



# DS STÅLKONSTRUKTION A/S

Samsøvej 2, DK-9500 Hobro

**Annual Report for  
1 April 2024 - 31 March 2025**

CVR No. 25 13 09 79

The Annual Report was presented and adopted at the  
Annual General Meeting of the company on  
17/09/2025

**Simon Bisgaard**  
Chairman of the general meeting





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## Management's statement

The Executive Board and Supervisory Board have today considered and adopted the Annual Report of DS STÅLKONSTRUKTION A/S for the financial year 1 April 2024 - 31 March 2025.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2025 of the Company and of the results of the Company operations for 2024/25.

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

Hobro, 17 September 2025

### Executive Board

Morten Kaad  
CEO

### Supervisory Board

Dr. Benedikt Benjamin Krings  
Chairman

Hans Jörg Frieauff

Florian Laxander



## Independent Auditor's report

To the shareholders of DS STÅLKONSTRUKTION A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2025 and of the results of the Company's operations for the financial year 1 April 2024 - 31 March 2025 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DS STÅLKONSTRUKTION A/S for the financial year 1 April 2024 - 31 March 2025, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

### Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### 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.



## Independent Auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Aarhus, 17 September 2025

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Claus Lyngsø Sørensen  
State Authorised Public Accountant  
mne34539

Thyge Belter  
State Authorised Public Accountant  
mne30222



## Company information

<b>The Company</b>	DS STÅLKONSTRUKTION A/S Samsøvej 2 DK-9500 Hobro CVR No: 25 13 09 79 Financial period: 1 April 2024 - 31 March 2025 Incorporated: 22 December 1999 Financial year: 26th financial year Municipality of reg. office: Mariagerfjord
<b>Supervisory Board</b>	Dr. Benedikt Benjamin Krings, chairman Hans Jörg Frieauff Florian Laxander
<b>Executive Board</b>	Morten Kaad
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C



## Financial Highlights

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

(TDKK)	2024/25 12 months	2023/24 12 months	2022/23 9 months	2021/22 12 months	2020/21 12 months
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	992,294	909,620	689,637	765,078	627,123
Profit/loss of primary operations	99,215	116,957	74,294	87,600	80,885
Profit/loss of financial income and expenses	4,006	8,318	130	-393	3,605
Net profit/loss for the year	79,437	98,474	58,387	68,154	66,200
<b>Balance sheet</b>					
Balance sheet total	576,848	568,691	467,433	376,968	317,498
Investment in property, plant and equipment	16,375	23,446	11,428	23,040	6,275
Equity	371,658	309,607	211,377	153,750	126,200
Number of employees	250	222	215	212	197
<b>Ratios</b>					
Profit margin	10.0%	12.9%	10.8%	11.4%	12.9%
Return on assets*	17.2%	20.6%	21.2%	23.2%	25.5%
Solvency ratio	64.4%	54.4%	45.2%	40.8%	39.7%
Return on equity*	23.3%	37.8%	42.6%	48.7%	40.2%

\*For the Ratios the Profit/loss statement have been adjusted to a 12 months period, for the financial year 2022/23.



## Management's review

### Key activities

The Company's activities comprise the design, manufacture and installation of steel structures.

### Development in the year

The income statement of the Company for 2024/25 shows a profit of TDKK 79,437, and at 31 March 2025 the balance sheet of the Company shows a positive equity of TDKK 371,658.

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

The company's result ended better than expected, this is mainly due to a number of projects performing better than expected.

### Foreign exchange risks

The Company is exposed to currency risks with respect to day-to-day operations. Currency risks are assessed to be low. Major projects are hedged by means of foreign exchange contracts and investment of cash and cash equivalents in currency.

### Interest rate risks

As a result of the Company's equity ratio and financial resources, changes in the interest rate level will have no significant direct impact on earnings. Consequently, interest rate risks are not hedged.

### Credit risks

The Company's credit risks are primarily related to trade receivables. In accordance with the Company's credit risk assumption policy, all major customers and business partners are subject to continuous credit assessment.

### Targets and expectations for the year ahead

The Company expects EBIT to be in the range DKK 40 - 80 million for the financial year 2025/26

### Statement of corporate social responsibility

The Company is included in the consolidated financial statements of DS Gruppen A/S, CVR no 40 68 50 14, which prepares a statement of corporate social responsibility in accordance with section 99a of the Danish Financial Statements Act.

### Statement on data ethics

The Company is included in the consolidated financial statements of DS Gruppen A/S, CVR no 40 68 50 14, which prepares a statement of data ethics in accordance with section 99d of the Danish Financial Statements Act.

### Uncertainty relating to recognition and measurement

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

### Unusual events

The financial position at 31 March 2025 of the Company and the results of the activities and cash flows of the Company for the financial year for 2024/25 have not been affected by any unusual events.



## Income statement 1 April 2024 - 31 March 2025

(TDKK)	Note	2024/25	2023/24
Revenue	1	992,294	909,620
Other operating income		3,709	2,779
Expenses for raw materials and consumables		-536,315	-474,121
Other external expenses		-164,810	-148,864
<b>Gross profit</b>		<b>294,878</b>	<b>289,414</b>
Staff expenses	2	-181,428	-158,310
Depreciation and impairment losses of property, plant and equipment		-14,235	-14,147
<b>Profit/loss before financial income and expenses</b>		<b>99,215</b>	<b>116,957</b>
Income from investments in subsidiaries		-1,985	3,811
Financial income	3	9,178	7,617
Financial expenses	4	-3,187	-3,110
<b>Profit/loss before tax</b>		<b>103,221</b>	<b>125,275</b>
Tax on profit/loss for the year	5	-23,784	-26,801
<b>Net profit/loss for the year</b>	6	<b>79,437</b>	<b>98,474</b>



## Balance sheet 31 March 2025

### Assets

(TDKK)	Note	2024/25	2023/24
Land and buildings		45,631	47,242
Plant and machinery		22,411	26,134
Other fixtures and fittings, tools and equipment		19,572	12,662
Leasehold improvements		713	906
Property, plant and equipment in progress		2,916	3,222
<b>Property, plant and equipment</b>	7	<b>91,243</b>	<b>90,166</b>
Investments in subsidiaries	8	18,227	19,851
Receivables from group enterprises		0	4,050
<b>Fixed asset investments</b>		<b>18,227</b>	<b>23,901</b>
<b>Fixed assets</b>		<b>109,470</b>	<b>114,067</b>
Raw materials and consumables		46,745	39,411
<b>Inventories</b>		<b>46,745</b>	<b>39,411</b>
Trade receivables		170,932	74,307
Contract work in progress	9	43,785	48,442
Receivables from group enterprises		155,563	65,795
Other receivables		19,184	14,847
Corporation tax		0	6,932
Prepayments	10	3,667	4,208
<b>Receivables</b>		<b>393,131</b>	<b>214,531</b>
<b>Cash at bank and in hand</b>		<b>27,502</b>	<b>200,682</b>
<b>Current assets</b>		<b>467,378</b>	<b>454,624</b>
<b>Assets</b>		<b>576,848</b>	<b>568,691</b>



## Balance sheet 31 March 2025

### Liabilities and equity

(TDKK)	Note	2024/25	2023/24
Share capital		6,250	6,250
Reserve for net revaluation under the equity method		9,059	10,699
Reserve for hedging transactions		-531	0
Retained earnings		356,880	275,458
Proposed dividend for the year		0	17,200
<b>Equity</b>		<b>371,658</b>	<b>309,607</b>
Provision for deferred tax	11	17,485	32,062
Other provisions	12	10,555	3,721
<b>Provisions</b>		<b>28,040</b>	<b>35,783</b>
Credit institutions		4,407	0
Trade payables		81,325	98,837
Contract work in progress	9	52,394	103,065
Payables to group enterprises		615	2,963
Corporation tax		14,687	0
Other payables		23,722	18,436
<b>Short-term debt</b>		<b>177,150</b>	<b>223,301</b>
<b>Debt</b>		<b>177,150</b>	<b>223,301</b>
<b>Liabilities and equity</b>		<b>576,848</b>	<b>568,691</b>
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## Statement of changes in equity

(TDKK)	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
Equity at 1 April	6,250	10,699	0	275,458	17,200	309,607
Ordinary dividend paid	0	0	0	0	-17,200	-17,200
Exchange adjustments relating to foreign entities	0	345	0	0	0	345
Fair value adjustment of hedging instruments	0	0	-531	0	0	-531
Net profit/loss for the year	0	-1,985	0	81,422	0	79,437
<b>Equity at 31 March</b>	<b>6,250</b>	<b>9,059</b>	<b>-531</b>	<b>356,880</b>	<b>0</b>	<b>371,658</b>



## Notes to the Financial Statements

### 1. Revenue

(TDKK)	2024/25	2023/24
<b>Geographical segments</b>		
Revenue, Denmark	480,703	514,352
Other countries EU/EØS	511,591	395,268
	<b>992,294</b>	<b>909,620</b>

DS Stålkonstruktion A/S has one business segment which is constructions.

### 2. Staff expenses

(TDKK)	2024/25	2023/24
Wages and salaries	160,536	139,670
Pensions	10,431	8,957
Other social security expenses	594	528
Other staff expenses	9,867	9,155
	<b>181,428</b>	<b>158,310</b>
<b>Average number of employees</b>	<b>250</b>	<b>222</b>

Remuneration to the Executive Board and Supervisory Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

### 3. Financial income

(TDKK)	2024/25	2023/24
Interest from group enterprises	3,834	1,140
Other financial income	2,656	3,671
Exchange gains	2,688	2,806
	<b>9,178</b>	<b>7,617</b>

### 4. Financial expenses

(TDKK)	2024/25	2023/24
Other financial expenses	276	846
Exchange loss	2,911	2,264
	<b>3,187</b>	<b>3,110</b>



## Notes to the Financial Statements

### 5. Income tax expense

(TDKK)	2024/25	2023/24
Current tax for the year	37,400	19,543
Deferred tax for the year	-13,759	7,134
Adjustment of tax concerning previous years	960	-81
Adjustment of deferred tax concerning previous years	-817	205
	<b>23,784</b>	<b>26,801</b>

### 6. Profit allocation

(TDKK)	2024/25	2023/24
Proposed dividend for the year	0	17,200
Reserve for net revaluation under the equity method	-1,985	3,811
Retained earnings	81,422	77,463
	<b>79,437</b>	<b>98,474</b>

### 7. Property, plant and equipment

(TDKK)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 April	114,276	93,573	37,791	1,929	3,222
Additions for the year	2,796	642	9,155	0	3,783
Disposals for the year	0	0	-2,907	0	0
Transfers for the year	0	1,239	2,850	0	-4,089
Cost at 31 March	117,072	95,454	46,889	1,929	2,916
Impairment losses and depreciation at 1 April	67,034	67,439	25,129	1,023	0
Depreciation for the year	4,407	5,604	4,030	193	0
Reversal of impairment and depreciation of sold assets	0	0	-1,842	0	0
Impairment losses and depreciation at 31 March	71,441	73,043	27,317	1,216	0
<b>Carrying amount at 31 March</b>	<b>45,631</b>	<b>22,411</b>	<b>19,572</b>	<b>713</b>	<b>2,916</b>
Amortised over	10-20 years	5-10 years	3-8 years	5-10 years	



## Notes to the Financial Statements

### 8. Investments in subsidiaries

(TDKK)	2024/25	2023/24
Cost at 1 April	9,152	4,290
Additions for the year	16	4,862
Cost at 31 March	9,168	9,152
Value adjustments at 1 April	10,699	7,132
Exchange adjustment	345	-244
Net profit/loss for the year	-1,985	3,811
Value adjustments at 31 March	9,059	10,699
<b>Carrying amount at 31 March</b>	<b>18,227</b>	<b>19,851</b>
Positive differences arising on initial measurement of subsidiaries at net asset value	4,599	4,599
Remaining positive difference included in the above carrying amount at	2,300	4,599

The goodwill on investments in subsidiaries will be depreciated over two years.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
DS Nor AS	Norway	100%
DS Skanding d.o.o.	Slovenia	100%
DS Engineering sp. z o.o.	Poland	100%
Halber ApS	Denmark	100%
DS Stålkonstruktion AB	Sweden	100%

### 9. Contract work in progress

(TDKK)	2024/25	2023/24
Selling price of work in progress	647,730	582,218
Payments received on account	-656,339	-636,841
	<b>-8,609</b>	<b>-54,623</b>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	43,785	48,442
Prepayments received recognised in debt	-52,394	-103,065
	<b>-8,609</b>	<b>-54,623</b>



## Notes to the Financial Statements

### 10. Prepayments

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

### 11. Provision for deferred tax

(TDKK)	2024/25	2023/24
Deferred tax liabilities at 1 April	32,062	25,133
Adjustment of deferred tax concerning previous years	-817	-205
Amounts recognised in the income statement for the year	-13,760	7,134
<b>Deferred tax liabilities at 31 March</b>	<b>17,485</b>	<b>32,062</b>

### 12. Other provisions

(TDKK)	2024/25	2023/24
Other provisions includes warranty provisions related to completed contracts.		
Other provisions	10,555	3,721
	<b>10,555</b>	<b>3,721</b>
The provisions are expected to mature as follows:		
Within 1 year	7,916	2,791
Between 1 and 5 years	2,639	930
After 5 years	0	0
	<b>10,555</b>	<b>3,721</b>

### 13. Contingent assets, liabilities and other financial obligations

(TDKK)	2024/25	2023/24
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	767	742
Between 1 and 5 years	170	72
	<b>937</b>	<b>814</b>
Rent obligations	5,025	6,214

The company has a rent obligation with an associated company with a total obligation of TDKK 1.461.



## Notes to the Financial Statements

### 13. Contingent assets, liabilities and other financial obligations (continued)

#### Guarantee obligations

As security for the completion of construction contracts, the usual security has been provided in the form of bank guarantees and performance bonds etc. for a total of TDKK 59,325 (2023/24: 86,597).

#### Other contingent liabilities

The Danish 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 DS Gruppen A/S, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

The company is involved in individual disputes, of which the outcome is currently uncertain. It is the management's opinion that the outcome of these cases will not have a significant impact on the company's financial position.

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

#### Basis

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#### Controlling interest

DS Gruppen A/S, Mariagerfjord	Parent company
Ortwin Goldbeck Holding SE, Bielefeld	Ultimate parent

#### 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
DS Gruppen A/S, CVR 40685014	Mariagerfjord, Denmark
Ortwin Goldbeck Holding SE	Bielefeld, Germany

The Group Annual Report of Ortwin Goldbeck Holding SE may be obtained at the following address:

Ummelner Straße 4-6  
33649 Bielefeld  
Germany



## Notes to the Financial Statements

### 15. Subsequent events

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



## Notes to the Financial Statements

### 16. Accounting policies

The Annual Report of DS STÅLKONSTRUKTION A/S for 2024/25 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. Reclassifications have been made to the comparative figures in the financial statements. The reclassifications have not affected the result or equity.

The Financial Statements for 2024/25 are presented in TDKK.

#### **Consolidated financial statements**

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024/25 of DS Gruppen A/S, the Company has not prepared consolidated financial statements.

#### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of DS Gruppen A/S, the Company has not prepared a cash flow statement.

#### **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.

#### **Business combinations**

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.

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

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

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

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

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



## Notes to the Financial Statements

### 16. Accounting policies (continued)

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

#### Leases

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

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

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

#### Translation policies

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.

#### 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.

#### Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.



## Notes to the Financial Statements

### 16. Accounting policies (continued)

#### **Segment information on revenue**

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system.

#### **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 Company.

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

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

##### **Expenses for raw materials and consumables**

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

##### **Other external expenses**

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

##### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

##### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of 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 Company, 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.



## Notes to the Financial Statements

### 16. Accounting policies (continued)

#### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the 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 and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

#### Balance sheet

##### 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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:

Production buildings	10-20 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5-10 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

### 16. Accounting policies (continued)

#### **Other fixed asset investments**

Other fixed asset investments consist of asset investments in subsidiaries and group loans.

#### **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 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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

#### **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 equity item.

##### **Provisions**

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



## Notes to the Financial Statements

### 16. Accounting policies (continued)

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

#### Deferred tax assets and liabilities

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

Deferred tax assets, 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.

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.

#### Financial liabilities

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

### Financial Highlights

#### Explanation of financial ratios

Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
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*	$\text{Net profit for the year} \times 100 / \text{Average equity}$