Jørgensen & Utoft A/S

Nordkajen 29, 7100 Vejle

CVR no. 61 23 29 15

Annual report 2022

Approved at the Company's annual general meeting on 13 April 2023

Chair of the meeting:

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Finn Dyhre Hansen

Penneo dokumentnøgle: O30OJ-P4HU8-7J3CM-SJAMV-26AEX-LEXLW

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Jørgensen & Utoft A/S for the financial year 1 January - 31 December 2022.

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 of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Vejle, 13 April 2023
Executive Board:

Morten Bech executive officer	Søren Kruse Tjørnelund executive officer

Board of Directors:

Finn Dyhre Hansen Chair	Niels Utoft	Henning Jørgensen
Michael Juul Hansen	Carsten Georg Lauth	

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Independent auditor's report

To the shareholders of Jørgensen & Utoft A/S

Opinion

We have audited the financial statements of Jørgensen & Utoft A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2022 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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Independent auditor's report

- 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 13 April 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Michael Anker
State Authorised Public Accountant
mne32128

Lasse Poulsen
State Authorised Public Accountant
mne45891

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Management's review

Company details

Name	Jørgensen & Utoft A/S
Address, Postal code, City	Nordkajen 29, 7100 Vejle
CVR no.	61 23 29 15
Established	11 December 1981
Registered office	Vejle
Financial year	1 January - 31 December
Board of Directors	Finn Dyhre Hansen, Chair Niels Utoft Henning Jørgensen Michael Juul Hansen Carsten Georg Lauth
Executive Board	Morten Bech, executive officer Søren Kruse Tjørnelund, executive officer
Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

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Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	2,337,959	1,646,716	1,189,096	1,230,085	1,066,061
Profit before interest and tax (EBIT)	95,747	143,277	26,240	18,178	20,655
Operating profit/loss	95,410	142,870	26,220	18,158	20,413
Net financials	-8,569	-3,707	-3,588	-3,875	-4,238
Profit for the year	**67,969**	**108,824**	**17,647**	**11,100**	**12,767**
Total assets	518,965	521,695	364,649	387,817	445,732
Investments in property, plant and equipment	2,691	2,501	0	923	4,948
Equity	**187,981**	**175,248**	**98,425**	**91,778**	**93,655**
Cash flows from operating activities	47,646	105,857	-16,875	80,818	40,842
Net cash flows from investing activities	-1,920	123	165	-918	-2,341
Total cash flows	**-7,636**	**2,461**	**175**	**5,000**	**0**
Financial ratios					
Operating margin	4.1%	8.7%	2.2%	1.5 %	1.9 %
Gross margin	6.1%	12.5%	4.3%	3.2%	4.0%
Return on assets	18.3%	32.2%	7.0%	4.4%	4.4%
Equity ratio	36.2%	33.6%	27.0%	23.7%	21.0%
Return on equity	37.4%	79.5%	18.6%	12.0%	13.3%
Average number of full-time employees	**24**	**24**	**24**	**23**	**24**

For terms and definitions, please see the accounting policies.

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Management's review

Business review

The Company's main activity is trading in steel products.

Financial review

The income statement for 2022 shows a profit of t.DKK 67,969 against a profit of t.DKK 108,824 last year, and the balance sheet at 31 December 2022 shows equity of t.DKK 187,981.

The company's revenue was as expected. The growth in revenue was mainly due to significant price increases compared to last year. The development is considered satisfactory.

The profit in 2022 was better than expected, and the company considers the annual result for 2022 to be satisfactory.

The steel market in 2022 has been very volatile. Large price increases caused by the geopolitical uncertainty and supply chain interruptions was followed by significant price reductions during the second half of 2022. At the end of 2022 the price levels for the majority of our products was lower than at the beginning of the year.

Knowledge resources

The Company has built up an organization with a high knowledge level within the steel trade.

Financial risks and use of financial instruments

Market risks

The greater part of the Company's sales is made on a hedged basis, whereas the rest of the sales is based on market prices. This implies a risk of loss in a declining market.

Foreign exchange risks

The Company's currency positions are in EUR and DKK. Consequently, the risk is considered limited.

Credit risks

The company hedges its debtor risks by taking out credit insurance.

Outlook

For 2023 the revenue is expected in the level of MDKK 1.900 – 2.200.

The Company expect 2023 earnings before tax in the range from MDKK 30 – 70.

Impact on the external environment

The Company has no production and merely trades in steel; therefore, the Company is considered to have a very limited environmental impact.

Statutory CSR report

Description of business model

It is the Company's strategy to deliver the products and the service demanded by customers at a competitive price with a small and agile organization. It is the objective to maintain and develop the in-depth knowledge of the steel business.

Jørgensen & Utoft A/S is a trading and wholesale company selling steel products, plates and coils of standard commercial qualities. We service a broad range of - primarily - Danish industrial enterprises, ranging from small owner-managed companies to major international groups. We emphasize a high level of expertise, a high service level and competitive prices as one of the leading wholesalers of flat steel products in the Nordic countries.

The Company has 24 employees, 3-4 of whom are store men handling goods and products. All operations take place from the Company's domicile at Vejle Harbor in Denmark. It is the Company's objective to generate a profit that supports its business development.

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Management's review

Risk assessment

Risk related to the environment and climate is considered low. Risk is assessed as low because Jørgensen & Utoft A/S's business model is based on a wholesaler role, which means that the environmental and climate impact is regarded as minimal.

The greatest risk related to social and employee relations is the risk of accidents. The company focuses on ensuring a good and safe working environment.

The Company has established internal systems for evaluation of the key suppliers that it cooperates with. Management is not aware of any human right violations or bribery and corruption practices at the level of its suppliers. As the company primarily serves Danish customers, and as the most important suppliers are evaluated with a view to the risk of human rights violations as well as bribery and corruption, it is assessed that the risk related to bribery and corruption, is low.

Policies, initiatives and results

It is the Company's objective to have a good and safe working environment for all employees. This is ensured e.g through the working environment organization set up, in which health and safety issues are discussed and measures are adopted and evaluated. The Company's other policies relating to social and employee matters have been put down in an employee manual. These policies concern the employees' rights and obligations towards the Company. The Company's employee manual is available to all employees, and all employees are familiar with it and with the Company's policies. The Company has a zero target for work-related accidents, and there were no work-related accidents in 2022. In 2022, the company has discussed and measured health and safety issues to ensure that their employees are safe. In 2023, the company will continue its work to ensure a good and safe working environment for all employees.

Company Management disapproves of bribery and continuously monitors the Company's operations to ensure that no form of bribes are offered. In 2022 the Company Management has monitored the company's operations to ensure that no form of bribes are offered. There have been no bribery incidents in 2022. The company will continue to monitor operations. An anticorruption and bribery policy will be implemented in the company in 2023.

The Company will monitor the need for policies regarding environment, climate as well as human rights. The Company has few employees, and Management has great insight into the business. It has therefore not been considered necessary to prepare policies for the environment, climate as well as human rights yet.

Account of the gender composition of Management

The Board of Directors consists of a total of five members. It is the Company's target to have at least one woman on the Board of Directors by 2026.

So far, the Company has employed, and will continue to employ, the most suitable board members, executives and other employees irrespective of their gender, race or religion. This practice is supported by the Company's recruitment and staff policies.

The Company has a long term strategy and long term objectives. The members of the Board of Directors are recruited with this in mind to ensure a long-lasting attachment to the Group. Efforts will be made in future to maintain this stability and continuity on the Board of Directors.

Female representation on the Board of Directors remains 0% as in 2022. This is due to the fact that there have been no changes in the board in 2022.

As the number of employees of the Company does not exceed 50, the exemption rule of the Danish Financial Statements Act is applied; thus, the gender representation at other management levels is not disclosed.

Data ethics

Jørgensen & Utoft A/S does not currently have a written policy for data ethics, as the company has assessed that the extent of data processing in the company is limited to data that is strictly necessary for carrying out the company's main activity - buying and selling steel products.

Since the introduction of GDPR regulations, Jørgensen & Utoft A/S has worked to limit and refrain from collecting, sharing and storing personal data.

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Management's review

Jørgensen & Utoft A/S has started testing using RPA technology in 2021, this is used exclusively for processes where no personal data is included.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

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Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
2	**Revenue**	2,337,959	1,646,716
	Cost of sales	-2,175,770	-1,422,925
	Other operating income	337	407
	Other external expenses	-19,513	-17,684
	Gross profit	143,013	206,514
3	Staff costs	-44,844	-60,984
	Amortisation/depreciation and impairment of property, plant and equipment	-2,422	-2,253
	Profit before net financials	95,747	143,277
	Financial income	285	168
	Financial expenses	-8,854	-3,875
	Profit before tax	87,178	139,570
4	Tax for the year	-19,209	-30,746
	Profit for the year	67,969	108,824

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Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
5	**Property, plant and equipment**		
	Land and buildings	15,585	16,393
	Fixtures and fittings, other plant and equipment	4,902	4,259
		20,487	20,652
	Total fixed assets	20,487	20,652
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	282,539	280,655
		282,539	280,655
	Receivables		
	Trade receivables	181,087	206,509
	Other receivables	34,471	5,741
6	Prepayments	381	502
		215,939	212,752
	Cash	0	7,636
	Total non-fixed assets	498,478	501,043
	TOTAL ASSETS	518,965	521,695

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Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	2,000	2,000
	Hedging reserve	-236	0
	Retained earnings	126,217	118,248
	Dividend proposed	60,000	55,000
	Total equity	187,981	175,248
	Provisions		
8	Deferred tax	99	171
	Total provisions	99	171
	Liabilities other than provisions		
9	**Non-current liabilities other than provisions**		
	Mortgage debt	5,758	6,727
	Lease liabilities	2,210	2,061
	Other payables	0	1,366
		7,968	10,154
	Current liabilities other than provisions		
9	Short-term part of long-term liabilities other than provisions	3,403	2,649
	Bank debt	51,537	49,833
	Trade payables	227,515	252,540
	Corporation tax payable	2,223	1,890
	Other payables	38,239	29,210
		322,917	336,122
	Total liabilities other than provisions	330,885	346,276
	TOTAL EQUITY AND LIABILITIES	518,965	521,695

1 Accounting policies
11 Contractual obligations and contingencies, etc.
12 Collateral
13 Off-balance sheet arrangements
14 Related parties
15 Fee to the auditors appointed by the Company in general meeting
16 Appropriation of profit

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Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Hedging reserve	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2022	2,000	0	118,248	55,000	175,248
16	Transfer, see "Appropriation of profit"	0	0	7,969	60,000	67,969
	Other value adjustments of equity	0	-302	0	0	-302
	Tax on items recognised directly in equity	0	66	0	0	66
	Dividend distributed	0	0	0	-55,000	-55,000
	Equity at 31 December 2022	2,000	-236	126,217	60,000	187,981

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Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2022	2021
	Profit for the year	67,969	108,824
17	Adjustments	29,864	36,300
	Cash generated from operations (operating activities)	97,833	145,124
18	Changes in working capital	-22,669	-5,694
	Cash generated from operations (operating activities)	75,164	139,430
	Interest received, etc.	285	167
	Interest paid, etc.	-8,854	-3,876
	Income taxes paid	-18,949	-29,864
	Cash flows from operating activities	47,646	105,857
	Additions of property, plant and equipment	-2,691	-117
	Disposals of property, plant and equipment	771	240
	Cash flows to investing activities	-1,920	123
	Dividends paid	-55,000	-32,000
	Proceeds of debt to credit institutions	1,704	0
	Proceeds of debt, finance leases	2,662	0
	Repayments, long-term liabilities	-972	-975
	Repayments, debt to credit institutions	0	-69,546
	Repayments, finance leases	-1,756	-998
	Cash flows from financing activities	-53,362	-103,519
	Net cash flow	-7,636	2,461
	Cash and cash equivalents at 1 January	7,636	5,175
	Cash and cash equivalents at 31 December	0	7,636

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Jørgensen & Utoft A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	30 years
Fixtures and fittings, other plant and equipment	3-10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

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1 Accounting policies (continued)

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

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

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

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1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

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Notes to the financial statements

DKK'000		2022	2021
2	**Segment information**		
	Breakdown of revenue by business segment:		
	Steel products	2,337,959	1,646,716
		2,337,959	1,646,716
	Breakdown of revenue by geographical segment:		
	Europe	2,337,959	1,646,716
		2,337,959	1,646,716

No other segments than steel products and Europe is presented in respect of business segments and geographical markets as, in all material respects, the activities and the markets, respectively, do not show any mutual differences.

DKK'000		2022	2021
3	**Staff costs**		
	Wages/salaries	43,410	59,360
	Pensions	1,238	1,400
	Other social security costs	196	224
		44,844	60,984
	Average number of full-time employees	24	24
	Remuneration to members of Management:		
	Executive Board	20,817	30,206
	Board of Directors	216	312
		21,033	30,518
4	**Tax for the year**		
	Estimated tax charge for the year	19,281	30,592
	Deferred tax adjustments in the year	-72	154
		19,209	30,746

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Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2022	24,242	18,679	42,921
Additions	0	2,691	2,691
Disposals	0	-1,467	-1,467
Cost at 31 December 2022	24,242	19,903	44,145
Impairment losses and depreciation at 1 January 2022	7,849	14,420	22,269
Depreciation	808	1,614	2,422
Reversal of accumulated depreciation and impairment of assets disposed	0	-1,033	-1,033
Impairment losses and depreciation at 31 December 2022	8,657	15,001	23,658
Carrying amount at 31 December 2022	15,585	4,902	20,487
Property, plant and equipment include finance leases with a carrying amount totalling	0	4,689	4,689
Depreciated over	30 years	3-10 years	

Note 12 provides more details on security for loans, etc. as regards property, plant and equipment.

6 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance premiums, subscriptions, interest and other costs.

DKK'000	2022	2021

7 Share capital

Analysis of the share capital:

2,000 A shares of DKK 1,000.00 nominal value each	2,000	2,000
	2,000	2,000

Each A shares carries one voting rights. No shares have separate rights.

DKK'000	2022	2021

8 Deferred tax

Deferred tax at 1 January	171	17
Amounts recognised in the income statement for the year	-72	154
Deferred tax at 31 December	99	171

Deferred tax liabilities primarily relates to temporary differences of fixed assets that are expected to be utilised within future earnings.

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Financial statements 1 January - 31 December

Notes to the financial statements

9 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	6,727	969	5,758	1,906
Lease liabilities	4,644	2,434	2,210	0
	11,371	3,403	7,968	1,906

10 Derivative financial instruments and disclosure of fair values

The Group uses hedging instruments such as forward exchange contracts and interest and currency swaps to hedge recognised and non-recognised transactions.

Currency risks

Analysis of the Company's balances in foreign currency as well as related hedging transactions at 31 December 2022:

Currency (DKK'000)	Payment/maturity	Payables	Net position
t.EUR (nom. 48.000)	< 1 year	-302	-302

Forecast transactions

The Group hedges to a certain extent anticipated currency risks regarding sales and purchases of goods by means of forward exchange contracts.

Fair value disclosures

The Company has the following assets and liabilities measured at fair value:

DKK'000	Currency exchange contract
Fair value at year end	-302
Changes recognised in the hedging reserve	-302
Fair value level	2

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	2022	2021
Guarantee commitments	7,486	50
	7,486	50

Guarantee commitments include payment guarantees towards tax authorities and factoring companies provided via the bank.

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Notes to the financial statements

11 Contractual obligations and contingencies, etc. (continued)

Other financial obligations

Other rent liabilities:

DKK'000	2022	2021
Rent liabilities	108	108

Rent and lease liabilities include a rent obligation of land totalling t.DKK 108 in interminable rent agreements with remaining contract terms of 6 months.

12 Collateral

Trade receivables, inventories, intellectual property rights as well as operating fixtures and fittings, tools and equipment at a carrying amount of t.DKK 463,839 at 31 December 2022 have been put up as security for debt to other credit institutions, totalling t.DKK 75,000.

Land and buildings at a carrying amount of t.DKK 15,585 at 31 December 2022 have been put up as security for debt to mortgage credit institutions, totalling t.DKK 13,570.

Land and buildings at a carrying amount of t.DKK 15,585 at 31 December 2022 have been put up as security for debt to other credit institutions, totalling t.DKK 4,000.

13 Off-balance sheet arrangements

The Company has the following, non-recognised arrangements:

Nature and commercial purpose

Jørgensen & Utoft A/S has transferred a part of trade receivables to a factoring company amounting to MDKK 264,8 at 31 December 2022 (2021: MDKK 201).

Risks, benefits and impact

The credit risk associated with the trade receivables has been transferred to the factoring company. Therefore, the receivables are considered sold to the factoring company and thus not recognized in the balance sheet.

By transferring trade receivables to a factoring company, liquidity is improved and savings are made towards debtor management costs, including handling recovery of overdue receivables.

As security for the arrangement, Jørgensen & Utoft A/S has deposited cash of MDKK 0,0 at 31 December 2022 (2021: MDKK 7,6)

14 Related parties

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Information on the remuneration to management

Information on the remuneration to Management appears from note 3, "Staff costs".

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Financial statements 1 January - 31 December

Notes to the financial statements

14 Related parties (continued)

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Niels Utoft Holding ApS	Juelsminde
Henning Jørgensen Holding ApS	Silkeborg
SKT Holding ApS	Haderslev
JCS Holding ApS	Vejle

DKK'000	2022	2021
15 Fee to the auditors appointed by the Company in general meeting		
Total fees to EY and PricewaterhouseCoopers	195	176
Statutory audit, EY	195	0
Statutory audit, PWC	0	176
Other assistance, PWC	22	0
	217	176
16 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	60,000	55,000
Extraordinary dividend distributed in the year	0	15,000
Retained earnings	7,969	38,824
	67,969	108,824
17 Adjustments		
Amortisation/depreciation and impairment losses	2,422	2,253
Gain/loss on the sale of non-current assets	-337	-407
Financial income	-285	-167
Financial expenses	8,854	3,874
Tax for the year	19,282	30,747
Deferred tax	-72	0
	29,864	36,300
18 Changes in working capital		
Change in inventories	-1,884	-72,964
Change in receivables	-3,188	-82,206
Change in trade and other payables	-17,597	149,476
	-22,669	-5,694

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Søren Kruse Tjørnelund
Executive officer
On behalf of: Jørgensen & Utoft A/S
Serial number: PID:9208-2002-2-815375701282
IP: 87.49.xxx.xxx
2023-04-13 10:43:36 UTC
NEM ID

Morten Bech
Executive officer
On behalf of: Jørgensen & Utoft A/S
Serial number: 1bc568a3-8f6f-44a6-a7e8-4d48c051d155
IP: 87.49.xxx.xxx
2023-04-13 10:45:53 UTC
MitID

Carsten Georg Lauth
Board of Directors
On behalf of: Jørgensen & Utoft A/S
Serial number: a716746c-1e01-420e-b26f-8b0aed8ba3b3
IP: 178.155.xxx.xxx
2023-04-13 13:11:10 UTC
MitID

Niels Utoft
Board of Directors
On behalf of: Jørgensen & Utoft A/S
Serial number: fd1e3faf-0cdd-41d1-9b87-e7eba72805cf
IP: 81.31.xxx.xxx
2023-04-13 13:25:04 UTC
MitID

Michael Juul Hansen
Board of Directors
On behalf of: Jørgensen & Utoft A/S
Serial number: e627ab00-0b20-40c9-9e78-d8cd4c45cbab
IP: 188.176.xxx.xxx
2023-04-13 13:25:36 UTC
MitID

Karl Henning Jørgensen
Board of Directors
On behalf of: Jørgensen & Utoft A/S
Serial number: a5b34799-d761-4feb-8d3e-22283ac75e5c
IP: 87.56.xxx.xxx
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Finn Dyhre Hansen
Chair of the meeting
On behalf of: Jørgensen & Utoft A/S
Serial number: abcdf41c-5d3b-427f-9923-52077d26eea8
IP: 185.235.xxx.xxx
2023-04-17 07:47:38 UTC
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Finn Dyhre Hansen
Chair
On behalf of: Jørgensen & Utoft A/S
Serial number: abcdf41c-5d3b-427f-9923-52077d26eea8
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2023-04-17 07:47:38 UTC
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Michael Anker
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:61412474
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2023-04-17 08:11:59 UTC
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Lasse Poulsen
State Authorised Public Accountant
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