191</u>	<u>501,072</u>	<u>424,558</u>

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Share capital		1,000	1,000	1,000	1,000
Reserve for development costs		0	0	3,747	9,637
Reserve for exchange rate conversion		-376	-384	-376	-384
Retained earnings		177,247	203,427	173,500	193,790
Proposed dividend for the year		54,000	0	54,000	0
Equity		231,871	204,043	231,871	204,043
Provision for deferred tax	15	29,850	28,546	29,942	28,638
Provisions for income exceeding costs		7	0	0	0
Other provisions	16	1,367	1,455	1,367	1,455
Provisions		31,224	30,001	31,309	30,093
Mortgage loans		6,926	7,701	6,926	7,701
Credit institutions		0	79	0	79
Lease obligations		9,011	5,686	9,011	5,686
Other payables		19,047	19,015	19,047	19,015
Long-term debt	17	34,984	32,481	34,984	32,481
Mortgage loans	17	769	1,071	769	1,071
Credit institutions	17	4,164	49,145	4,164	49,145
Lease obligations	17	2,123	1,429	2,123	1,429
Trade payables		95,455	53,496	95,375	53,394
Contract work in progress	13	55,434	18,308	55,434	18,308
Payables to group enterprises		0	0	1,276	1,006
Payables to group enterprises relating to corporation tax		9,934	0	9,934	0
Other payables	17	34,422	34,217	33,833	33,588
Short-term debt		202,301	157,666	202,908	157,941
Debt		237,285	190,147	237,892	190,422
Liabilities and equity		500,380	424,191	501,072	424,558

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Uncertainty relating to recognition and measurement	1				
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Fee to auditors appointed at the general meeting	22				
Subsequent events	23				
Accounting Policies	24				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	-384	151,676	0	152,292
Net effect from merger and acquisition under the uniting of interests method	0	0	51,749	0	51,749
Adjusted equity at 1 January	1,000	-384	203,425	0	204,041
Exchange adjustments relating to foreign entities	0	8	0	0	8
Other equity movements	0	0	-20	0	-20
Net profit/loss for the year	0	0	-26,158	54,000	27,842
Equity at 31 December	1,000	-376	177,247	54,000	231,871

Parent company

	Share capital	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	9,637	-384	142,039	0	152,292
Net effect from merger and acquisition under the uniting of interests method	0	0	0	51,749	0	51,749
Adjusted equity at 1 January	1,000	9,637	-384	193,788	0	204,041
Exchange adjustments relating to foreign entities	0	0	8	0	0	8
Other equity movements	0	0	0	-20	0	-20
Depreciation, amortisation and impairment for the year	0	-5,890	0	5,890	0	0
Net profit/loss for the year	0	0	0	-26,158	54,000	27,842
Equity at 31 December	1,000	3,747	-376	173,500	54,000	231,871

Cash flow statement 1 January - 31 December

	Note	Group	
		2024	2023
		TDKK	TDKK
Result of the year		27,842	18,737
Adjustments	18	43,830	46,036
Change in working capital	19	-8,962	-53,709
Cash flow from operations before financial items		62,710	11,064
Financial income		549	227
Financial expenses		-5,615	-10,441
Cash flows from ordinary activities		57,644	850
Corporation tax paid		257	-264
Cash flows from operating activities		57,901	586
Purchase of intangible assets		-4,373	-5,810
Purchase of property, plant and equipment		-12,715	-4,528
Sale of property, plant and equipment		55	0
Sale of fixed asset investments made etc		180	0
Cash flows from investing activities		-16,853	-10,338
Repayment of mortgage loans		-1,077	-1,057
Repayment of loans from credit institutions		-45,028	0
Reduction of lease obligations		0	2,455
Repayment of other long-term debt		0	777
Raising of loans from credit institutions		0	4,220
Lease obligations incurred		4,019	0
Raising of payables to group enterprises		-24	0
Cash flows from financing activities		-42,110	6,395
Change in cash and cash equivalents		-1,062	-3,357
Cash and cash equivalents at 1 January		3,851	7,208
Cash and cash equivalents at 31 December		2,789	3,851
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,789	3,851
Cash and cash equivalents at 31 December		2,789	3,851

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

In 2020, the customer of two of the Company's projects had its contracts with the end user terminated. The contracts between the customer and the Group have not been terminated, and both parties have fulfilled their contractual obligations. Based on the outlook for the global energy markets, Management believes both projects will be completed. However, should the customer choose to terminate the two contracts with the Group, this may, with respect to one of the contracts, have a negative accounting effect in the future. There is no liquidity impact from termination. During 2024, there has been no significant developments in the matter.

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
2. Revenue				
Geographical segments				
Denmark	362,820	364,510	362,820	364,872
Nordic	45,751	74,093	45,751	71,465
Europe	111,047	126,021	111,047	125,881
Asia	89,407	22,730	89,407	22,705
America	85,347	66,807	85,347	66,733
Other	334	3,480	334	3,475
	694,706	657,641	694,706	655,131
Activity				
Product	283,287	291,397	283,287	288,793
Service	411,419	366,244	411,419	366,338
	694,706	657,641	694,706	655,131

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
6. Income tax expense				
Current tax for the year	9,934	0	9,934	0
Deferred tax for the year	1,304	8,130	1,304	8,130
Adjustment of tax concerning previous years	12	18	12	18
Adjustment of deferred tax concerning previous years	0	406	0	406
	11,250	8,554	11,250	8,554
thus distributed:				
Income tax expense	11,250	8,566	11,250	8,566
Tax on equity movements	0	-12	0	-12
	11,250	8,554	11,250	8,554

	Parent company	
	2024	2023
	TDKK	TDKK
7. Profit allocation		
Proposed dividend for the year	54,000	0
Retained earnings	-26,158	18,737
	27,842	18,737

Notes to the Financial Statements

8. Intangible fixed assets Group

	Completed develop- ment projects	Acquired patents	Software	Goodwill	Develop- ment projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	35,200	2,627	17,566	123,709	4,867
Net effect from merger and acquisition	0	0	0	123,102	0
Additions for the year	0	909	487	0	2,979
Cost at 31 December	<u>35,200</u>	<u>3,536</u>	<u>18,053</u>	<u>246,811</u>	<u>7,846</u>
Impairment losses and amortisation at 1 January	22,845	1,530	17,566	67,021	0
Net effect from merger and acquisition	0	0	0	68,563	0
Amortisation for the year	<u>7,551</u>	<u>432</u>	<u>73</u>	<u>12,373</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>30,396</u>	<u>1,962</u>	<u>17,639</u>	<u>147,957</u>	<u>0</u>
Carrying amount at 31 December	<u>4,804</u>	<u>1,574</u>	<u>414</u>	<u>98,854</u>	<u>7,846</u>

Development projects in the financial year are related to the development of a patented flexible module and skid system as part of the CUBE system for the defence industry. The development projects has entered into the prototype and testing phase and are progressing as planned.

Notes to the Financial Statements

Parent company

	Completed develop- ment projects	Acquired patents	Software	Goodwill	Develop- ment projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	35,200	2,627	17,566	47,887	4,867
Net effect from merger and acquisition	0	0	0	123,102	0
Additions for the year	0	909	487	0	2,979
Cost at 31 December	<u>35,200</u>	<u>3,536</u>	<u>18,053</u>	<u>170,989</u>	<u>7,846</u>
Impairment losses and amortisation at 1 January	22,845	1,530	17,566	23,973	0
Net effect from merger and acquisition	0	0	0	68,563	0
Amortisation for the year	<u>7,551</u>	<u>432</u>	<u>73</u>	<u>8,627</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>30,396</u>	<u>1,962</u>	<u>17,639</u>	<u>101,163</u>	<u>0</u>
Carrying amount at 31 December	<u>4,804</u>	<u>1,574</u>	<u>414</u>	<u>69,826</u>	<u>7,846</u>

Development projects in the financial year are related to the development of a patented flexible module and skid system as part of the CUBE system.

Notes to the Financial Statements

9. Property, plant and equipment Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	73,024	46,120	11,458	24,768	0
Exchange adjustment	0	-18	3	0	0
Additions for the year	2,203	6,587	1,896	1,478	551
Disposals for the year	0	0	-486	0	0
Cost at 31 December	<u>75,227</u>	<u>52,689</u>	<u>12,871</u>	<u>26,246</u>	<u>551</u>
Impairment losses and depreciation at 1 January	41,336	35,405	10,629	23,364	0
Exchange adjustment	0	-18	-3	0	0
Depreciation for the year	1,922	3,588	1,036	654	0
Impairment and depreciation of sold assets for the year	0	0	-486	0	0
Impairment losses and depreciation at 31 December	<u>43,258</u>	<u>38,975</u>	<u>11,176</u>	<u>24,018</u>	<u>0</u>
Carrying amount at 31 December	<u>31,969</u>	<u>13,714</u>	<u>1,695</u>	<u>2,228</u>	<u>551</u>
Including assets under finance leases amounting to	<u>0</u>	<u>10,609</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

Parent company

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	73,024	45,760	10,678	24,768	0
Additions for the year	2,203	6,587	1,896	1,478	551
Disposals for the year	0	0	-486	0	0
Cost at 31 December	75,227	52,347	12,088	26,246	551
Impairment losses and depreciation at 1 January	41,336	35,045	9,955	23,364	0
Depreciation for the year	1,922	3,588	986	654	0
Impairment and depreciation of sold assets for the year	0	0	-486	0	0
Impairment losses and depreciation at 31 December	43,258	38,633	10,455	24,018	0
Carrying amount at 31 December	31,969	13,714	1,633	2,228	551
Including assets under finance leases amounting to	0	10,609	0	0	0

Notes to the Financial Statements

	Parent company	
	2024	2023
	TDKK	TDKK
10. Investments in subsidiaries		
Cost at 1 January	77,349	77,349
Cost at 31 December	77,349	77,349
Value adjustments at 1 January	-43,287	-39,654
Exchange adjustment	8	-55
Net profit/loss for the year	328	230
Amortisation of goodwill	-3,745	-3,745
Other adjustments	-20	-63
Value adjustments at 31 December	-46,716	-43,287
Carrying amount at 31 December	30,633	34,062
Positive differences arising on initial measurement of subsidiaries at net asset value	75,823	75,823
Remaining positive difference included in the above carrying amount at	29,028	32,774

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
SH Group Norway AS	Sandnæs, Norge	TNOK 100	100%
SH Group US Corporation	Delaware, USA	TUSD 100	100%

Notes to the Financial Statements

11. Other fixed asset investments

	Group	Parent company
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 January	855	855
Disposals for the year	-180	-180
Cost at 31 December	<u>675</u>	<u>675</u>
Carrying amount at 31 December	<u>675</u>	<u>675</u>

12. Inventories

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	3,581	3,444	3,581	3,444
Work in progress	1,349	1,385	1,349	1,385
Finished goods and goods for resale	15,114	19,200	15,114	19,200
	<u>20,044</u>	<u>24,029</u>	<u>20,044</u>	<u>24,029</u>

13. Contract work in progress

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
Selling price of work in progress	581,380	418,571	581,380	418,571
Payments received on account	-528,930	-343,864	-528,930	-343,864
	<u>52,450</u>	<u>74,707</u>	<u>52,450</u>	<u>74,707</u>

Recognised in the balance sheet as follows:

Contract work in progress recognised in assets	107,884	93,015	107,884	93,015
Prepayments received recognised in debt	-55,434	-18,308	-55,434	-18,308
	<u>52,450</u>	<u>74,707</u>	<u>52,450</u>	<u>74,707</u>

Notes to the Financial Statements

14. Prepayments

Prepayments consist of prepaid expenses.

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
15. Provision for deferred tax				
Deferred tax liabilities at 1 January	28,546	20,018	28,638	20,116
Amounts recognised in the income statement for the year	1,304	9,375	1,304	9,369
Amounts recognised in equity for the year	0	-847	0	-847
Deferred tax liabilities at 31 December	29,850	28,546	29,942	28,638

Deferred tax is 22%, corresponding to the current tax rate. Deferred tax primarily relates to intangible assets, fixed assets, accruals and work in progress.

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
16. Other provisions				
The Company provides warranties of on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of TDKK 1.367 (2023: TDKK 1.455) have been recognised for expected warranty claims.				
Warranty provisions at 1 January	1,455	447	1,455	447
Adjustments for the year	-88	1,008	-88	1,008
	1,367	1,455	1,367	1,455

Notes to the Financial Statements

Group		Parent company	
2024	2023	2024	2023
TDKK	TDKK	TDKK	TDKK

17. 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:

Mortgage loans

After 5 years	4,168	5,002	4,168	5,002
Between 1 and 5 years	2,758	2,699	2,758	2,699
Long-term part	6,926	7,701	6,926	7,701
Within 1 year	769	1,071	769	1,071
	7,695	8,772	7,695	8,772

Credit institutions

After 5 years	0	0	0	0
Between 1 and 5 years	0	79	0	79
Long-term part	0	79	0	79
Within 1 year	341	1,240	341	1,240
Other short-term debt to credit institutions	3,823	47,905	3,823	47,905
	4,164	49,224	4,164	49,224

Lease obligations

After 5 years	2,569	2,191	2,569	2,191
Between 1 and 5 years	6,442	3,495	6,442	3,495
Long-term part	9,011	5,686	9,011	5,686
Within 1 year	2,123	1,429	2,123	1,429
	11,134	7,115	11,134	7,115

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
17. Long-term debt				
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	19,047	19,015	19,047	19,015
Long-term part	19,047	19,015	19,047	19,015
Other short-term payables	34,422	34,217	33,833	33,588
	53,469	53,232	52,880	52,603

	Group	
	2024	2023
	TDKK	TDKK
18. Cash flow statement - Adjustments		
Financial income	-549	-227
Financial expenses	5,615	10,442
Depreciation, amortisation and impairment losses, including losses and gains on sales	27,568	27,124
Tax on profit/loss for the year	11,250	8,566
Exchange adjustments	8	-55
Other adjustments	-62	186
	43,830	46,036

	Group	
	2024	2023
	TDKK	TDKK
19. Cash flow statement - Change in working capital		
Change in inventories	3,985	2,486
Change in receivables	-92,215	13,559
Change in other provisions	-81	1,008
Change in trade payables, etc	79,349	-70,707
Fair value adjustments of hedging instruments	0	-55
	-8,962	-53,709

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
20. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a carrying amount of	7,177	7,673	7,177	7,673
The following assets have been placed as security with bankers:				
Owner mortgage deeds and indemnification deeds totaling TDKK 17,125, which give mortgages on land and buildings for a total accounting value of	7,177	7,673	7,177	7,673
Business mortgage on nom. 35 million in the company's simple claims, such as inventory, trade receivables, work in progress, software, patents, development projects and other fixtures and fittings, tools and equipment.	283,930	239,765	283,930	239,765
Shares in SH Group Norway AS	0	0	29,818	33,414
Rental and lease obligations				
Rent obligations, non-cancellation period 3-24 months	8,057	7,862	5,057	7,785
Lease obligations, 1-68 months	7,337	5,871	6,967	5,131

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
20. Contingent assets, liabilities and other financial obligations				
Other contingent liabilities				
Work guarantees in connection with concluded agreements on	38,528	35,152	38,528	35,152
Payment guarantees in connection with leases entered into	2,927	2,927	2,927	2,927

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of MC SHG ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

21. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
MC SHG ApS	Ultimate owner

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)(6) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
MC SHG ApS	Avderødvej 27 C, 2980 Kokkedal

Notes to the Financial Statements

	Group	
	2024	2023
	TDKK	TDKK
22. Fee to auditors appointed at the general meeting		
Audit fee	290	319
Tax advisory services	131	188
Non-audit services	372	321
	793	828

23. Subsequent events

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

Notes to the Financial Statements

24. Accounting policies

The Annual Report of SH GROUP A/S for 2024 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 Financial Statements and the Parent Company Financial Statements for 2024 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Principle of self-financing

Over-/underfunding

The company is subject to the special principle of self-financing under the Danish Heat Supply Act. According to this principle, the year's over- or underfunding, stated as the year's profit or loss calculated in accordance with the provisions of the Danish Heat Supply Act relative to the prices charged, must be returned to or may be collected from the consumers through subsequent years' prices. Accordingly, the year's over- or underfunding is recognised in revenue. The accumulated over- or underfunding, as defined by the Danish Heat Supply Act, reflects a balance with the consumer and is recognised in the balance sheet under payables or receivables.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, SH GROUP A/S, 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.

Notes to the Financial Statements

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

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.

In 2024 there has been a merger between SH Group A/S, ANPARTSSELSKABET AF 28. JUNE 2012 and 28. JUNI 2012 II A/S. The merger took place as of 1 January 2024 with SH Group A/S as the continuing company.

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

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

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.

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

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Notes to the Financial Statements

Segment information on revenue

Information on business segments and geographical segments is based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service 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 service.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

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.

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

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortized on a straight-line basis over the estimated useful life of 20 years, which is determined based on management's experience within the individual business areas. In determining the amortization period, management has chosen to base it on the useful lives established from an assessment of the extent to which the acquired companies are strategically positioned with a strong market position and long-term earnings profile. Management assesses that the accounting goodwill is associated with useful lives considered long-term, as it pertains to markets where the company has a strong market profile and continuous investments are made to meet potential. Therefore, management assesses the earnings profile as being of longer duration. Based on the above, management has assessed that it would be most accurate for the amortization period for goodwill to be 20 years. Management will also annually reassess the useful lives to reflect the ongoing market and earnings profile. Goodwill is written down to recoverable value if this is lower than the accounting value.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-5 year.

Other intangible fixed assets

Patents, licences and rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 5 years. Software licences and rights are amortised over the period of the agreements, which is 5 years and 5 years, respectively.

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:

Notes to the Financial Statements

Production buildings	20-30 years
Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

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

The item "Investments in subsidiaries" 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 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.

Subsidiaries 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.

Other fixed asset investments

Other fixed asset investments consist of deposit.

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.

Notes to the Financial Statements

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.

Equity

Dividend

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

Provisions

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

Deferred tax assets and liabilities

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

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

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

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

Notes to the Financial Statements

Current tax receivables and liabilities

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

Financial liabilities

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

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

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".

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$
EBITDA-margin (normalized)	$\text{EBITDA excluding extraordinary costs} \times 100 / \text{Revenue}$