
SKIOLD Group A/S

Kjeldgaardsvej 3, DK-9300 Sæby

Annual Report for 2024

CVR No. 39 08 38 92

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 26/6 2025

Michael Jensen
Chairman of the
general meeting



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Management's statement

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

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Sæby, 11 June 2025

Executive Board

Morten Rosager Andersen
CEO

Michael Jensen
CFO

Board of Directors

Jørn Mørkeberg Nielsen
Chairman

Denis Viet-Jacobsen

Henrik Hougaard

Thure Bo Thomas Thuresson

Lars Radoor Sørensen

Henriette Holmberg Olsen

Independent Auditor's report

To the shareholders of SKIOLD Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of SKIOLD Group A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's report

Herning, 11 June 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Spencer Poulsen

State Authorised Public Accountant

mne23324

Hans Jørgen Andersen

State Authorised Public Accountant

mne30211

Company information

The Company	SKIOLD Group A/S Kjeldgaardsvej 3 DK-9300 Sæby CVR No: 39 08 38 92 Financial period: 1 January - 31 December Municipality of reg. office: Frederikshavn
Board of Directors	Jørn Mørkeberg Nielsen, chairman Denis Viet-Jacobsen Henrik Hougaard Thure Bo Thomas Thuresson Lars Radoor Sørensen Henriette Holmberg Olsen
Executive Board	Morten Rosager Andersen Michael Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning

Financial Highlights

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

	Group				
	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	856,493	835,199	1,050,211	1,203,373	0
Gross profit	298,659	308,675	291,299	464,757	-462
Profit/loss of primary operations	-31,220	-55,622	-82,918	30,916	-2,656
Profit/loss of financial income and expenses	-55,559	-54,029	-29,262	-24,166	-18,053
Net profit/loss for the year	-104,921	-149,752	-108,641	-6,413	-21,593
Balance sheet					
Balance sheet total	1,313,136	1,388,101	1,532,456	1,717,342	719,724
Investment in property, plant and equipment	8,695	15,918	18,545	22,661	0
Equity	465,814	452,596	601,177	711,298	718,422
Cash flows					
Cash flows from:					
- operating activities	-41,307	-79,254	38,598	353,621	-329,848
- investing activities	-7,984	-19,423	-15,862	-950,248	-4,044
- financing activities	61,305	90,502	-55,484	628,621	352,261
Change in cash and cash equivalents for the year	12,014	-8,175	-32,748	31,994	18,369
Number of employees	573	583	727	818	650
Ratios					
Gross margin	34.9%	37.0%	27.7%	38.6%	0.0%
Profit margin	-3.6%	-6.7%	-7.9%	2.6%	0.0%
Return on assets	-2.4%	-4.0%	-5.4%	1.8%	-0.4%
Solvency ratio	35.5%	32.6%	39.2%	41.4%	99.8%
Return on equity	-22.8%	-28.4%	-16.6%	-0.9%	-3.9%

Management's review

Key activities

SKIOLD Group's primary activities are the development, production and sales of innovative and market leading solutions for the global agroindustry and the servicing of our large installed base. SKIOLD Group competes in three segments: Pig Equipment, Feed and Milling Technologies and Poultry Equipment.

SKIOLD strives to equip our customers with innovative and value-adding products and solutions that support environmental sustainability, animal welfare, and operational profitability. We are committed to integrating global sustainability goals into our offerings, minimising environmental impact across the entire value chain from field to livestock.

Development in the year

In 2024, SKIOLD's revenue increased by 3%.

In recent years, SKIOLD has been diligently working towards creating a more scalable and efficient business, a transformation that progressed well in 2024. The Group has invested in the consolidation, standardisation, and modularisation of its product programme, and in further streamlining our manufacturing and warehousing operations and footprint.

As a part of the transformation, the Danish factory in Bur has been sold and the production located at the Danish factory in Sæby is in the process of being moved to the factory in Poland. A total one-time negative impact of DKK 22 million has been included in the 2024 figures.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) has improved from DKK 39 million in 2023 to DKK 48 million in 2024.

Pretax result shows a loss of DKK 87 million, compared to a loss of DKK 110 million in 2023, with an equity of DKK 466 million.

In 2024 subordinated loans in the amount of DKK 74 million have been converted to equity, and in May 2025, a new loan agreement has been signed with the main lenders securing the financial facilities for 2025, 2026 and 2027.

Special risks - operating risks and financial risks

Operating risks

The Group is exposed to the developments in global meat, grain, seed, steel, polymer and freight prices, as these affect the investment appetite of the Group's customers and the Group's material costs.

Foreign exchange risks

Currency risk is balanced by selling and buying in the same currency. The Group mostly trades in DKK and EUR.

Targets and expectations for the year ahead

The outlook for 2025 is clouded by the geopolitical and economic uncertainty, not least the ongoing war in Ukraine, an increased volatility in respect to trade barriers, ongoing heightened interest rates and inflation, and price volatility of scarce raw materials.

Despite these challenges, we anticipate that our revenue in 2025 will end slightly higher than in 2024.

Furthermore we expect to see a continued improvement in our profitability, net result and cash flow, due to the structural improvements and cost-saving initiatives we have implemented.

Management's review

Research and development

SKIOLD supplies equipment and solutions for feed production, seed processing, grain handling, and pig and poultry production. SKIOLD's solutions include digital management and automation solutions that help our customers achieve optimal and cost-effective feed production and livestock feeding. To sustain our competitive edge, SKIOLD is committed to continuous investment in product development and our people.

Statement of corporate social responsibility

Business model

SKIOLD Group focuses on developing, producing, and selling innovative and market-leading solutions for the global agroindustry, as well as servicing its extensive installed base. The company operates in three main segments: Pig Equipment, Feed and Milling Technologies, and Poultry Equipment.

SKIOLD is dedicated to providing customers with innovative and value-adding products and solutions that enhance environmental sustainability, animal welfare, and operational profitability. The company is committed to incorporating global sustainability goals into its offerings, aiming to minimize environmental impact throughout the entire value chain, from field to livestock.

Main risks in connection with corporate social responsibility

At SKIOLD, we have identified several key risks related to corporate social responsibility, particularly in the areas of the environment, energy efficiency, and the working environment. These include:

- Working environment: This encompasses health and safety concerns, as well as the challenge of attracting and retaining qualified labor.
- Environment and energy efficiency: This involves the overall impact of livestock production, which our products support.

We have not identified any risks in the areas of human rights, anti-corruption, and bribery. This is largely due to our operations are primarily within the EU, where we adhere to strict payment policies and maintain a clear segregation of duties. All these areas are subject to regular evaluation to ensure ongoing compliance and improvement.

Environment and energy efficiency

SKIOLD's engineering principles are designed to optimize the use of feed ingredients and livestock nutrients, which in turn enhances animal health and welfare. This efficient resource utilization contributes to food security by increasing food production. SKIOLD's solutions ensure safe livestock production through the use of best practices and advanced biosecurity technology. Additionally, our waste management technology supports sustainable livestock farming with minimal environmental impact.

Our Sigma technology, for example, cleans feed of mycotoxins, eliminating the need for unnecessary chemicals and thereby reducing negative environmental impacts. This also ensures better animal welfare, as livestock do not require higher amounts of antibiotics to eliminate these mycotoxins themselves.

Our in-house production methods have no significant environmental impact. We are increasingly utilizing suppliers who operate with higher energy efficiency than our own production. Our sites in Denmark undergo executive energy inspections in compliance with the EU energy directive. Our sites in Poland and Spain are in compliance with the local energy regulations and undergo all energy inspections that are legally required in the respective country.

In 2023, we collected data to help reduce our business's environmental impact. At the beginning of 2024, we completed our Scope 1 and 2 base year report for 2023 climate accounting. The work continued throughout 2024, and data for that year has been reported, allowing us to track the development of our Scope 1 and 2 emissions. At the end of 2024, we initiated our Scope 3 project, which aims to secure CO₂e data for our supply chain. The Scope 3 base year report is expected to be completed in 2025.

Management's review

This data will inform a plan to reduce our environmental footprint, with work continuing in 2026 while the overall strategy is expected to be finalized in late 2025.

In 2023, SKIOLD appointed a Head of ESG and, in collaboration with an external partner, focused on establishing the foundation for our future ESG and sustainability strategy. These efforts continued in 2024 and alongside a Scope 3 project, we initiated a Double Materiality Assessment (DMA) to ensure that we consider both the financial impact of ESG issues and how our operations affect the environment and society. This dual perspective allows us to identify and manage risks more effectively, enhance transparency, and align our strategies with broader sustainability goals. The DMA was completed in Q2 2025.

SKIOLD has implemented a whistleblower system that allows both internal and external parties to easily alert the appropriate stakeholders if any issues arise.

Minimising raw material consumption and wastage

At SKIOLD, we are committed to minimizing the consumption of raw materials and reducing waste to lessen our environmental impact. In 2024, we continued to rationalize our product range, leading to more efficient material use through economies of scale. Value engineering played a significant role in reducing waste and improving product design. Additionally, we repurpose scrap material from other industries, transforming it into durable products with a reduced environmental footprint.

We always strive to use materials that can be recycled after use and are easy to clean, further reducing our environmental impact.

Working environment

SKIOLD adheres to local legislation and focuses on creating a positive and healthy working environment for all employees. Work environment protection is managed by the health and safety teams at each site and is coordinated by our Safety Manager.

SKIOLD continues to employ staff with reduced working abilities and strives to continuously reduce sickness-related absences among its employees. The health and safety committee has a continuous improvement process in place to prevent the recurrence of specific accidents whenever they occur.

In 2024, SKIOLD continued to collect data on accidents and sickness absences. This information will be used to develop and introduce new initiatives aimed at improving these areas moving forward.

Human rights

At SKIOLD we respect the international conventions regarding the protection of human rights and corresponding national legislation.

SKIOLD's Human Rights and Labour Policy requires the Group's employees to act with integrity and in accordance with acceptable ethical standards for human rights. The human rights and labour policy is being evaluated regular to ensure that they are relevant and in line with internal laws and conventions.

In 2022, a whistleblower system was introduced. There have not been any reports within human rights in 2024.

Financial crime and compliance

SKIOLD has an anti-financial crime policy that encourages employees to act upon any suspicion of unlawful acts or poor conduct inconsistent with our values. The policy instructs our employees to follow decent and honest business practices, and not to violate any national laws or reasonable standards imposed on us by society.

In 2022, a whistleblower system was introduced, and no irregularities have been detected during 2024.

The anti-financial crime policy is being evaluated regularly to ensure that it is relevant and in line with internal laws and conventions.

Management's review

Statement on data ethics

The group has during 2024 updated and conducted several policies including a data ethics policy.

The Group has described how data is protected and what good IT-behavior is as a part of the employee handbook, and a more detailed policy covering data ethics was launched in 2023.

In addition, in determining the company's business strategies and when carrying out the company's activities, management considers generally accepted principles and good business morale and applicable legislation in constantly ensured compliance with.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Revenue	3	856,493	835,199	0	0
Other operating income		2,943	5,947	0	0
Expenses for raw materials and consumables		-424,613	-421,184	0	0
Other external expenses		-136,164	-111,287	-39	-529
Gross profit		298,659	308,675	-39	-529
Staff expenses	4	-249,594	-261,642	-2,776	-1,400
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	5,6	-79,197	-95,401	0	0
Other operating expenses		-1,088	-7,254	0	0
Profit/loss before financial income and expenses		-31,220	-55,622	-2,815	-1,929
Income from investments in subsidiaries		0	0	-116,781	-161,586
Financial income	7	3,322	2,848	26,799	20,641
Financial expenses	8	-58,881	-56,877	-8,779	-3,540
Profit/loss before tax		-86,779	-109,651	-101,576	-146,414
Tax on profit/loss for the year	6,9	-18,142	-40,101	-3,345	-3,338
Net profit/loss for the year	10	-104,921	-149,752	-104,921	-149,752

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Completed development projects		12,143	15,424	0	0
Acquired patents		295	610	0	0
Acquired licenses		4,887	6,963	0	0
Goodwill		769,198	823,149	0	0
Development projects in progress		1,216	1,832	0	0
Prepayment		1,500	0	0	0
Intangible assets	11	789,239	847,978	0	0
Land and buildings		103,322	113,449	0	0
Plant and machinery		23,135	25,989	0	0
Other fixtures and fittings, tools and equipment		10,927	9,823	0	0
Leasehold improvements		1,263	1,417	0	0
Property, plant and equipment	12	138,647	150,678	0	0
Investments in subsidiaries	13	0	0	0	0
Other investments	14	25	25	0	0
Deposits	14	2,109	1,805	0	0
Fixed asset investments		2,134	1,830	0	0
Fixed assets		930,020	1,000,486	0	0
Inventories	15	200,983	206,484	0	0
Trade receivables		104,535	101,466	0	0
Contract work in progress		4,017	12,721	0	0
Receivables from group enterprises		0	0	704,850	594,917
Other receivables		22,534	19,244	0	0
Deferred tax asset	17	2,539	13,799	0	0
Corporation tax		157	157	0	0
Corporation tax receivable from group enterprises		0	0	8,514	0
Prepayments	16	5,585	2,992	0	0
Receivables		139,367	150,379	713,364	594,917

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Current asset investments		8	8	0	0
Cash at bank and in hand		42,758	30,744	882	17
Current assets		383,116	387,615	714,246	594,934
Assets		1,313,136	1,388,101	714,246	594,934

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Share capital		166,716	83,691	166,716	83,691
Reserve for exchange rate conversion		-4,475	-2,135	0	0
Retained earnings		303,573	371,040	299,098	368,905
Equity		465,814	452,596	465,814	452,596
Provision for deferred tax	17	7,829	8,279	0	0
Provisions relating to investments in group enterprises		0	0	120,960	1,839
Other provisions	18	7,078	8,253	0	0
Provisions		14,907	16,532	120,960	1,839
Mortgage loans		38,203	41,333	0	0
Lease obligations		8,447	10,122	0	0
Other payables		18,779	19,495	0	0
Long-term debt	19	65,429	70,950	0	0
Mortgage loans	19	3,140	2,978	0	0
Credit institutions		466,836	493,461	0	0
Lease obligations	19	931	662	0	0
Prepayments received from customers		47,462	68,684	0	0
Trade payables		70,742	81,891	40	90
Payables to group enterprises		85,863	80,215	104,282	93,441
Payables to owners and Management		9,824	42,931	9,824	42,931
Corporation tax		1,229	10,000	0	3,338
Payables to group enterprises relating to corporation tax		0	0	11,859	0
Other payables	19	75,309	62,946	1,467	699
Deferred income	20	5,650	4,255	0	0
Short-term debt		766,986	848,023	127,472	140,499
Debt		832,415	918,973	127,472	140,499
Liabilities and equity		1,313,136	1,388,101	714,246	594,934

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Uncertainty relating to recognition and measurement	1				
Subsequent events	2				
Contingent assets, liabilities and other financial obligations	23				
Related parties	24				
Fee to auditors appointed at the general meeting	25				
Accounting Policies	26				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	83,691	-2,135	371,040	452,596
Cash capital increase	83,025	0	35,196	118,221
Exchange adjustments relating to foreign entities	0	-2,340	0	-2,340
Other equity movements	0	0	2,258	2,258
Net profit/loss for the year	0	0	-104,921	-104,921
Equity at 31 December	166,716	-4,475	303,573	465,814

Parent company

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	83,691	368,905	452,596
Cash capital increase	83,025	35,196	118,221
Exchange adjustments relating to foreign entities	0	-2,340	-2,340
Other equity movements	0	2,258	2,258
Net profit/loss for the year	0	-104,921	-104,921
Equity at 31 December	166,716	299,098	465,814

Cash flow statement 1 January - 31 December

	Note	Group	
		2024	2023
		TDKK	TDKK
Result of the year		-104,921	-149,752
Adjustments	21	149,811	190,059
Change in working capital	22	-14,535	-52,977
Cash flow from operations before financial items		30,355	-12,670
Financial income		3,322	2,848
Financial expenses		-58,881	-56,877
Cash flows from ordinary activities		-25,204	-66,699
Corporation tax paid		-16,103	-12,555
Cash flows from operating activities		-41,307	-79,254
Purchase of intangible assets		-4,786	-10,630
Purchase of property, plant and equipment		-2,894	-8,887
Fixed asset investments made etc		-304	94
Cash flows from investing activities		-7,984	-19,423
Repayment of mortgage loans		-2,968	-2,467
Repayment of loans from credit institutions		-29,247	-18,272
Reduction of lease obligations		-1,406	0
Repayment of payables to participating interests		-33,107	0
Repayment of other long-term debt		-716	0
Raising of loans from credit institutions		2,622	0
Lease obligations incurred		0	10,192
Raising of payables to group enterprises		5,648	80,215
Raising of payables to participating interests		0	17,931
Raising of other long-term debt		0	2,903
Cash capital increase		120,479	0
Cash flows from financing activities		61,305	90,502
Change in cash and cash equivalents		12,014	-8,175
Cash and cash equivalents at 1 January		30,752	38,927
Cash and cash equivalents at 31 December		42,766	30,752

Cash flow statement 1 January - 31 December

Note	Group	
	2024	2023
	TDKK	TDKK
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand	42,758	30,744
Current asset investments	8	8
Cash and cash equivalents at 31 December	42,766	30,752

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

Determining the carrying value of certain assets and liabilities requires judgments, estimates and assumptions about future events. The estimates and assumptions carried out are i.e. based on historical experiences and other factors which the Management assesses to be reliable but which inherently are uncertain and unpredictable. The assumptions can change, and unexpected events or circumstances may occur. As a result of the risks and uncertainties that the Group is subject to, actual results may differ from these estimates. It may be necessary to change previous estimates as a result of changes in the factors underlying these estimates due to new information or as a result of subsequent events.

Estimates, which are specific essential for the presentation of the financial statements for SKIOLD, are carried out by recognition of development projects and recognition of goodwill.

Development projects

Development projects relate to new products developed in SKIOLD. The market is dynamic and constantly developing. The fierce competition, combined with the customers' desire for the best solutions, means that if we are not among the best on the market, it must be expected that certain development projects will fall away. This will cause costs for the development project to be lost. Incurred costs are only recognized to the extent that the management assesses that they can be capitalized. For a more detailed description of development projects, please refer to note 11.

Goodwill

By an impairment test of investments, including goodwill, an estimation is made of how the parts of the business, which the goodwill relates to, will be able to generate sufficient positive cash flows in the future to support the value of goodwill and other net assets. Due to the nature of the business, estimation of expected cash flow must be made many years into the future, leading to some uncertainty.

The most essential assumptions used for the impairment test besides expected revenue and margins on this in 2025-2029 - is an after tax WACC of 8.4% and expectations of growth of 2.0% in the terminal period after 2029.

2. Subsequent events

In May 2025 a new loan agreement has been signed with the main lenders securing the financial facilities until December 2027.

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
3. Revenue				
Geographical segments				
Revenue, EU	604,820	536,317	0	0
Revenue, outside EU	251,673	298,882	0	0
	856,493	835,199	0	0
Business segments				
Processing plant and equipment	240,607	274,079	0	0
Livestock farming and equipment	615,886	561,120	0	0
	856,493	835,199	0	0

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
4. Staff expenses				
Wages and salaries	201,230	212,181	2,776	1,400
Pensions	22,873	24,945	0	0
Other social security expenses	21,253	21,352	0	0
Other staff expenses	4,238	3,164	0	0
	249,594	261,642	2,776	1,400
Including remuneration to the Executive Board and Board of Directors:				
Executive board	6,111	7,227	0	0
Board of directors	2,905	1,600	2,776	1,400
	9,016	8,827	2,776	1,400
Average number of employees	573	583	0	0

As regards the Parent Company, remuneration of the Executive Board in 2024 was paid by SKIOLD Holding A/S.

SKIOLD Group has established an Incentive Programme for the Executive Board and the Board of Directors as well as key employees. The price for one share was DKK 0.14239 and the warrants were priced by using Black Scholes Valuation methodology. Each warrant gives the right to purchase one share and the exercise price for the warrants will increase year-on-year with a hurdle rate. The warrants can be exercised when SKIOLD Group divests SKIOLD Holding A/S if certain IRR thresholds are achieved, if not the warrants are worthless and the employees' investment in warrants is lost. If SKIOLD Group does not divest SKIOLD Holding A/S the warrants can be exercised in January 2030.

The warrant programme contains 130.8 million warrants.

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
5. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	63,149	63,330	0	0
Depreciation of property, plant and equipment	16,048	32,071	0	0
	79,197	95,401	0	0

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
6. Special items				
Impairment of land and buildings	0	9,025	0	0
Impairment of plant and machinery	0	1,513	0	0
Write-downs of deferred tax asset, previous year	0	19,077	0	0
Not recognised deferred tax asset, current year	20,007	30,170	0	0
	20,007	59,785	0	0

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
7. Financial income				
Interest from group enterprises	0	0	26,793	20,637
Other financial income	227	532	6	4
Exchange gains	3,095	2,316	0	0
	3,322	2,848	26,799	20,641

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
8. Financial expenses				
Interest to group enterprises	7,414	2,278	7,964	2,667
Other financial expenses	51,467	54,599	815	873
	58,881	56,877	8,779	3,540

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
9. Income tax expense				
Current tax for the year	16,882	21,259	3,345	3,338
Deferred tax for the year	2,363	18,848	0	0
Adjustment of tax concerning previous years	-1,103	-6	0	0
	18,142	40,101	3,345	3,338

	Parent company	
	2024	2023
	TDKK	TDKK
10. Profit allocation		
Retained earnings	-104,921	-149,752
	-104,921	-149,752

Notes to the Financial Statements

11. Intangible fixed assets Group

	Completed develop- ment projects	Acquired patents	Acquired licenses	Goodwill	Develop- ment projects in progress	Prepayment
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	78,960	10,033	35,730	1,080,049	1,831	0
Exchange adjustment	-1	44	18	-31	0	0
Additions for the year	2,878	0	343	0	407	1,500
Disposals for the year	0	0	-25	0	0	0
Transfers for the year	1,022	0	0	0	-1,022	0
Cost at 31 December	82,859	10,077	36,066	1,080,018	1,216	1,500
Impairment losses and amortisation at 1 January	63,535	9,423	28,767	256,899	0	0
Exchange adjustment	6	-18	38	8	0	0
Amortisation for the year	7,175	377	2,374	53,913	0	0
Impairment losses and amortisation at 31 December	70,716	9,782	31,179	310,820	0	0
Carrying amount at 31 December	12,143	295	4,887	769,198	1,216	1,500

Development projects in progress

Development projects in progress comprise SKIOLD's range of products. The costs consist, in all material respects, of costs relating to payroll and direct costs registered through the project ledger in the ERP system. The carrying amount of development projects in progress amounts to TDKK 1,216 at 31 December 2024. The projects in progress are expected to be completed within the next 5 years. Management expects additional costs of approx. TDKK 2,200 relating to projects in progress before they can be completed.

Completed development projects

Completed development projects comprise milling components, pig house solutions, grain handling equipment, poultry equipment, software etc. The projects are completed on a continuous basis and are amortised over a maximum period of 5 years. The individual development projects consist of products included as components or in a project for which reason there is no calculation of contribution margin per development project. Contribution margins, however, are calculated per product line, which are all satisfactory and contribute to supporting Management's decision not to amortise completed development projects.

Impairment testing of development projects

In 2024, management made an impairment test of the carrying amount of the development projects. It is assessed that the recoverable amount by way of value in use exceeds the carrying amount. The value in use is calculated based on estimated earnings on the basis of expectations for the coming years.

Notes to the Financial Statements

12. Property, plant and equipment Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	210,810	205,659	41,381	2,151
Exchange adjustment	560	371	894	14
Additions for the year	654	4,849	3,191	0
Disposals for the year	-25,601	-18,476	-3,315	0
Cost at 31 December	186,423	192,403	42,151	2,165
Impairment losses and depreciation at 1 January	97,360	179,670	31,557	734
Exchange adjustment	80	277	939	0
Impairment losses for the year	1,618	0	0	0
Depreciation for the year	3,844	6,656	2,010	168
Reversal of impairment and depreciation of sold assets	-19,801	-17,335	-3,282	0
Impairment losses and depreciation at 31 December	83,101	169,268	31,224	902
Carrying amount at 31 December	103,322	23,135	10,927	1,263
Including assets under finance leases amounting to	0	5,673	732	0

Notes to the Financial Statements

13. Investments in subsidiaries

	Parent company	
	2024	2023
	TDKK	TDKK
Cost at 1 January	417,032	417,032
Cost at 31 December	417,032	417,032
Value adjustments at 1 January	-418,871	-258,456
Exchange adjustment	-2,340	1,171
Net profit/loss for the year	-116,781	-161,586
Value adjustments at 31 December	-537,992	-418,871
Equity investments with negative net asset value transferred to provisions	120,960	1,839
Carrying amount at 31 December	0	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
SKIOLD Holding A/S	Sæby, Denmark	TDKK 41,464	100%
SKIOLD A/S	Sæby, Denmark	TDKK 20,865	100%
SKIOLD Ukrain LLC	Cherkasy, Ukrain	TEUR 13	100%
SKIOLD France SAS	Pontivy, France	TEUR 1,575	100%
SKIOLD Acemo SAS	Pontivy, France	TEUR 218	100%
SKIOLD AB	Ängelholm, Sweden	TSEK 100	100%
SKIOLD (Qingdao) Machinery Co., Ltd.	Shandong, China	TRMB 1,299	100%
SKIOLD BL Sp. z.o.o.	Kutno, Poland	TPLN 4,429	100%
SKIOLD GmbH	Fockberg, Germany	TEUR 26	100%
LLC SKIOLD	Moscow, Russia	TRUB 500	100%
LANDMECO A/S	Ølgod, Denmark	TDKK 2,000	100%
Rotecna S.A.	Agramunt, Spain	TEUR 2,006	100%
SKIOLD Jyden China Holding A/S	Holstebro, Denmark	TDKK 1,000	100%
SKIOLD Jyden Animal Housing (Qingdao) Co., Ltd.	Shandong, China	TRMB 3,350	100%
SKIOLD & Vacuum Milling Solution Pty Ltd.	Jimboomba, Australia	TAUD 140	100%
Skiold South East Asia Company Ltd.	Ho Chi Minh City, Vietnam	TVND 300	100%

Notes to the Financial Statements

14. Other fixed asset investments

Group

	Other investments	Deposits
	TDKK	TDKK
Cost at 1 January	25	1,501
Additions for the year	0	608
Cost at 31 December	25	2,109
Carrying amount at 31 December	25	2,109

15. Inventories

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	70,819	70,542	0	0
Work in progress	23,771	24,354	0	0
Finished goods and goods for resale	106,022	110,941	0	0
Prepayments for goods	371	647	0	0
	200,983	206,484	0	0

16. Prepayments

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

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
17. Provision for deferred tax				
Deferred tax liabilities at 1 January	-5,520	-30,445	0	0
Other movements in deferred tax for the year	8,447	6,077	0	0
Amounts recognised in the income statement for the year	2,363	18,848	0	0
Deferred tax liabilities at 31 December	5,290	-5,520	0	0
Recognised in the balance sheet as follows:				
Assets	2,539	13,799	0	0
Provisions	-7,829	-8,279	0	0
	5,290	-5,520	0	0

The Group has not recognised tax asset regarding tax loss carry-forwards in Denmark of DKK 64.0 mio.

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
18. Other provisions				
The Company provides warranties of on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims.				
Other provisions	7,078	8,253	0	0
	7,078	8,253	0	0
The provisions are expected to mature as follows:				
After 5 years	7,078	8,253	0	0
	7,078	8,253	0	0

Notes to the Financial Statements

Group		Parent company	
2024	2023	2024	2023
TDKK	TDKK	TDKK	TDKK

19. Long-term debt

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

The debt falls due for payment as specified below:

Mortgage loans

After 5 years	24,708	28,504	0	0
Between 1 and 5 years	13,495	12,829	0	0
Long-term part	38,203	41,333	0	0
Within 1 year	3,140	2,978	0	0
	41,343	44,311	0	0

Lease obligations

After 5 years	869	2,619	0	0
Between 1 and 5 years	7,578	7,503	0	0
Long-term part	8,447	10,122	0	0
Within 1 year	931	662	0	0
	9,378	10,784	0	0

Other payables

After 5 years	13,711	12,971	0	0
Between 1 and 5 years	5,068	6,524	0	0
Long-term part	18,779	19,495	0	0
Other short-term payables	75,309	62,946	1,467	699
	94,088	82,441	1,467	699

20. Deferred income

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

Notes to the Financial Statements

21. Cash flow statement - Adjustments

	Group	
	2024	2023
	TDKK	TDKK
Financial income	-3,322	-2,848
Financial expenses	58,881	56,877
Depreciation, amortisation and impairment losses, including losses and gains on sales	78,916	94,758
Tax on profit/loss for the year	18,142	40,101
Exchange adjustments	-2,806	1,171
	149,811	190,059

22. Cash flow statement - Change in working capital

	Group	
	2024	2023
	TDKK	TDKK
Change in inventories	5,501	51,947
Change in receivables	-248	-7,749
Change in other provisions	-1,175	-8,940
Change in trade payables, etc	-18,613	-88,235
	-14,535	-52,977

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
23. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a carrying amount of	37,011	45,552	0	0
The following assets have been placed as security with bankers:				
Mortgage deeds registered to the mortgagor totalling kDKK 6.650, providing security on land and buildings as well as other property, plant and equipment at a total carrying amount of	22,625	28,951	0	0
A floating charge of TDKK 18,000. The floating charge includes tangible fixes assets, inventory and trade receivables with a carrying amount of	188,150	206,621	0	0
Bank deposit with a carrying amount of	318	0	0	0
All shares in SKIOLD Holding A/S, SKIOLD A/S, SKIOLD Landmeco A/S and SKIOLD BL Sp. z.o.o. have been pledged with first ranking priority to Nordea Danmark, Filial af Nordea Bank AB (publ), Sweden, as agent and representative for the benefit of certain Secured Parties (as defined in the share pledge agreement) pursuant to a share pledge agreement original dated 28 November 2017 and later amended in respect of a Facilities Agreement of TDKK 352,500 + TEUR 39,000. Furthermore pledge through floating charge of all asset in SKIOLD BL Sp. z.o.o. and charge over intercompany loans - both in respect of the Facilities agreement.				
Contingent assets				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	5,356	4,432	0	0
Between 1 and 5 years	8,787	7,608	0	0
	14,143	12,040	0	0
Rent obligations, period of non-terminability 1-114 (126) months	27,385	32,884	0	0

Notes to the Financial Statements

Group		Parent company	
2024	2023	2024	2023
TDKK	TDKK	TDKK	TDKK

23. Contingent assets, liabilities and other financial obligations

Guarantee obligations

The Parent Company and Group has issued guarantee to its credit institutions in relation to all bank debts in the group.

The Group has issued guarantees to third parties af TDKK 200 and TEUR 1.374.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group in Denmark amounts to DKK 0. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

24. Related parties

	Basis
Controlling interest	
Plemont Co-Investment No. 1 Seperate Limited Partnership	Majority shareholder in Parent Company

Transactions

During the year, apart from intra-group transactions and normal management remuneration, no transactions were carried out with the Board of Directors, the Executive Board, senior executives, significant shareholders, affiliated companies or other related parties that were not carried out on normal market terms pursuant to section 98 c, subsection 7.

Notes to the Financial Statements

		Group	
		2024	2023
		TDKK	TDKK
25. Fee to auditors appointed at the general meeting			
PwC			
Audit fee		1,238	1,366
Other assurance engagements		20	0
Tax advisory services		106	201
Non-audit services		31	691
		1,395	2,258
Other			
Audit fee		246	337
Tax advisory services		315	387
Non-audit services		187	290
		748	1,014

Notes to the Financial Statements

26. Accounting policies

The Annual Report of SKIOLD Group A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, SKIOLD Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

Notes to the Financial Statements

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

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

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

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

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

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

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Leases

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

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

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

Notes to the Financial Statements

Translation policies

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

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

Segment information on revenue

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

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income statement

Revenue

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

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Notes to the Financial Statements

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with its Danish subsidiaries . The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 or 20 years, determined on the basis of Management's experience with the individual business areas. The estimated useful life has been determined by taking into consideration the business platform acquired, including a strong brand and reputation as well as very loyal customers.

Development projects

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

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

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

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

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

Other intangible fixed assets

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

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 3-7 years. Software licences are amortised over the period of the agreements, which is 3-7 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

Buildings	10-50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

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

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

Investments in subsidiaries

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

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

Current Asset Investments

Current Asset Investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Provisions

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

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

Deferred tax assets and liabilities

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

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

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

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

Notes to the Financial Statements

Current tax receivables and liabilities

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

Financial liabilities

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

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

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

Deferred income

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

Cash Flow Statement

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

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments". "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

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