
Steel Products A/S

Islandsvej 25, DK-8700 Horsens

Annual Report for
1 July 2023 - 30 June 2024

CVR No. 38 06 92 17

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 20/12 2024

Mogens Hørdum
Sørensen
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 Steel Products A/S for the financial year 1 July 2023 - 30 June 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 30 June 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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.

Horsens, 20 December 2024

Executive Board

Mikkel Kroglund Andersen
CEO

Board of Directors

Mogens Hørdum Sørensen
Chairman

Mikkel Kroglund Andersen

Tine Valente

Angela Hørdum Valente

Emilie Hørdum Valente

Independent Auditor's report

To the shareholder of Steel Products 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 30 June 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 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Steel Products A/S for the financial year 1 July 2023 - 30 June 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.
- 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

Aarhus C, 20 December 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh

State Authorised Public Accountant

mne26783

Søren Stadel

State Authorised Public Accountant

mne47769

Company information

The Company	Steel Products A/S Islandsvej 25 DK-8700 Horsens CVR No: 38 06 92 17 Financial period: 1 July 2023 - 30 June 2024 Incorporated: 7 October 2016 Municipality of reg. office: Horsens
Board of Directors	Mogens Hørdum Sørensen, chairman Mikkel Kroglund Andersen Tine Valente Angela Hørdum Valente Emilie Hørdum Valente
Executive Board	Mikkel Kroglund Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

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

	Group				
	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	563,879	695,661	672,551	537,692	447,447
Gross profit	41,997	83,248	105,157	82,489	54,359
Profit/loss of financial income and expenses	-1,565	-1,281	-940	-1,496	-1,297
Net profit/loss for the year	14,169	44,740	59,577	45,791	17,291
Balance sheet					
Balance sheet total	504,211	487,304	509,259	436,649	381,940
Investment in property, plant and equipment	8,013	10,693	10,514	5,256	10,793
Equity	288,104	245,356	200,730	141,266	133,881
Number of employees	298	313	309	286	331
Ratios					
Gross margin	7.4%	12.0%	15.6%	15.3%	12.1%
Profit margin	3.4%	8.3%	11.4%	11.0%	5.3%
Return on assets	3.8%	11.8%	15.0%	13.5%	6.2%
Solvency ratio	57.1%	50.3%	39.4%	32.4%	35.1%
Return on equity	5.3%	20.1%	34.8%	33.3%	14.3%

Management's review

Principal activities

The Steel Products Group serves a wide range of international as well as national customers with counseling and strong product solutions. The Group's competence is complete solutions within deep drawing, pressing, cold forming and spinning for production of complicated parts. The Group supplies, among others, to the following industries:

- Process equipment - food, juice, beer and soft drinks, pharmaceutical and chemical industrial equipment – e.g., pump, valve and component housing and fittings.
- Automotive – e.g., exhaust parts, engine parts, brake parts and vibration damping.
- Agricultural machinery - components – e.g., pulleys and parts for mobile hydraulics.
- Machine Industry.
- Marine & Offshore – e.g., tank measuring equipment, compressors.
- Energy – e.g., heat exchanger plates, components for wind turbines, components for solar energy systems, cooling and heat control, energy storage equipment.
- Electronics - components – e.g., parabolas, vacuum switches, frequency converter components.
- Consumer goods – e.g., thermostats, heat pumps, oil heaters, audio etc.

The Group continuously strives to be a technological leader in cold forming processes, and it is the Group's stated goal to manufacture products that ensure customers improved competitiveness.

100 years anniversary

In 2024 one of the companies in the Group Steel Products Aage Østergaard celebrated 100 years anniversary. This is for sure a milestone and we celebrated the company during the year and published a book describing the 100 years of development.

We look forward and our focus is the future. We recognize that we stand on a strong platform due to the many years of activity.

Development in activities and financial and economic position

The results of the financial year were challenged by the slowdown in our industry. Realized net sales for the year amounted to DKK 563,9 million. Profit for the year was a profit of DKK 14,3 million. against a profit of DKK 44,7 million. DKK last year. Equity amounts to DKK 288,2 million. DKK per June 30, 2024.

Profit/loss for the year compared to the expected development

The results of the financial year were unsatisfactory. Realized net sales for the year amounted to DKK 563,9 million and thereby representing 19% decrease in turnover. This was as expected. Profit for the year was a profit of DKK 14,3 million. against a profit of DKK 44,7 million. DKK last year. This was just below the expectations. This relates to the slowdown in our industry. Equity amounts to DKK 288 million. DKK per June 30, 2024.

Management's review

Significant events after the end of the financial year

No events have occurred after the end of the financial year that could materially affect the company's financial position.

Special risks

Special risks

The company's activities and results are affected by fluctuations in commodity prices.

Market risks

Customer and market risks are assessed as limited due to the spread in different market segments.

Currency risks

Foreign trade means that earnings and cash flows are affected by exchange rate and interest rate trends for a few currencies. The company monitors developments in the foreign exchange market to assess whether special actions are required. At present, forward transactions are not used to hedge transactions in foreign currencies, as the Company's primary foreign currency is EUR. The company does not enter any speculative currency positions.

Interest rate risk

The interest-bearing net debt represents a significant amount, which means that moderate changes in interest rates will have a direct effect on earnings.

Research and development activities

These costs include streamlining production processes as well as developing prototypes in connection with customer projects. These costs are expensed as incurred.

Knowledge resources

We continuously develop the skills of our employees.

Future expectations

For the financial year 2024/25, management expects a turnover between 500 and 700 million DKK and profit to be between 15 and 60 million DKK.

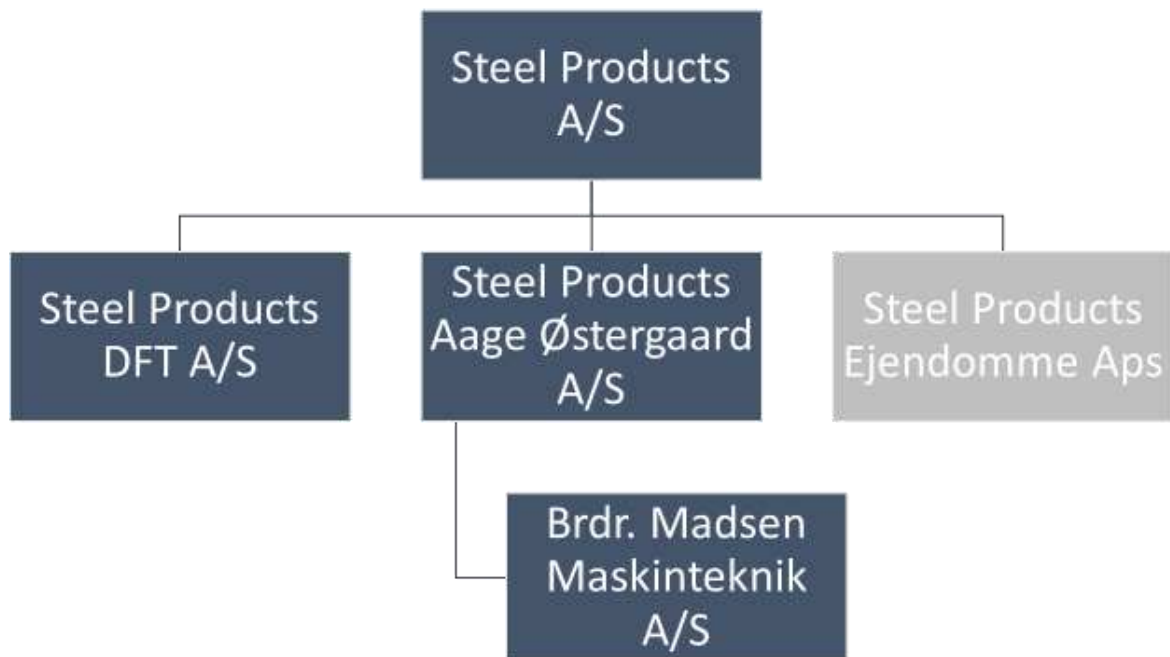
Statement of corporate social responsibility

Business model

Steel Products is an industrial group of subsidiaries, all of which work in metalworking, with exception of Steel Products Ejendomme, which deals exclusively with commercial property rental.

Steel Products consists of the following companies:

Management's review



Companies in Steel Products Group.

Steel Products purchases raw materials and components and uses subcontractors.

Our behavior is largely guided by our values:

- “Best fit” must be a basic principle. It creates value for everyone that we always make the right choices in terms of processes, flow, and equipment so that they match the expectations of the customers.
- We know the importance of continuous innovative improvements and ensure this through employee involvement and close cooperation with customers.
- We invest in our employees and surroundings to ensure a modern and competent company.
- Our current and future competencies must ensure continuous development and Steel Products as an attractive workplace and business partner.
- We strive for an environment of innovative solutions, accountability, and quality on time.

Management's review

CSR areas

Steel Products respects and has joined the UN Global Compact in all 10 areas of human rights, labor rights, the environment and anti-corruption. This is included in our CSR policy. Examples of this are also shown in the following CSR areas: Environment, working environment, social and human resources, human rights, anti-corruption, and bribery.

Steel Products also works to support the UN's global goals, specifically we focus on goals 4 and 12 on education and responsible production.

SP is a member of Horsens Alliance and recipient of the CSRpeople brand. This means that we commit ourselves to having a social commitment and helping to strengthen other people in their relationship with the labor market. We do this by hiring people who have challenges in finding and carrying out ordinary work. We have start-up programs to slowly train the ability to be part of a regular work function.

In addition, we employ people of other ethnic origins than Danish, to support a multicultural work environment.

Environment

Steel Products works according to our environmental policy for sustainable production, where we continuously improve by reducing our impact on the environment, including consumption of resources.

At Steel Products, we have chosen to combine environmental conditions and climate impacts under the heading 'Environment', as our actions in energy, among other things, also influence the climate.

ISO14001: 2015 Environmental certification has been integrated at all Steel Products production sites since 2020.

Our cold forming processes provide a minimum of waste compared to manufacturing similar products with other manufacturing methods. This results in less waste, less consumption of raw materials and often a reduction in processing time. In doing so, we support the UN's World Goal 12.

We are aware that our greatest risk in relation to the environment is an over-consumption of energy or water. We are therefore working to have an overview of our consumption, so that we can respond as quickly as possible if over-consumption occurs and optimize the use of energy. This supports the UN's World Goal 12.

In 2024 we were awarded the sustainability award within one of our large customers and thereby was our continuous focus on waste, water and CO2 recognized.

Management's review

Waste:

Steel Products A/S's hard focus on waste reduction from production compared to revenue is one of our main drivers to ensure quality and reduction of waste.

Waste (metal) from production in % of revenue	2020/21	2021/22	2022/23	2023/24	Target 2024/25
Steel Products – Aage Østergaard A/S	1,00%	0,70%	0,60%	0,99	<1,00 %
Steel Products – DFT Presswork A/S	0,70%	0,80%	1,10%	1,90	<1,00 %

In 2023/2024, we have had challenges, partly from ordinary production and partly from new projects.

Waste & material sorting:

By involving employees in the importance of focusing on waste through Awareness courses, which not only deals with product quality, but also energy consumption, correct sorting of waste and metal for recycling, we have based on the motto "the more accurate sorting the better recycling", this significantly improved our recycling.

SCIP, SCHC, Reach & ROHS:

We are subject to strict requirements regarding the registration, use and disposal of ECHA selected problematic materials and chemical substances. Therefore, all additives are reported in databases so proper disposal is possible.

Conflict minerals:

As a responsible supplier, we naturally support the European Trade Commission and comply with the guidelines from here. That is, we ensure that our products contain only minerals and metals from responsible and conflict-free sources.

Management's review

Carbon emissions & energy improvements:

Supporting Net Zero strategy and reducing global warming by 1.5° Celsius is a key value for Steel Products A/S, therefore we have over the last 3 years, performed Scope 1 & 2 GHG Protocols, through Danish Business Authority (Klimakompasset).

This to insure continuously focus on reductions of energy and consumptions, which already has led to -20% & -6% reduction in Ton CO2 Emission per million Dkr. turnover from 2021/2022 to 2022/2023.

		2021/22	2022/23	2023/24	Target 2024/25
Scope 1 & 2 (Ton Co2-e)	Steel Products – Aage Østergaard A/S	1091	906	874	On track for Net Zero - 2028
Scope 1 & 2 (Ton per Million Dkr. revenue)		2,28	1,88	2,12	<2,50
Scope 1 & 2 (Ton Co2-e)	Steel Products – DFT Presswork A/S	805,1	765	512	Net Zero - 2030
Scope 1 & 2 (Ton per Million Dkr. revenue)		4,1	3,63	3,28	<4,00
Scope 3 (Ton Co2-e)	Steel Products A/S	N/A	N/A		Net Zero - 2050

Working environment

Steel Products policy provides the framework for a good and safe work environment, a working environment that ensures the safety and health of employees, as well as complying with legislation and binding obligations that deal with work environment.

Doing the reasoned years, we have reduced the number of accidents with absence, although there has been incidents, none have been fatal, every person has recovered.

Our goal, is and will always be 0 work accidents.

In 2023/2024, we continued to work towards this goal. We do this by analyzing our accidents and near misses and telling all employees about the root causes so that together we can help to avoid accidents. In addition, we have ongoing focus areas.

Management's review

	2020/2021	2021/2022	2022/2023	2023/2024
Steel Products – Aage Østergaard A/S	11	8	5	3
Steel Products – DFT Presswork A/S	1	2	4	2

Included are all occupational accidents that have resulted in absence of at least one working day.

With our whistleblower scheme, we would like to emphasize to our employees that they always have the opportunity, without risk of their employment, to present whatever they find challenging in our company.

Social and personnel matters

We contribute to young people's education by continuously offering apprenticeships and creating opportunities for education within our area of work.

We contribute to lifting corporate social responsibility by continually offering opportunities to unemployed people and people with reduced ability to work.

We have been focusing on our sick leave and through discussions with our staff have helped them to a lower absence.

Sick leave (excl. long term leave)	2020/21	2021/22	2022/23	2023/24	Target 2024/25
Steel Products – Aage Østergaard A/S	2,10%	2,50%	3,20%	2,60%	<3%
Steel Products – DFT Presswork A/S	2,20%	2,99%	3,42%	4,00%	<3%

Included is all absence due to illness for less than 30 days. Measured in relation to total standard time.

In relation to our employees, it is our focus to secure future workforce. It is our greatest risk that we may end up not having enough skilled workforce as tasks change as we progress. That is why we have chosen to focus on upgrading the skills of our employees through established Steel Products Academy. And why we constantly focus on automatization

Anti-corruption, and bribery (Code of Conduct)

We have chosen to have a very detailed Code of Conduct to show our employees that we do not accept bribes and do not provide this. Most of our customers and suppliers we have had a year-long trusting collaboration with, and we have an ongoing dialogue about their business, with which the risk of corruption is assessed to be low.

For new partners, we focus on contractually incorporating obligations to comply with our Code of Conduct. It is our assessment that during 2023/2024 none of our partners have worked in violation of our Code of Conduct. We work towards implementing procedures that can help ensure focus on anti-corruption in a busy everyday life.

Management's review

Human rights

As a responsible supplier, we naturally support the European Trade Commission and comply with the guidelines from here. This means that we ensure that our products only contain minerals and metals from responsible and conflict-free sources.

Steel Products sources raw materials and components itself and uses subcontractors. To a large extent, suppliers from Denmark or countries close to this are used. Most of our suppliers we have had a long-term trusting collaboration with, and we have an ongoing dialogue about their business, with which the risk of human rights violations is assessed to be low.

It is our assessment that in 2023/24 none of our subcontractors have violated the European Trade Commission's guidelines for conflict - free minerals. We are working towards implementing procedures that can help ensure focus on human rights in a busy day.

Statement of gender composition of management

The Board of Directors of Steel Products currently consists of 5 people, 40% are men and 60% women, and are therefore considered to be equally distributed.

At Steel Products A/S, we strive to always have at least 1 of each gender seated on the board, to ensure diversity within the group.

The management of Steel Products A/S consists of 1 member. Since there is only 1 member of the other management levels, no target figure for equal gender distribution has been set according to the rules

The shareholders will be aware of the gender diversity in connection with the forthcoming constituencies of the board and will take this into account if the recruitment basis supports this. However, the main goal of election to the board of directors and management will always be to have the most suitable persons in the individual positions.

The management of Steel Products A/S consists of 1 member. Since there is only 1 member of the other management levels, no target figure for equal gender distribution has been set according to the rules

To the extent that there are employee representatives on the boards of the companies under Steel Products, we do not want to influence the employees' ability to precisely choose the representatives of the board that they find best, regardless of gender.

Steel Production is normally male dominated within blue collar jobs, Steel Products A/S does not differ from this. When in recruiting process we are very aware of potential recruiting of females to production.

White collar diversity is better and continuously improving.

	2020/2021	2021/2022	2022/2023	2023/2024
Blue Colar (% - Female/Male) Steel Products – Aage Østergaard A/S	14/86	15/85	13/87	10/90
White Colar (% - Female/Male) Steel Products – Aage Østergaard A/S	29/71	31/69	29/71	29/71

Management's review

Blue Colar (% - Female/Male) Steel Products – DFT Presswork A/S	7/93	7/93	7/93	7/93
White Colar (% - Female/Male) Steel Products – DFT Presswork A/S	32/68	33/67	36/64	32/68

Diversity female & male, Board Members				
	2020/2021	2021/2022	2022/2023	2023/2024
Steel Products A/S	F: 75%	F: 75%	F: 60%	F: 60%
	M: 25%	M: 25%	M: 40%	M: 40%
Steel Products DFT A/S	F: 75 %	F: 75%	F: 60%	F:60%
	M: 25%	M: 25%	M: 40%	M: 40%
Steel Products Aage Østergaard A/S	F: 57%	F: 57%	F: 50%	F: 50%
	M: 43%	M: 43%	M: 50%	M:50%

We believe diversity is a positive element in a company culture. Diversity is not only gender related, we are therefore proud that Steel Products A/S represent more than 10 nationalities.

Data ethics IT and security

As a result of the digital development, the Steel Products Group (SP) is increasingly using data to run its business. Data security, privacy and data ethics are all elements of a responsible data culture. Therefore, SP has expanded our Code of Conduct to also include the most important elements from the Data Ethics Council's proposal for a data ethics policy. These elements of the Code of Conduct must ensure that we comply with applicable legislation and protect our data in accordance with good IT practice. In addition, we want to handle data with respect for people, always taking equality, dignity and freedom into account to ensure that SP actively promotes people's welfare and well-being in its data handling. The Code of Conduct has been made available on the SP Group's intranet.

Within 2023/2024 we decided to pursue the D-seal certificate in order to prepare for NCIS2. We expect to finalize this at the beginning of 2025 and thereby be prepared for the implementation. It and data are essential for our business and during 2023/2024 upgraded our ERP system.

Income statement 1 July 2023 - 30 June 2024

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Revenue	1	563,879	695,661	0	0
Production expenses	2	-521,882	-612,413	0	0
Gross profit		41,997	83,248	0	0
Distribution expenses	2	-7,782	-7,908	0	0
Administrative expenses	2	-18,051	-20,647	-36	-40
Operating profit/loss		16,164	54,693	-36	-40
Other operating income		3,110	2,992	0	0
Profit/loss before financial income and expenses		19,274	57,685	-36	-40
Income from investments in subsidiaries	3	0	0	14,665	44,488
Financial income	4	1,802	2,831	163	134
Financial expenses	5	-3,367	-4,112	-738	-2
Profit/loss before tax		17,709	56,404	14,054	44,580
Tax on profit/loss for the year	6	-3,540	-11,664	134	-20
Net profit/loss for the year	7	14,169	44,740	14,188	44,560

Balance sheet 30 June 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Land and buildings		124,428	92,628	0	0
Plant and machinery		39,996	43,707	0	0
Other fixtures and fittings, tools and equipment		270	214	0	0
Leasehold improvements		2,838	905	0	0
Property, plant and equipment in progress		2,586	3,371	0	0
Property, plant and equipment	8	170,118	140,825	0	0
Investments in subsidiaries	9	0	0	304,556	261,194
Fixed asset investments		0	0	304,556	261,194
Fixed assets		170,118	140,825	304,556	261,194
Inventories	11	142,162	189,738	0	0
Trade receivables		108,835	114,355	0	0
Receivables from group enterprises		0	0	154	5,783
Other receivables		5,255	4,751	0	0
Corporation tax		134	0	134	0
Prepayments	12	105	1,668	0	0
Receivables		114,329	120,774	288	5,783
Current asset investments	10	5	4	0	0
Cash at bank and in hand		77,597	35,963	5,817	45
Current assets		334,093	346,479	6,105	5,828
Assets		504,211	487,304	310,661	267,022

Balance sheet 30 June 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Share capital		7,400	7,400	7,400	7,400
Revaluation reserve		54,658	25,961	0	0
Reserve for net revaluation under the equity method		0	0	225,877	182,515
Retained earnings		221,030	209,342	49,811	52,788
Proposed dividend for the year		2,500	0	2,500	0
Equity attributable to shareholders of the Parent Company		285,588	242,703	285,588	242,703
Minority interests		2,516	2,653	0	0
Equity		288,104	245,356	285,588	242,703
Provision for deferred tax	13	27,156	20,086	0	0
Other provisions	14	6,843	6,843	0	0
Provisions		33,999	26,929	0	0
Mortgage loans		63,936	67,080	0	0
Lease obligations		306	527	0	0
Payables to group enterprises		10,500	10,500	0	0
Corporation tax		4,697	13,311	0	20
Long-term debt	15	79,439	91,418	0	20
Mortgage loans	15	3,203	3,177	0	0
Lease obligations	15	221	215	0	0
Prepayments received from customers		8,522	4,639	0	0
Trade payables		66,105	81,850	0	0
Payables to group enterprises	15	676	3,491	25,035	24,230
Corporation tax		0	4,197	0	33
Other payables		23,932	26,022	38	36
Deferred income	16	10	10	0	0
Short-term debt		102,669	123,601	25,073	24,299
Debt		182,108	215,019	25,073	24,319
Liabilities and equity		504,211	487,304	310,661	267,022

Balance sheet 30 June 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Fee to auditors appointed at the general meeting	21				
Accounting Policies	22				

Statement of changes in equity

Group

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	7,400	25,961	209,342	0	242,703	2,653	245,356
Revaluation for the year	0	28,697	0	0	28,697	0	28,697
Other equity movements	0	0	0	0	0	-118	-118
Net profit/loss for the year	0	0	11,688	2,500	14,188	-19	14,169
Equity at 30 June	7,400	54,658	221,030	2,500	285,588	2,516	288,104

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 July	7,400	182,515	52,788	0	242,703
Other equity movements	0	28,697	0	0	28,697
Net profit/loss for the year	0	14,665	-2,977	2,500	14,188
Equity at 30 June	7,400	225,877	49,811	2,500	285,588

Cash flow statement 1 July 2023 - 30 June 2024

	Note	Group	
		2023/24	2022/23
		TDKK	TDKK
Result of the year		14,169	44,740
Adjustments	17	19,824	26,956
Change in working capital	18	40,200	2,151
Cash flow from operations before financial items		74,193	73,847
Financial income		1,802	2,831
Financial expenses		-3,367	-4,112
Cash flows from ordinary activities		72,628	72,566
Corporation tax paid		-18,822	-18,071
Cash flows from operating activities		53,806	54,495
Purchase of property, plant and equipment		-8,013	-10,694
Fixed asset investments made etc		0	-1
Sale of property, plant and equipment		1,990	55
Sale of fixed asset investments made etc		0	4
Current asset investments made		-1	0
Sale of current asset investments		0	8
Cash flows from investing activities		-6,024	-10,628
Repayment of mortgage loans		-3,118	-3,453
Reduction of lease obligations		-215	-209
Repayment of payables to group enterprises		-2,815	-45,081
Cash flows from financing activities		-6,148	-48,743
Change in cash and cash equivalents		41,634	-4,876
Cash and cash equivalents at 1 July		35,963	40,849
Cash and cash equivalents at 30 June		77,597	35,973
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		77,597	35,963
Cash and cash equivalents at 30 June		77,597	35,963

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
1. Revenue				
Geographical segments				
Revenue, Denmark	116,973	163,381	0	0
Revenue, exports	446,906	532,280	0	0
	563,879	695,661	0	0

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
2. Staff				
Wages and salaries	134,584	143,006	0	0
Pensions	13,165	11,441	0	0
Other social security expenses	2,127	2,332	0	0
Other staff expenses	4,710	5,875	0	0
	154,586	162,654	0	0

Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:

Production expenses	135,039	144,206	0	0
Distribution expenses	5,323	5,232	0	0
Administrative expenses	14,224	13,216	0	0
	154,586	162,654	0	0

Including remuneration to the Executive Board and Board of Directors

	2,718	2,449	0	0
Average number of employees	298	313	0	0

Notes to the Financial Statements

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
3. Income from investments in subsidiaries		
Income from investments in subsidiaries	14,665	44,488
	14,665	44,488

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
4. Financial income				
Interest received from group enterprises	0	0	154	134
Other financial income	1,802	2,831	9	0
	1,802	2,831	163	134

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
5. Financial expenses				
Interest paid to group enterprises	677	397	737	0
Other financial expenses	2,690	3,715	1	2
	3,367	4,112	738	2

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
6. Income tax expense				
Current tax for the year	5,211	13,091	-134	20
Deferred tax for the year	-1,671	-1,646	0	0
Adjustment of deferred tax concerning previous years	0	219	0	0
	3,540	11,664	-134	20

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
7. Profit allocation				
Proposed dividend for the year	2,500	0	2,500	0
Reserve for net revaluation under the equity method	0	0	14,665	44,488
Minority interests' share of net profit/loss of subsidiaries	-19	180	0	0
Retained earnings	11,688	44,560	-2,977	72
	14,169	44,740	14,188	44,560

8. 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 July	148,288	448,893	3,374	1,105	3,371
Additions for the year	171	5,565	178	2,099	0
Disposals for the year	0	-1,205	0	0	-785
Cost at 30 June	148,459	453,253	3,552	3,204	2,586
Revaluations at 1 July	44,488	0	0	0	0
Revaluations for the year	36,792	0	0	0	0
Revaluations at 30 June	81,280	0	0	0	0
Impairment losses and depreciation at 1 July	100,148	405,185	3,160	200	0
Depreciation for the year	5,163	9,268	122	166	0
Reversal of impairment and depreciation of sold assets	0	-1,196	0	0	0
Impairment losses and depreciation at 30 June	105,311	413,257	3,282	366	0
Carrying amount at 30 June	124,428	39,996	270	2,838	2,586

Notes to the Financial Statements

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
9. Investments in subsidiaries		
Cost at 1 July	78,679	78,679
Cost at 30 June	78,679	78,679
Value adjustments at 1 July	182,515	138,027
Net profit/loss for the year	14,665	44,488
Other equity movements, net	28,697	0
Value adjustments at 30 June	225,877	182,515
Carrying amount at 30 June	304,556	261,194

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Steel Products DFT A/S	Sønderborg	100%
Steel Products Ejendomme ApS	Horsens	100%
Steel Products Aage Østergaard A/S	Horsens	100%
Brdr. Madsen Maskinteknik A/S	Horsens	60%

10. Other investments at fair value

	Value adjustment, income statement	Fair value at 30 June
	TDKK	TDKK
Group		
Securities	1	5

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
11. Inventories				
Raw materials and consumables	36,008	58,506	0	0
Work in progress	59,614	79,892	0	0
Finished goods and goods for resale	46,540	51,340	0	0
	142,162	189,738	0	0

12. Prepayments

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

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
13. Provision for deferred tax				
Deferred tax liabilities at 1 July	20,086	21,512	0	0
Adjustment of deferred tax from previous years	0	219	0	0
Amounts recognised in the income statement for the year	-1,671	-1,645	0	0
Amounts recognised in equity for the year	8,741	0	0	0
Deferred tax liabilities at 30 June	27,156	20,086	0	0

The provision for deferred tax is related to differences between the carrying amount and tax value of receivables, inventories and tangible fixed assets, including recognised finance lease contracts.

Notes to the Financial Statements

Group		Parent company	
<u>2023/24</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2022/23</u>
TDKK	TDKK	TDKK	TDKK

14. Other provisions

Other provisions relate to warranty costs on goods sold. Provisions are assessed annually and based on historical data.

Other provisions	6,843	6,843	0	0
	<u>6,843</u>	<u>6,843</u>	<u>0</u>	<u>0</u>

The provisions are expected to mature as follows:

Provisions falling due after 5 years	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Group		Parent company	
<u>2023/24</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2022/23</u>
TDKK	TDKK	TDKK	TDKK

15. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans

After 5 years	48,029	51,209	0	0
Between 1 and 5 years	15,907	15,871	0	0
Long-term part	63,936	67,080	0	0
Within 1 year	3,203	3,177	0	0
	<u>67,139</u>	<u>70,257</u>	<u>0</u>	<u>0</u>

Lease obligations

After 5 years	0	0	0	0
Between 1 and 5 years	306	527	0	0
Long-term part	306	527	0	0
Within 1 year	221	215	0	0
	<u>527</u>	<u>742</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
15. Long-term debt				
Payables to group enterprises				
After 5 years	0	0	0	0
Between 1 and 5 years	10,500	10,500	0	0
Long-term part	10,500	10,500	0	0
Other short-term debt to group enterprises	676	3,491	25,035	24,230
	11,176	13,991	25,035	24,230
Corporation tax				
After 5 years	0	0	0	0
Between 1 and 5 years	4,697	13,311	0	20
Long-term part	4,697	13,311	0	20
Within 1 year	0	4,197	0	33
	4,697	17,508	0	53

16. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	Group	
	2023/24	2022/23
	TDKK	TDKK
17. Cash flow statement - Adjustments		
Financial income	-1,802	-2,831
Financial expenses	3,367	4,112
Depreciation, amortisation and impairment losses, including losses and gains on sales	14,719	14,011
Tax on profit/loss for the year	3,540	11,664
	19,824	26,956

Notes to the Financial Statements

	Group	
	2023/24	2022/23
	TDKK	TDKK
18. Cash flow statement - Change in working capital		
Change in inventories	47,576	19,464
Change in receivables	6,579	-6,188
Change in trade payables, etc	-13,955	-11,125
	40,200	2,151

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
19. 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	124,428	92,628	0	0
Plant and machinery with a carrying amount of	39,996	43,707	0	0

The Group's production plants and machinery of DKK ('000) 39.996 may with exception of cars be included in the mortgage on properties in compliance with the rules on security for fittings.

The group has issued owner's mortgage of DKK ('000) 12.900 which leads to a mortgage on specific production plants and machinery. The owner's mortgage is in the possession of the group.

The following assets have been placed as security with bankers:

Receivables from sales	108,835	114,355	0	0
Extensive operating fixtures and equipment	40,266	43,921	0	0
Inventories	142,162	192,939	0	0

The following assets have been placed as security for lease obligations:

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
19. Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations, period of non-terminability 30 months	8,127	7,986	0	0

Other contingent liabilities

The company is included in a Danish joint taxation with Kirkehøjgaard ApS, which is the management company. The company is therefore liable in accordance with the rules of the Corporation Tax Act for income taxes etc. for the jointly taxed companies. The group's companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation tax and withholding tax may result in the company's liability amounting to a larger amount

20. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Kirkehøjgaard ApS, 8700 Horsens	Parent Company

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.

Consolidated Financial Statements

The company is enclosed in the consolidated financial statements for the parent company:

Name	Place of registered office
Kirkehøjgaard ApS, CVR no. 25372808	Horsens

The consolidated financial statements can be requested at cvr.dk.

21. Fee to auditors appointed at the general meeting

With reference to the Danish Financial Statements Act §96 subsection 3, we refer to the above consolidated financial statements for Kirkehøjgaard ApS.

Notes to the Financial Statements

22. Accounting policies

The Annual Report of Steel Products A/S for 2023/24 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 2023/24 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Steel Products 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.

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.

Notes to the Financial Statements

Business acquisitions carried through before 1 July 2018

Uniting of interests

Intragroup business combinations are accounted for under the uniting-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 uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Revenue

Information is provided on geographical markets. The segment information is provided in consideration of the group's accounting policies, risks and management control. The company only operates within one business segment.

Segment assets comprise assets that are used directly in the segment's revenue-producing activities.

Segment liabilities comprise liabilities resulting from the segment's operations, including trade payables and other payables.

Production expenses

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

Distribution expenses

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

Administrative expenses

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

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.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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 wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Notes to the Financial Statements

Property, plant and equipment

On acquisition land and buildings are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition land and buildings are measured at fair value with revaluation through equity. The total revaluation of land and buildings is transferred to a "revaluation reserve" under equity after tax. The reserve is reduced with annual depreciations after tax and adjusted with effect of revaluation after tax.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates. The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material.

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

Production buildings	15-50 years
Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	3-5 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 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 depreciation.

If so, the asset is written down to its lower recoverable amount.

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.

Notes to the Financial Statements

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.

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.

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.

Other provisions comprise warranty commitments which include expenses for remedial action within the warranty period of 1-5 years. Provisions for warranty commitments are measured and recognised based on experience gained from guarantee work. Provisions with an expected maturity of more than one year from the balance sheet date are discounted using a rate that reflects the risk and maturity of the liability.

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, 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 within the same legal tax entity.

Notes to the Financial Statements

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial liabilities

Loans, such as mortgage loans, 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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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 .

Notes to the Financial Statements

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

Financial Highlights

Explanation of financial ratios

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