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MacArtney A/S

Annual report 01.10.2021 - 30.09.2022

Gl Guldagervej 48
6710 Esbjerg V
CVR No. 84164828

Contents

Entity details

Entity

MacArtney A/S

Gl Guldagervej 48

6710 Esbjerg V

Business Registration No.: 84164828

Registered office: Esbjerg

Financial year: 01.10.2021 - 30.09.2022

Board of Directors

Niels Erik Hedeager, chairman

Marco Dalhoff MacArtney

Trine Borum Bojsen

Glenn Carsten Macartney

Henrik Uhd Christensen

Executive Board

Niels Peter Christiansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of MacArtney A/S for the financial year 01.10.2021 - 30.09.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2021 - 30.09.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 12.12.2022

Executive Board

Niels Peter Christiansen

Board of Directors

Niels Erik Hedeager
chairman

Marco Dalhoff MacArtney

Trine Borum Bojsen

Glenn Carsten Macartney

Henrik Uhd Christensen

Independent auditor's report

To the shareholders of MacArtney A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of MacArtney A/S for the financial year 01.10.2021 - 30.09.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2021 - 30.09.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 12.12.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification No (MNE) mne24824

Stig Petersen
State Authorised Public Accountant
Identification No (MNE) mne35464

Management commentary

Financial highlights

	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000
Key figures					
Revenue	788,230	610,847	665,722	635,037	551,854
Gross profit/loss	228,024	224,033	227,637	227,053	202,178
EBITDA	32,759	30,575	31,290	24,403	13,463
EBIT	23,537	18,547	18,340	10,746	241
Earnings before tax (EBT)	37,831	31,370	31,515	22,217	9,211
Operating profit/loss	23,537	18,547	18,340	10,746	241
Net financials	14,294	12,823	13,175	11,471	8,970
Profit/loss for the year	31,735	24,717	28,336	19,921	5,520
Profit for the year excl. minority interests	29,934	22,783	27,364	18,974	4,559
Balance sheet total	551,901	461,639	435,948	406,584	409,263
Investments in property, plant and equipment	33,137	9,746	12,325	7,192	15,105
Equity	260,482	226,812	210,803	197,852	178,582
Equity excl. minority interests	252,858	220,989	205,570	193,585	175,262
Average invested capital incl. goodwill	280,290	226,917	210,475	216,500	203,660
Net interest-bearing debt	42,498	17,947	14,726	29,501	57,257
Ratios					
Net margin (%)	4.03	4.05	4.26	3.14	1.00
Return on invested capital incl. goodwill (%)	9.40	9.40	10.20	6.20	1.60
Revenue/average invested capital incl. goodwill (%)	2.80	2.70	3.20	2.90	2.70
Financial gearing	0.16	0.08	0.07	0.15	0.32
Return on equity (%)	12.63	10.68	13.71	10.29	2.64
Equity ratio (%)	45.82	47.87	47.15	47.61	42.82
EBITDA margin (%)	4.20	5.00	4.70	3.80	2.40

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on invested capital incl goodwill (%):
EBITA * 100
Average invested capital incl goodwill

Revenue/Invested capital incl goodwill:
Revenue
Average invested capital incl goodwill

Financial gearing :
Net interest-bearing debt
Average equity

Return on equity (%):
Profit/loss for the year excl. minority interests * 100
Average equity excl. minority interests

Equity ratio (%):
Equity excl. minority interests * 100
Balance sheet total

EBITDA margin (%):
Operating profit/loss excl. depreciations * 100
Revenue

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation and depreciation of intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income tax receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, includ-ing cash and income tax receivable.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, includ-ing cash and income tax receivable.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is defined as operating profit plus the year's amortisation and depreciation of fixed assets including goodwill.

Primary activities

MacArtney A/S is the parent entity of the MacArtney Underwater Technology Group - a high-tech, growth-oriented, international group with headquarters in Esbjerg and subsidiaries in the US, Canada, United Kingdom, Norway, Sweden, France, Netherlands, Germany, Italy, Australia, Singapore, and China as well as a worldwide agent network.

The company has its key competency within underwater technology - developing, producing and selling special components and systems. MacArtney Underwater Technology Group employs approximately 400 people. The MacArtney Group owns the full value chain from development and engineering to project management, manufacturing and aftersales service.

Development in activities and finances

The yearly profit for the group after-tax amounts to DKK 31,735k and the parent company yields a profit of DKK 29,934k after-tax.

After distribution of the profit for the year, the total equity for the parent company amounts to DKK 252,858k, and the group amounts to DKK 260,482k, corresponding to 47,2 % of the total balance sheet at 30.09.2022 for the group.

Profit/loss for the year in relation to expected developments

The MacArtney Group achieved profitable growth for the fiscal year. Management considers this to be satisfactory.

Outlook

MacArtney expects an increase in revenue in the coming fiscal year. The overall profitability will be under pressure given the market conditions; however, the profitability is estimated to be in line with current year.

Use of financial instruments

Financial exposure

As a consequence of its operation, investments and financing, the group is exposed to fluctuations in exchange and interest rates. It is the group's policy not to actively take financial risks.

Currency risks

To reduce the risk of exchange rate fluctuations the group headquarter uses hedging instruments in the form of forward foreign exchange contracts as a part of hedging.

Knowledge resources

Business risks

The Group's most important operating risk is linked to the ability to be strongly positioned in the markets in which the products are sold. Furthermore, it is important for the group to be constantly at the forefront of technological development within the group's areas of activity.

Business model

MacArtney develop, produce and sell special components and systems supplying underwater technology and offshore wind solutions. The MacArtney Group owns the full value chain from development and engineering to, project management, manufacturing and aftersales. The special components and systems are sold through MacArtney A/S and subsidiaries as well as through a worldwide agent network. MacArtney is represented by

MacArtney A/S subsidiaries in the US, Canada, the UK, Norway, Sweden, France, the Netherlands, Germany, Italy, Australia, Singapore and China.

MacArtney A/S is ISO 9001 & ISO 45001 certified. The measures in the management system is expanded to cover also the areas of Environment, Climate, Health, Safety and Social aspects and Human rights. This means that methods are in place to ensure development and follow-up on action plans in order to follow progress towards strategic intentions and specific goals.

Environmental performance

MacArtney Group affects environment with production plants in DK and indirectly also with the special components sourced out by MacArtney as well as the use and disposal of products at customers. As MacArtney is aware of the potential risk of impacting the environment from activities MacArtney wants to be an environmentally conscious and responsible enterprise who contribute to a sustainable world and we aim to reduce our environmental footprint and impact on the climate.

MacArtney A/S has updated the Environmental policy so that it now deals with both environment and climate. MacArtney A/S measure our energy consumption regarding electricity and waste.

	2017/18	2018/19	2019/20	2020/21	2021/22
Electricity (kWh)	573,793	512.694	542.553	476,907	554,097
Waste in (Ton)	66	57	52	126	54

The total consumption of electricity has increased by 16.2 % since last year. The increased consumption is closely related to the increased activity and revenue. Our consumption of waste is back on normal level and 3.8% increase to waste in 2019/20 after extraordinary high waste consumption last year (126 Tonnes) related to clean up in the Manufacturing site in bur.

MacArtney is supporting a transfer to low emission cars; a clear majority of the cars leasing during the fiscal year is hybrid or electric cars. Charging stations have been established at the workplace to maximize the low emission driving.

Research and development activities

There is a permanent ongoing development of the Group´s product range. This has provided considerable additional competency, and supports the planned strategy.

Statutory report on corporate social responsibility

MacArtney assumes responsibility for its special components and systems, also when it comes to environmental issues and social conditions. MacArtney is committed to comply with the requirements to large companies in relation to Corporate Social Responsibility and has been for several years. In the coming years we will increase our systematic efforts to integrate social and human rights, and environmental and climate issues in our business strategy.

Social and employee aspects

MacArtney's commitment to social and human rights is based on our values. We care for people. The Code of Conduct policy that applies to MacArtney personnel has been foundation since 2014. The fundamental value is that the employees of MacArtney is the most valuable resource and a prerequisite condition for success of the group. MacArtney A/S has a work environment organization that acts proactively to ensure a safe and healthy working environment. MacArtney A/S measure employee safety and satisfaction through KPI´s for work accidents and sick absence.

	2017/18	2018/19	2019/20	2020/21	2021/22
Work accidents (KPI = 0)	0	3	5	3	3
Sick absence (KPI < 2.5%)	3.2%	3.6%	3.75%	3.1%	3,3%

In total 3 employees were injured which has been analysed thoroughly and measures are taken to prevent reoccurrence. The sick absence has increased slightly during the year. The ambition at MacArtney is absence related to sickness of max 2.5%. To prevent the increasing trend MacArtney has analysed and divided sick absence into categories as operation, stress, work related injury and other which will be managed by each department.

Social responsibility for society

The Code of Conduct policy in MacArtney also applies to all forms of corruption, receiving or giving of bribes are strictly forbidden in all business transactions with cooperation partners in both the private and public sector.

To mitigate these risks MacArtney have developed a Supplier Code of Conduct in 2018 and the intension is that all relevant strategic suppliers must receive and sign this. The Supplier Code of Conduct cover Human rights, child labour, discrimination, forced labour, working environment, working hours and salary, the right to organize and collective bargaining, right to privacy, environment, corruption and bribery.

MacArtney A/S measure the number of signed Code of Conducts

	2017/18	2018/19	2019/20	2020/21	2021/22
Signed Code of Conduct	0	9	17	26	26

Statutory report on the underrepresented gender

MacArtney A/S is working to increase the number of female managers in executive positions and the company has set targets for the proportion of the underrepresented gender to ensure this. MacArtney A/S has set a goal that 25% of the shareholder elected independent board members are women. There is currently one female member of the board which is equal to 33% of the independent board members.

MacArtney A/S is furthermore working to increase the number of female managers in the company's other executive positions. The goal is that women will hold 33% of the company's executive positions by 2025. MacArtney A/S will transform its goals to actions through the aim that the recruiting process will always have female applicants among the relevant candidates.

Currently 21% of executive positions are held by female managers in the company, which is below target and last year, where this was 24%.

Statutory report on data ethics policy

MacArtney A/S is responsible for the information provided by customers, employees or other stakeholders and processed by MacArtney A/S. Personal information is treated with respect for the confidentiality of the information and for the privacy of the stakeholder.
There is a clear policy describing that personal information is used respectfully for employees, customers' and other stakeholder's privacy, to ensure compliance with the Data Protection Act and the Data Protection

Regulation.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
Revenue	1	788,230	610,847
Other operating income	2	13,546	3,307
Cost of sales		(494,405)	(331,204)
Other external expenses	3	(79,347)	(58,917)
Gross profit/loss		**228,024**	**224,033**
Staff costs	4	(195,265)	(193,458)
Depreciation, amortisation and impairment losses	5	(9,222)	(12,028)
Operating profit/loss		**23,537**	**18,547**
Income from investments in associates		18,808	12,871
Other financial income		1,811	2,935
Other financial expenses		(6,325)	(2,983)
Profit/loss before tax		**37,831**	**31,370**
Tax on profit/loss for the year	6	(6,096)	(6,653)
Profit/loss for the year	7	**31,735**	**24,717**

Consolidated balance sheet at 30.09.2022

Assets

	Notes	2021/22 DKK'000	2020/21 DKK'000
Completed development projects	9	1,505	1,990
Goodwill		34,948	36,497
Intangible assets	8	**36,453**	**38,487**
Land and buildings		17,851	26,305
Other fixtures and fittings, tools and equipment		22,177	24,276
Property, plant and equipment in progress		27,660	1,073
Property, plant and equipment	10	**67,688**	**51,654**
Investments in associates		32,745	27,296
Financial assets	11	**32,745**	**27,296**
Fixed assets		**136,886**	**117,437**
Raw materials and consumables		95,009	89,697
Work in progress		35,333	16,124
Manufactured goods and goods for resale		3,307	643
Inventories		**133,649**	**106,464**

Trade receivables		127,607	110,285
Contract work in progress	12	38,077	38,523
Receivables from group enterprises		40,289	37,392
Deferred tax	13	3,567	4,529
Other receivables		8,623	1,627
Tax receivable		1,044	1,231
Joint taxation contribution receivable		1,653	1,510
Prepayments	14	9,634	9,676
Receivables		**230,494**	**204,773**
Cash		**50,872**	**32,965**
Current assets		**415,015**	**344,202**
Assets		**551,901**	**461,639**

Equity and liabilities

	Notes	2021/22 DKK'000	2020/21 DKK'000
Contributed capital	15	10,000	10,000
Reserve for fair value adjustments of hedging instruments		196	76
Retained earnings		229,762	200,013
Proposed dividend for the financial year		12,900	10,900
Equity belonging to Parent's shareholders		**252,858**	**220,989**
Equity belonging to minority interests		**7,624**	**5,823**
Equity		**260,482**	**226,812**
Deferred tax	13	648	361
Other provisions	16	10,415	6,498
Provisions		**11,063**	**6,859**
Mortgage debt		4,026	8,220
Bank loans		18,476	5,834
Lease liabilities		1,320	2,125
Other payables		7,141	7,583
Non-current liabilities other than provisions	17	**30,963**	**23,762**

Current portion of non-current liabilities other than provisions	17	5,934	6,229
Bank loans		96,718	56,450
Prepayments received from customers		459	492
Contract work in progress	12	42,184	28,216
Trade payables		47,992	45,317
Payables to associates		12,246	10,290
Tax payable		1,088	3,094
Other payables		42,772	54,118
Current liabilities other than provisions		**249,393**	**204,206**
Liabilities other than provisions		**280,356**	**227,968**
Equity and liabilities		**551,901**	**461,639**
Financial instruments	20		
Fair value information	21		
Unrecognised rental and lease commitments	22		
Contingent assets	23		
Contingent liabilities	24		
Assets charged and collateral	25		
Group relations	26		
Subsidiaries	27		

Consolidated statement of changes in equity for 2021/22

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	10,000	76	200,013	10,900	220,989	5,823	226,812
Ordinary dividend paid	0	0	0	(10,900)	(10,900)	0	(10,900)
Exchange rate adjustments	0	0	12,715	0	12,715	0	12,715
Fair value adjustments of hedging instruments	0	154	0	0	154	0	154
Tax of entries on equity	0	(34)	0	0	(34)	0	(34)
Profit/loss for the year	0	0	17,034	12,900	29,934	1,801	31,735
Equity end of year	**10,000**	**196**	**229,762**	**12,900**	**252,858**	**7,624**	**260,482**

Consolidated cash flow statement for 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
Operating profit/loss		23,537	18,547
Amortisation, depreciation and impairment losses		9,222	12,028
Other provisions		3,917	3,363
Working capital changes	18	(38,929)	(32,219)
Cash flow from ordinary operating activities		**(2,253)**	**1,719**
Financial income received		1,811	2,935
Financial expenses paid		(6,325)	(2,983)
Taxes refunded/(paid)		(6,843)	(4,557)
Other cash flows from operating activities	19	5,755	1,932
Cash flows from operating activities		**(7,855)**	**(954)**
Acquisition etc. of intangible assets		(341)	(1,097)
Acquisition etc. of property, plant and equipment		(33,137)	(9,964)
Sale of property, plant and equipment		11,496	324
Acquisition of enterprises		(19)	0
Dividends received		19,252	15,224
Cash flows from investing activities		**(2,749)**	**4,487**
Free cash flows generated from operations and investments before financing		**(10,604)**	**3,533**
Loans raised		17,677	13,041
Repayments of loans etc.		(18,534)	(6,373)
Dividend paid		(10,900)	(12,291)
Other cash flows from financing activities		40,268	(4,973)
Cash flows from financing activities		**28,511**	**(10,596)**

Increase/decrease in cash and cash equivalents	**17,907**	**(7,063)**
Cash and cash equivalents beginning of year	32,965	40,028
Cash and cash equivalents end of year	**50,872**	**32,965**
Cash and cash equivalents at year-end are composed of:		
Cash	50,872	32,965
Cash and cash equivalents end of year	**50,872**	**32,965**

Notes to consolidated financial statements

1 Revenue

	2021/22 DKK'000	2020/21 DKK'000
Asia	60,251	59,842
Europe	575,210	429,197
America	152,769	121,808
Total revenue by geographical market	**788,230**	**610,847**

Disclosure about the revenue on activity - according to the Danish Financial Statements Act § 96 section 1 – is not disclosed in the annual report with reference to the Danish Financial Statements Act § 96 section 1, as management access, that the information can cause significant competitive damage.

2 Other operating income

Other operating income consists of income from court of abritration against former employee etc. This amounts to 11.710 DKK'000. The remaining amount relates to management fee as well as salary reimbursements.

Other operating income in 2020/21 consists of goverment grants in relation to saleries during COVID-19 (1,241DKK'000), goverment grants in relation to rent during COVID-19 (114 DKK'000) and goverment grants in relation to loss of revenue during COVID-19 (203 DKK'000).

3 Fees to the auditor appointed by the Annual General Meeting

	2021/22 DKK'000	2020/21 DKK'000
Statutory audit services	633	728
Other assurance engagements	222	126
Tax services	319	773
Other services	782	1,236
	1,956	**2,863**

Fees to Deloitte, auditors of the Parent, amount to DKK 895 thousand, and fees to other audit firms amount to DKK 1.061 thousand.

4 Staff costs

	2021/22 DKK'000	2020/21 DKK'000
Wages and salaries	162,124	160,415
Pension costs	12,920	10,998
Other social security costs	20,221	22,045
	195,265	**193,458**

Average number of full-time employees	396	374

	Remuneration of management 2021/22 DKK'000	Remuneration of management 2020/21 DKK'000
Executive Board	7,732	0
Board of Directors	1,333	0
Total amount for management categories	0	6,316
	9,065	**6,316**

5 Depreciation, amortisation and impairment losses

	2021/22 DKK'000	2020/21 DKK'000
Amortisation of intangible assets	3,317	3,069
Depreciation on property, plant and equipment	7,655	9,065
Profit/loss from sale of intangible assets and property, plant and equipment	(1,750)	(106)
	9,222	**12,028**

6 Tax on profit/loss for the year

	2021/22 DKK'000	2020/21 DKK'000
Current tax	5,479	5,480
Change in deferred tax	1,215	1,711
Adjustment concerning previous years	178	184
Refund in joint taxation arrangement	(776)	(722)
	6,096	**6,653**

7 Proposed distribution of profit/loss

	2021/22 DKK'000	2020/21 DKK'000
Ordinary dividend for the financial year	12,900	10,900
Retained earnings	17,034	11,883
Minority interests' share of profit/loss	1,801	1,934
	31,735	**24,717**

8 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000
Cost beginning of year	2,425	55,549
Exchange rate adjustments	0	1,915
Additions	0	341
Cost end of year	**2,425**	**57,805**
Amortisation and impairment losses beginning of year	(435)	(19,052)
Exchange rate adjustments	0	(973)
Amortisation for the year	(485)	(2,832)
Amortisation and impairment losses end of year	**(920)**	**(22,857)**
Carrying amount end of year	**1,505**	**34,948**

9 Development projects

Completed development projects consist of development of the Trustlink MS Connector Range. The project is expected to gain competitive advantages in the future.

Completed development projects consist of development of the Electric A-frame. The electronic based launch and recovery system has an environmentally friendly setup and is expected to gain competitive advantages in the future.

10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	36,297	98,382	1,073
Exchange rate adjustments	(11)	2,016	0
Additions	150	5,327	27,660
Disposals	(15,680)	(13,407)	(1,073)
Cost end of year	**20,756**	**92,318**	**27,660**
Depreciation and impairment losses beginning of year	(9,992)	(74,106)	0
Exchange rate adjustments	8	(1,715)	0
Depreciation for the year	(615)	(7,040)	0
Reversal regarding disposals	7,694	12,720	0
Depreciation and impairment losses end of year	**(2,905)**	**(70,141)**	**0**
Carrying amount end of year	**17,851**	**22,177**	**27,660**
Recognised assets not owned by Entity	0	1,588	0

11 Financial assets

	Investments in associates DKK'000
Cost beginning of year	1,524
Cost end of year	**1,524**
Revaluations beginning of year	25,772
Exchange rate adjustments	5,876
Share of profit/loss for the year	18,825
Dividend	(19,252)
Revaluations end of year	**31,221**
Carrying amount end of year	**32,745**

Associates	**Registered in**	**Ownership %**
SubConn Inc.	USA	49
Abyssea S.A.	France	20

12 Contract work in progress

	2021/22 DKK'000	2020/21 DKK'000
Contract work in progress	194,005	146,215
Progress billings	(198,112)	(135,908)
Transferred to liabilities other than provisions	42,184	28,216
	38,077	**38,523**

13 Deferred tax

	2021/22 DKK'000	2020/21 DKK'000
Intangible assets	167	(373)
Property, plant and equipment	(850)	(900)
Inventories	1,064	1,223
Receivables	(216)	1,513
Provisions	2,358	1,418
Tax losses carried forward	396	1,287
Deferred tax	**2,919**	**4,168**

Changes during the year	2021/22 DKK'000	2020/21 DKK'000
Beginning of year	4,114	5,901
Recognised in the income statement	(1,161)	(1,711)
Recognised directly in equity	(34)	(22)
End of year	**2,919**	**4,168**

Deferred tax has been recognised in the balance sheet as follows	2021/22 DKK'000	2020/21 DKK'000
Deferred tax assets	3,567	4,529
Deferred tax liabilities	(648)	(361)
	2,919	**4,168**

Deferred tax assets

Based on an evaluation of the markets in Denmark and Norway as well as the activities within sales, product development, market potential and adjustments of costs, the Company has prepared budgets for the following years showing the use of the deferred tax assets within three to five years.

14 Prepayments

Prepayments include prepaid expenses.

15 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	1,000	10	10,000
	1,000		**10,000**

16 Other provisions

Other provisions include warranty provisions.

17 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK'000	Due within 12 months 2020/21 DKK'000	Due after more than 12 months 2021/22 DKK'000	Outstanding after 5 years 2021/22 DKK'000
Mortgage debt	480	848	4,026	2,549
Bank loans	4,286	4,419	18,476	12,471
Lease liabilities	807	962	1,320	0
Other payables	361	0	7,141	6,196
	5,934	**6,229**	**30,963**	**21,216**

18 Changes in working capital

	2021/22 DKK'000	2020/21 DKK'000
Increase/decrease in inventories	(27,185)	(22,638)
Increase/decrease in receivables	(26,088)	(13,259)
Increase/decrease in trade payables etc.	14,344	3,678
	(38,929)	**(32,219)**

19 Other cash flows from operating activities

Other cash flows consist of interest rate swaps and exchange rate adjustments.

20 Derivative financial instruments

Currency hedging

Other payables include negative fair value of forward exchange contracts at DKK 737 thousand.
Foreign exchange contracts have been entered into to hedge the exchange rate risk of sales and purchases in USD for a total of USD 806 thousand (DKK 5,844 thousand). Fair value adjustments are recognized in the income statement. The exchange rate switches have a maturity of 6-10 months.

Foreign exchange contracts have been entered into to hedge the exchange rate risk of sales and purchases in USD for a total of USD 2,785 thousands (DKK 19,153 thousand). Fair value adjustment are recognized in the income statement. The exchange rate switches have a maturity of 3-9 months.

Interest hedging

Other receivables include the positive fair value of an interest rate swap of DKK 89 thousand. The interest rate swap secures a fixed interest rate on the Company's floating rate bank loan. The interest rate swap has a principal of DKK 5,4 million and secures a fixed interest rate of 0.28% for the remaining maturity of one year. The bank loan and the interest rate swap have been concluded with the same counterparty.

21 Fair value information

	Hedges DKK'000
Fair value end of year	(648)
Unrealised fair value adjustments recognised in the income statement	(737)
Unrealised fair value adjustments recognised in the fair value reserve in equity	154

22 Unrecognised rental and lease commitments

	2021/22 DKK'000	**2020/21 DKK'000**
Total liabilities under rental or lease agreements until maturity	90,394	91,196

23 Contingent assets

The Group has a contingent deferred tax asset of DKK 8,614 thousand, which has not been recognised as an asset because it has not been possible to produce convincing evidence for utilising the deferred tax asset within the next three to five years.

24 Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which MacArtney Finance ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

At 01.10.2016, the Company demerged its properties to the sister subsidiary MacArtney Properties ApS. Consequently, MacArtney A/S is liable for obligations in MacArtney Properties ApS that occurred before the demerger. The liability amounts to DKK 8,857 thousand at 30.09.2022.

25 Assets charged and collateral

Mortgage debt is secured by way of a mortgage deed of approximately DKK 42,303 thousand on properties and assets of a total carrying amount of DKK 56,487 thousand.

The Group has unused mortgage deed of approximately DKK 750 thousand.

Mortage debt is secured by way of a company charge of DKK 40,000 thousand. The company charge includes inventory, trade receivables, other fixtures and fittings, tools and eqiupment of a total carrying amount of DKK 29,037 thousand.

Collateral provided for group enterprises

The group has guaranteed the group enterprises' debt. The maximum limit of the guarantee is DKK 5,500 thousand. Bank loans of group enterprises amount to DKK 625 thousand.

26 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: MacArtney Finance ApS, Esbjerg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: MacArtney Finance ApS, Esbjerg

27 Subsidiaries

	Registered in	**Ownership %**
MacArtney Norge A/S	Norway	100
MacArtney UK Ltd.	UK	100
MacArtney Distribution Center Inc.	USA	100
MacArtney Inc.	USA	100
MacArtney Canada Ltd.	Canada	100
MacArtney France SAS	France	100
MacArtney Italy s.r.l.	Italy	100
MacArtney Germany GmbH	Germany	64
MacArtney Benelux B.V.	The Netherlands	75
MacArtney Singapore Pte. Ltd	Singapore	100
MacArtney Australia Pty ltd	Australia	100
MacArtney China Co. Ltd	China	100
MacArtney Hydraulics A/S	Denmark	100
MacArtney Sweden AB	Sweden	100

Parent income statement for 2021/22

	Notes	2021/22 DKK'000	2020/21 DKK'000
Revenue	1	361,473	261,866
Other operating income	2	20,279	8,535
Cost of sales		(249,807)	(153,990)
Other external expenses	3	(32,682)	(26,573)
Gross profit/loss		**99,263**	**89,838**
Staff costs	4	(106,085)	(93,490)
Depreciation, amortisation and impairment losses	5	(6,516)	(7,236)
Operating profit/loss		**(13,338)**	**(10,888)**
Income from investments in group enterprises		24,376	19,540
Income from investments in associates		18,808	12,871
Other financial income from group enterprises		1,103	1,224
Other financial income		717	2,190
Other financial expenses		(3,181)	(1,963)
Profit/loss before tax		**28,485**	**22,974**
Tax on profit/loss for the year	6	1,449	(191)
Profit/loss for the year	7	**29,934**	**22,783**

Parent balance sheet at 30.09.2022

Assets

	Notes	2021/22 DKK'000	2020/21 DKK'000
Completed development projects	9	1,504	1,990
Goodwill		19,202	20,668
Intangible assets	8	**20,706**	**22,658**
Land and buildings		14,601	15,290
Other fixtures and fittings, tools and equipment		7,922	10,313
Property, plant and equipment in progress		392	1,001
Property, plant and equipment	10	**22,915**	**26,604**
Investments in group enterprises		138,589	107,229
Investments in associates		31,726	26,295
Financial assets	11	**170,315**	**133,524**
Fixed assets		**213,936**	**182,786**
Raw materials and consumables		38,585	35,872
Work in progress		8,191	7,905
Manufactured goods and goods for resale		2,558	643
Inventories		**49,334**	**44,420**

Trade receivables		20,330	16,056
Contract work in progress	12	35,192	18,589
Receivables from group enterprises		98,276	99,540
Deferred tax	13	3,000	3,000
Other receivables		3,075	818
Tax receivable		880	671
Joint taxation contribution receivable		2,292	1,510
Prepayments	14	1,248	1,531
Receivables		**164,293**	**141,715**
Cash		**6,816**	**3,269**
Current assets		**220,443**	**189,404**
Assets		**434,379**	**372,190**

Equity and liabilities

	Notes	2021/22 DKK'000	2020/21 DKK'000
Contributed capital		10,000	10,000
Reserve for fair value adjustments and hedging instruments		196	76
Reserve for net revaluation according to equity method		134,290	97,643
Reserve for development costs		1,173	1,552
Retained earnings		94,299	100,818
Proposed dividend for the financial year		12,900	10,900
Equity		**252,858**	**220,989**
Other provisions	15	10,130	6,411
Provisions		**10,130**	**6,411**
Mortgage debt		4,020	4,360
Bank loans		1,071	5,357
Finance lease liabilities		1,142	1,794
Other payables		6,491	6,847
Non-current liabilities other than provisions	16	**12,724**	**18,358**
Current portion of non-current liabilities other than provisions	16	5,639	5,326
Bank loans		85,301	48,217
Prepayments received from customers		0	492
Contract work in progress	12	7,942	5,074
Trade payables		31,366	28,417
Payables to group enterprises		2,685	980
Payables to associates		3,753	6,230
Other payables		21,981	31,696
Current liabilities other than provisions		**158,667**	**126,432**
Liabilities other than provisions		**171,391**	**144,790**
Equity and liabilities		**434,379**	**372,190**
Financial instruments	17		
Fair value information	18		
Unrecognised rental and lease commitments	19		
Contingent assets	20		
Contingent liabilities	21		
Assets charged and collateral	22		

Parent statement of changes in equity for 2021/22

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	10,000	76	97,643	1,552	100,818	10,900	220,989
Ordinary dividend paid	0	0	0	0	0	(10,900)	(10,900)
Exchange rate adjustments	0	0	12,715	0	0	0	12,715
Fair value adjustments of hedging instruments	0	154	0	0	0	0	154
Tax of entries on equity	0	(34)	0	0	0	0	(34)
Transfer to reserves	0	0	0	(379)	379	0	0
Profit/loss for the year	0	0	23,932	0	(6,898)	12,900	29,934
Equity end of year	**10,000**	**196**	**134,290**	**1,173**	**94,299**	**12,900**	**252,858**

Notes to parent financial statements

1 Revenue

	2021/22 DKK'000	2020/21 DKK'000
Asia	37,986	23,449
Europe	310,047	204,850
America	13,440	33,567
Total revenue by geographical market	**361,473**	**261,866**

Disclosure about the revenue on activity - according to the Danish Financial Statements Act § 96 section 1 – is not disclosed in the annual report with reference to the Danish Financial Statements Act § 96 section 1, as management access, that the information can cause significant competitive damage.

2 Other operating income

Other operating income consists of income from court of arbitration against former employee etc. This amounts to 11.710 DKK'000. The remaining amount relates to management fee.

3 Fees to the auditor appointed by the Annual General Meeting

	2021/22 DKK'000	2020/21 DKK'000
Statutory audit services	454	444
Tax services	110	554
Other services	263	848
	827	**1,846**

4 Staff costs

	2021/22 DKK'000	2020/21 DKK'000
Wages and salaries	97,670	85,272
Pension costs	6,902	6,398
Other social security costs	1,513	1,820
	106,085	**93,490**
Average number of full-time employees	159	150

	Remuneration of Management 2021/22 DKK'000	Remuneration of Management 2020/21 DKK'000
Executive Board	7,732	0
Board of Directors	1,333	0
Total amount for management categories	0	6,313
	9,065	**6,313**

5 Depreciation, amortisation and impairment losses

	2021/22 DKK'000	2020/21 DKK'000
Amortisation of intangible assets	1,952	1,768
Depreciation on property, plant and equipment	4,141	5,468
Profit/loss from sale of intangible assets and property, plant and equipment	423	0
	6,516	**7,236**

6 Tax on profit/loss for the year

	2021/22 DKK'000	2020/21 DKK'000
Change in deferred tax	(34)	918
Adjustment concerning previous years	0	(5)
Refund in joint taxation arrangement	(1,415)	(722)
	(1,449)	**191**

7 Proposed distribution of profit and loss

	2021/22 DKK'000	2020/21 DKK'000
Ordinary dividend for the financial year	12,900	10,900
Retained earnings	17,034	11,883
	29,934	**22,783**

8 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000
Cost beginning of year	2,425	26,532
Cost end of year	**2,425**	**26,532**
Amortisation and impairment losses beginning of year	(435)	(5,864)
Amortisation for the year	(486)	(1,466)
Amortisation and impairment losses end of year	**(921)**	**(7,330)**
Carrying amount end of year	**1,504**	**19,202**

9 Development projects

Completed development projects consist of development of an electric A-frame. The project is expected to gain competitive advantages in the future.

Completed development projects consist of development of the Electric A-frame. The electronic based launch and recovery system has an environmentally friendly setup and is expected to gain competitive advantages in the future.

10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	16,767	47,145	1,001
Additions	0	1,487	392
Disposals	(348)	(9,984)	(1,001)
Cost end of year	**16,419**	**38,648**	**392**
Depreciation and impairment losses beginning of year	(1,477)	(36,832)	0
Depreciation for the year	(364)	(3,777)	0
Reversal regarding disposals	23	9,883	0
Depreciation and impairment losses end of year	**(1,818)**	**(30,726)**	**0**
Carrying amount end of year	**14,601**	**7,922**	**392**
Recognised assets not owned by entity	0	1,588	0

11 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000
Cost beginning of year	35,850	31
Additions	144	0
Cost end of year	**35,994**	**31**
Revaluations beginning of year	71,379	26,264
Exchange rate adjustments	6,839	5,876
Amortisation of goodwill	(489)	0
Share of profit/loss for the year	24,866	18,807
Dividend	0	(19,252)
Revaluations end of year	**102,595**	**31,695**
Carrying amount end of year	**138,589**	**31,726**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Investments in associates	Registered in	Ownership %
SubConn Inc.	USA	49
Abyssea S.A.	France	20

12 Contract work in progress

	2021/22 DKK'000	2020/21 DKK'000
Contract work in progress	118,500	84,454
Progress billings	(91,250)	(70,939)
Transferred to liabilities other than provisions	7,942	5,074
	35,192	**18,589**

13 Deferred tax

	2021/22 DKK'000	2020/21 DKK'000
Intangible assets	(79)	(185)
Property, plant and equipment	(441)	(505)
Inventories	751	1,050
Receivables	(66)	(29)
Provisions	2,406	1,418
Tax losses carried forward	429	1,251
Deferred tax	**3,000**	**3,000**

Changes during the year	2021/22 DKK'000	2020/21 DKK'000
Beginning of year	3,000	3,940
Recognised in the income statement	34	(918)
Recognised directly in equity	(34)	(22)
End of year	**3,000**	**3,000**

Deferred tax assets

Based on an evaluation of the markets in Denmark as well as the activities within sales, product development, market potential and adjustments of costs, the Company has prepared budgets for the following years showing the use of the deferred tax assets within three to five years.

14 Prepayments

Prepayments include prepaid expenses.

15 Other provisions

Other provisions include provisions for warranties.

16 Non-current liabilities other than provisions

	Due within 12 months 2021/22 DKK'000	Due within 12 months 2020/21 DKK'000	Due after more than 12 months 2021/22 DKK'000	Outstanding after 5 years 2021/22 DKK'000
Mortgage debt	340	329	4,020	2,549
Bank loans	4,286	4,286	1,071	0
Lease liabilities	652	711	1,142	0
Other payables	361	0	6,491	5,460
	5,639	**5,326**	**12,724**	**8,009**

17 Derivative financial instruments

Currency hedging

Other payables include negative fair value of forward exchange contracts at DKK 737 thousand.
Foreign exchange contracts have been entered into to hedge the exchange rate risk of sales and purchases in USD for a total of USD 806 thousand (DKK 5,844 thousand). Fair value adjustments are recognized in the income statement. The exchange rate switches have a maturity of 6-10 months.

Foreign exchange contracts have been entered into to hedge the exchange rate risk of sales and purchases in USD for a total of USD 2.785 thousands (DKK 19,153 thousand). Fair value adjustment are recognized in the income statement. The exchange rate switches have a maturity of 3-9 month

Interest hedging

Other receivables include the positive fair value of an interest rate swap of DKK 89 thousand. The interest rate swap secures a fixed interest rate on the Company's floating rate bank loan. The interest rate swap has a principal of DKK 5,4 million and secures a fixed interest rate of 0.28% for the remaining maturity of one year. The bank loan and the interest rate swap have been concluded with the same counterparty.

18 Fair value information

	Hedges '000DKK
Fair value end of year	(648)
Unrealised fair value adjustments recognised in the income statement	(737)
Unrealised fair value adjustments recognised in the fair value reserve in equity	154

19 Unrecognised rental and lease commitments

	2021/22 DKK'000	2020/21 DKK'000
Total liabilities under rental or lease agreements until maturity	31,886	35,807

20 Contingent assets

The Company has a contingent deferred tax asset of DKK 8,614 thousand, which has not been recognised as an asset because it has not been possible to produce convincing evidence for utilising the deferred tax asset within the next three to five years.

21 Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which MacArtney Finance ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

At 01.10.2016, the Company demerged its properties to the sister subsidiary MacArtney Properties ApS. Consequently, MacArtney A/S is liable for obligations in MacArtney Properties ApS that occurred before the demerger. The liability amounts to DKK 8,857 thousand at 30.09.2022.

22 Assets charged and collateral

Mortgage debt is secured by way of a mortgage deed of approximately DKK 7,000 thousand on properties of a total carrying amount of DKK 14,601 thousand.

Collateral provided for group enterprises

A guarantee has been provided for foreign subsidiaries' bank debt maximising DKK 29,197 thousand. The bank debt amounts to DKK 21,155 thousand at 30.09.2022.

23 Related parties with controlling interest

MacArtney Finance ApS, Esbjerg, Denmark owns all shares in the Entity, thus exercising control.

24 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Changes in accounting policies

In accordance with an interpretation by the Danish Business Authority, the Group's changes in overdraft facility in the cash flow statement is classified as cash flows from financing activities, where the changes in overdraft facilities previously was classified as cash in the cash flow statement. The change results in a positive effect on cash flows from financing activities of DKK 40,268k In 2021/22 (DKK -4,973k For 2020/2021) and an increase in cash and cash equivalents of DKK 96,718k as of 30.09.2022 (DKK 56,450k as of 30.09.2021).

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years.

The book-value method is applied for intercompany transactions.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries that are independent entities, the income statements are translated at average exchange rates for the year. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates are recognised directly in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using tistorical rates applicable to relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions of interest rates (interest rate swaps) are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions of revenue and purchase of goods (forward exchange contracts) are recognised directly in the income statement. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company's revenue consists of item sales and project sales.

Revenue from the item sale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Projects are included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses comprise expenses relating to the Company's ordinary activities, including expenses for premises, administration, sales, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for the Company's staff.

Wage compensation has been deducted from staff costs. The compensation are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

Other financial income
Other financial income comprises interest income and exchange differences from long-term receivables.

Other financial expenses
Other financial expenses comprise interest expenses and exchange differences.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with all of its wholly owned Danish subsidiaries and other affiliated companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is 5-20 years because goodwill derives from strategically acquired enterprises with a strong market position and a long-term earnings profile.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Development projects
Development projects comprise development projects completed and in progress with related to intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life Years
Buildings	50 years
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Company’s share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and the pro rata share of the fair value of the assets and liabilities acquired which have been measured at fair value at the date of acquisition. The amortisation period for goodwill is 20 years because goodwill derives from strategically acquired enterprises with a strong market position and a long-term earnings profile.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that, in the balance sheet, investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and plus or minus unrealised intra-group profits or losses.

Associates with a negative equity are measured at zero value, and any receivables from these associates are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant associate.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and the pro rata share of the fair value of the assets and liabilities acquired which have been measured at fair value at the date of acquisition. The amortisation period for goodwill is 20 years because goodwill derives from strategically acquired enterprises with a strong market position and a long-term earnings profile.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Inventories
Inventories are measured at the lower of cost using the average method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Contract work in progress
Contract work in progress (construction contracts) is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a construction contract cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management’s proposal for distribution of profit/loss.

Minority interests
On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as the Company's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank debt.

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