Scanmetals A/S

Skibbækparken 7-11, Kirke Stillinge, 4200 Slagelse

CVR no. 26 80 19 58

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 22.05.25

Mikkel Krogslund Andersen
Dirigent

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Group information etc.

The company

Scanmetals A/S
Skibbækparken 7-11, Kirke Stillinge
4200 Slagelse
Registered office: Slagelse
CVR no.: 26 80 19 58
Financial year: 01.01 - 31.12

Executive Boards

Andrew John King
Lars Fuglsang

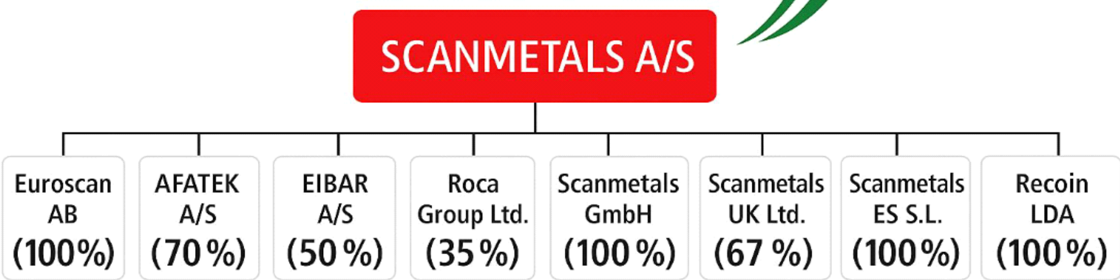
Board of Directors

Mikkel Krogslund Andersen
Andreas Færk
Ejvind Pedersen
Stiig Brink Larsen
Allan Bach Pedersen
Henrik Linde Thøgersen

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Group chart


SCANMETALS A/S
Euroscan AB (100%)
AFATEK A/S (70 %)
EIBAR A/S (50 %)
Roca Group Ltd. (35 %)
Scanmetals GmbH (100 %)
Scanmetals UK Ltd. (67 %)
Scanmetals ES S.L. (100 %)
Recoin LDA (100 %)

Statement by the Executive Boards and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Scanmetals A/S.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.24 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Slagelse, May 22, 2025

Executive Boards

Andrew John King	Lars Fuglsang

Board of Directors

Mikkel Krogslund Andersen Chairman	Andreas Færk	Ejvind Pedersen
Stiig Brink Larsen	Allan Bach Pedersen	Henrik Linde Thøgersen

To the Shareholder of Scanmetals A/S

Opinion

We have audited the consolidated financial statements and financial statements of Scanmetals A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.24 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.01.24 - 31.12.24 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 consolidated financial statements and financial statements” section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management’s review

Management is responsible for the management’s review.

Our opinion on the consolidated financial statements and 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 consolidated financial statements and financial statements, it is our responsibility to read management’s review and, in doing so, consider whether management’s review is materially inconsistent with the consolidated financial statements or parent company 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 by law and regulations.

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

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

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

In preparing the consolidated financial statements and financial statements, management is responsible for assessing the group's and 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 consolidated financial statements and financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 consolidated financial statements and 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 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 consolidated financial statements and 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and 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 expressing an opinion on the consolidated financial statements and 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.

Næstved, May 22, 2025

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Rickard Halfdan Patel

State Authorised Public Accountant
MNE-no. mne33780

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2024	2023	2022	2021	2020
Profit/loss					
Revenue	1,378,991	1,094,273	1,161,712	902,479	469,428
Gross profit	273,976	195,140	217,935	220,059	133,031
Profit before depreciation, amortisation, write-downs and impairment losses	168,664	94,557	133,432	149,474	88,119
Operating profit	107,811	37,328	77,289	94,732	53,905
Total net financials	-35,839	-18,565	-10,179	-11,262	-9,753
Profit/loss for the year	39,584	6,618	45,164	54,763	29,671
Balance					
Total assets	1,058,903	750,216	709,939	695,047	635,121
Investments in property, plant and equipment	130,281	97,550	48,483	23,563	73,109
Equity	234,514	195,934	194,009	161,204	104,794
Cashflow					
Net cash flow:					
Operating activities	78,473	58,379	80,986	90,240	39,379
Investing activities	-234,512	-97,414	-48,446	-23,654	-333,676
Financing activities	206,967	39,697	-42,554	-37,519	287,873
Cash flows for the year	50,928	662	-10,014	29,067	-6,424

Ratios

	2024	2023	2022	2021	2020
Profitability					
Return on equity	18%	8%	24%	41%	30%
Equity ratio					
Solvency ratio	22%	26%	27%	23%	17%
Others					
Number of employees (average)	200	171	156	134	89

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Gross margin: $\frac{\text{Gross result x 100}}{\text{Revenue}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

Scanmetals recovers non-ferrous metals from mixed post-consumer waste. The recovered non ferrous metals are cleaned, separated into different fractions, and sold to primary and secondary smelters, refineries, manufacturers of ingots and foundries globally.

Scanmetals A/S is the parent company of the Scanmetals groups of companies (“Scanmetals” or the “company”) with principal operations in Denmark, Germany and the United Kingdom.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit/loss of DKK 39,584k against DKK 6,618k for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 234,514k.

Key developments during the year included:

- A continued construction of a new processing facility in Zaragoza, Spain.

- Acquisition of the majority of the shares in the Danish company Afatek A/S.

Expectations for 2024 were an operating profit before depreciation (EBITDA) of DKK 130 - 140 million. The objective was met.

Outlook

The company expects an operating profit before depreciation (EBITDA) in the region of DKK 140 - 150 million for 2025.

Financial risks

Price risks

The non-ferrous metals recovered are subject to fluctuations in commodity price. However, the lead time to purchasing raw material and the sale of recovered metals is relatively short and the risk of significant individual commodity price movements is limited. The company does not take speculative positions on the future price of its metal end products.

Foreign currency risks

The group is exposed to limited foreign currency risk as most raw material purchases (except UK) and sales transactions are settled in Euro. On a monthly basis the company hedges its foreign exchange risk where possible.

Exchange rate adjustments of investments in subsidiaries that are an independent entity are recognized directly in equity.

Interest rate risks

The company's policy in respect of interest rate and liquidity risk is to maintain a mixture of term finance from its shareholders and banking partners with both fixed and floating interest rates.

Credit risks

Appropriate and regular credit checks are made on all potential customers before any metal sales are undertaken. The company also makes use of credit insurance to mitigate the credit risk of its customers.

Subsequent events

After the balance sheet date, the company has entered into a refinancing agreement with the current credit institution Nordea and Nykredit Bank.

In the refinancing agreement, the existing credit facilities are increased to better reflect the company's growth ambitions and strategy.

As part of the agreement, the company has also pledged shares in group companies as security for the exposures in Nordea and Nykredit Bank.

As of 31.12.14, the carrying amount of the companies covered amounts to DKK 386,534.

No other important events have occurred after the end of the financial year.

Corporate social responsibility

Business model and sustainability

Scanmetals is a recycling company specializing in the recovery of non-ferrous metals from mixed post-consumer waste and metal scrap. As an industry leader in metal recycling, Scanmetals utilizes the latest separation technologies to recover individual fractions of non-ferrous metals efficiently and effectively. The recovered metals are used in the production of low carbon alloys and metals in various manufacturing industries.

At Scanmetals, our business model is rooted in the principles of a circular economy. Scanmetals is committed to driving innovation and operational excellence in the metal recycling industry. We continuously evaluate and adapt our processes to ensure they remain resilient to environmental challenges and market dynamics.

We seek to enhance resource efficiency and environmental responsibility across the recycling value chain by investing in technology and sustainable practices. Scanmetals plays an important role in supporting the global manufacturing industry's transition toward a more sustainable future.

Strategic Expansion and new Facility
Scanmetals operates six processing facilities in Denmark, Germany, the United Kingdom and Spain. Scanmetals employs around 200 people across the group.

Scanmetals has experienced significant growth and development in recent years, highlighted by the establishment of a new processing facility in Zaragoza, Spain and the recent acquisition of Afatek in November 2024.

Scanmetals' Commitment to a Sustainable Future

At Scanmetals, sustainability is not just a value, it is the foundation of our business model. By extracting non-ferrous metals from post-consumer waste streams, we enable the reintegration of secondary raw materials into industrial manufacturing processes, thereby supporting the principles of a circular economy.

Looking forward, we will continue to invest in innovation and process improvements that will further enhance our contribution to a more resilient and resource-efficient economy.

We have set targets to minimize our environmental impact. Our roadmap includes measurable milestones and key performance metrics. To ensure our performance aligns with scientific standards and industry best practices, we closely monitor energy consumption and waste reduction.

As part of our commitment to transparency and regulatory compliance, we have partnered with Solitwork to enhance ESG data collection and reporting. This collaboration will help us align with the European Sustainability Reporting Standards (ESRS) and Corporate Sustainability Reporting (CSR) requirements. Additionally, our ongoing investments in technology and process improvements remain essential in driving meaningful progress toward our sustainability goals.

Governance and Stakeholder Engagement

To uphold transparency and accountability, we actively engage with a diverse range of stakeholders including investors, customers, employees, and regulatory authorities to foster collaboration and drive continuous improvement. This ongoing dialogue strengthens our commitment to ethical business practices and sustainable growth.

Key Performance Indicators

To track our progress, we monitor a comprehensive set of key range of performance indicators, including energy efficiency, greenhouse gas emissions, waste reduction, and overall environmental impact. These metrics provide valuable insights that inform our strategic decisions and help us identify opportunities for further improvement.

Looking ahead, Scanmetals remains dedicated to advancing our sustainability agenda. We will continue to invest in innovative technologies and pursue initiatives that contribute to a more resilient and resource-efficient Circular Economy.

Cutting CO2 Emissions with Innovative Metal Recycling Solutions

In 2024 Scanmetals recovered 43.057 tonnes of aluminum and 16.530 tonnes of Heavy metals (including copper, zinc, brass, stainless steel, gold and silver). This has resulted in significant CO2 savings compared to the production of virgin metals.

Industry averages suggest that producing virgin aluminum generates about 12 tonnes of CO2 per tonne (https://www.epa.gov/ghgemissions), whereas recycling can reduce these emissions by up to 95%. This translates to an estimated saving of roughly 11.4 tonnes of CO2 for every tonne of recycled aluminum (https://www.world-aluminium.org/).

For heavy metals, the recycling process can save around 2.5 tonnes of CO2 per tonne compared to virgin production. (https://ghgprotocol.org/standards-guidance)

Using these conservative estimates, our recycling efforts have prevented approximately:

- 490,850 tonnes of CO2 from recycled aluminum
- 41,325 tonnes of CO2 from recycled heavy metals

In total, this amounts to an estimated CO2 saving of around 532,175 tonnes of CO2 compared to producing the same amount of virgin metal. The environmental benefits of Scanmetals' operations become clear when placed in a global context.

To illustrate the scale: this saving corresponds to the entire annual consumption-based emissions of approximately 68,200 people worldwide, based on the global average of 7.8 tonnes of CO2 per capita (Eora Global Supply Chain Database, 2023). In practical terms, this is equivalent to offsetting the carbon footprint of a medium-sized city.

These savings underscore our commitment to a more sustainable future and highlights the role that Scanmetals plays in reducing the global metal manufacturing industry's carbon footprint.

Social and employee matters

The management system is based on the following ISO standards: ISO 9001 (Quality), ISO 14001 (Environment), and ISO 45001 (Health & Safety) and has been implemented in Denmark, The United Kingdom and Germany.

The system is audited annually by external auditors, who assess the company's actual performance in relation to the procedures in the management system and the requirements of the applicable ISO standards. The company set specific goals in 2023 for each standard, including high customer satisfaction ratings in relation to the quality of the metals they purchase, zero accidents and near misses in terms of Health & Safety and no environmental permit breaches.

While the target of zero accidents and near misses remains a long-term ambition, Scanmetals recorded 1 lost time injury, 34 recordable incidents, and 19 near misses. These were thoroughly investigated and followed up with preventive and corrective actions.

Environmental compliance remained a top priority, with no reported breaches of environmental permits in 2024. In addition, Scanmetals maintained its commitment to quality through continuous product monitoring and close dialogue with customers to ensure specifications are consistently met.

The integrated management system plays a vital role in driving performance improvements, mitigating risk, and aligning operational practices with Scanmetals' core values of responsibility, quality, and sustainability.

The company has set a clear target of zero workplace incidents ("Lost Time Injury" - LTI) and has implemented procedures for reporting and addressing near-misses across all sites. These measures aim to reduce risks and strengthen the overall safety culture. Daily reporting of near-misses will continue to be a focus area, as part of the company's efforts to provide a safe and secure working environment for all employees.

Healthy and Safety Performance Indicators	2024
Lost Time Injury	1
Recordable Incident	34
Near Miss	19

Employee Well-being and Inclusion

Scanmetals is committed to maintaining a healthy, inclusive, and respectful workplace culture. The company supports equal opportunities and a non-discriminatory work environment that allows all employees to thrive. Initiatives aimed at employee engagement and well-being are continuously assessed and developed, in alignment with Scanmetals' core values. Scanmetals has a Code of Conduct to govern staff and all persons who act on behalf of Scanmetals, guaranteeing that all the company’s activities are conducted ethically, under socially responsible conditions and which prioritize the well-being of both employees and the environment.

Respect for human rights

Given Scanmetals’ international footprint, the company maintains ongoing assessments of human rights risks in the countries it operates in and among its business partners. Through regular dialogue and evaluations, Scanmetals monitors suppliers and customers to ensure adherence to internationally recognised human rights principles.

Scanmetals does not engage with external partners whose practices conflict with its ethical standards. The company’s Modern Slavery and Human Trafficking Statement outlines its commitment to preventing forced labour, child labour, and other forms of exploitation. There has been no reporting in 2024. The statement is publicly available on the company’s website:
https://scanmetals.com/modern-slavery-human-trafficking-statement

Anti-corruption and bribery matters

Anti-corruption and bribery are paramount concerns for Scanmetals, and the company is committed to upholding the highest standards in all dealings with customers and suppliers alike. The company’s values and ethical standards can be found in the Code of Conduct: https://scanmetals.com/wp-content/uploads/2024/08/Scanmetals-Code-of-Conduct.pdf

Furthermore, the company has implemented a Whistleblower policy for both employees and clients, allowing the reporting of any suspicions regarding the company's activities. To date, the whistleblower scheme has not received any reports of inappropriate behavior or issues of concern.

For information on the company’s Whistleblower policy, please visit the Scanmetals website: https://whistleportal.co/HYpjq. This policy allows both employees and clients to report any activities that may compromise the integrity of Scanmetals.

Data ethics

Scanmetals has, following advice from the associated GDPR legal counsel, opted out of a data ethics policy, as Scanmetals does not process data or personal data on a large scale or uses new technologies, such as algorithms, machine learning or artificial intelligence in the development and provision of the company's services. The processing of personal data or data is not part of Scanmetals’ business activities or strategy.

In connection with Scanmetals’ activities, no personal data or data is processed as only B2B customers are traded with and therefore, as a rule, no personal data or data is processed in a business context.

Scanmetals only processes contact information (name and work email address and / or work telephone number) of a contact person at a B2B customer in connection with the administration or collaboration with the B2B customer. This information is collected from the contact person himself.

In addition to the above, Scanmetals processes personal information about its employees to manage the employment relationship. Scanmetals does not make use of algorithms for the processing of this personal data.

For more information please visit the Scanmetals website: https://whistleportal.co/HYpjq#privacy-policy

Income statement

Note		Group 2024 DKK '000	Group 2023 DKK '000	Parent 2024 DKK '000	Parent 2023 DKK '000
2	**Revenue**	**1,378,991**	**1,094,273**	**609,388**	**515,484**
	Change in inventories of finished goods and work in progress	9,112	13,782	-12,452	14,551
	Other operating income	2,945	1,333	3,026	1,877
	Cost of sales	-1,027,261	-846,496	-460,419	-437,981
	Other external expenses	-89,811	-67,752	-25,710	-15,155
	Gross profit	**273,976**	**195,140**	**113,833**	**78,776**
3	Staff costs	-105,312	-100,583	-54,082	-53,162
	Profit before depreciation, amortisation, write-downs and impairment losses	**168,664**	**94,557**	**59,751**	**25,614**
5	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-60,853	-57,108	-21,316	-20,426
	Other operating expenses	0	-121	0	0
	Operating profit	**107,811**	**37,328**	**38,435**	**5,188**
6	Income from equity investments in group enterprises	0	0	14,651	2,600
7	Income from equity investments in associates	577	200	577	200
8	Financial income	2,415	5,903	1,894	5,954
9	Financial expenses	-38,831	-24,668	-24,529	-21,515
	Profit/loss before tax	**71,972**	**18,763**	**31,028**	**-7,573**
10	Tax on profit or loss for the year	-32,388	-12,145	-4,407	2,231
	Profit/loss for the year	**39,584**	**6,618**	**26,621**	**-5,342**

Proposed appropriation account

	Group 2024 DKK '000	Group 2023 DKK '000	Parent 2024 DKK '000	Parent 2023 DKK '000
Non-controlling interests	12,963	11,960	0	0
Retained earnings	26,621	-5,342	26,621	-5,342
Total	**39,584**	**6,618**	**26,621**	**-5,342**

Balance sheet

ASSETS

Note		Group		Parent	
		31.12.24 DKK '000	31.12.23 DKK '000	31.12.24 DKK '000	31.12.23 DKK '000
	Goodwill	237,241	170,285	0	0
12	**Total intangible assets**	**237,241**	**170,285**	**0**	**0**
	Land and buildings	105,914	99,363	93,505	94,225
	Leasehold improvements	16,188	12,010	0	0
	Plant and machinery	123,736	127,329	86,250	83,864
	Other fixtures and fittings, tools and equipment	14,356	4,211	284	532
	Property, plant and equipment under construction	150,501	69,752	0	16,445
13	**Total property, plant and equipment**	**410,695**	**312,665**	**180,039**	**195,066**
14	Equity investments in group enterprises	0	0	386,534	294,594
14	Equity investments in associates	1,227	650	1,227	650
14	Equity investments in participating interests	10,312	0	10,312	0
	Total investments	**11,539**	**650**	**398,073**	**295,244**
	Total non-current assets	**659,475**	**483,600**	**578,112**	**490,310**
	Raw materials and consumables	183	0	0	0
	Manufactured goods and goods for resale	104,426	95,497	44,412	56,865
	Total inventories	**104,609**	**95,497**	**44,412**	**56,865**
	Trade receivables	140,828	91,359	52,566	28,032
	Receivables from group enterprises	0	0	99,875	53,451
	Receivables from participating interests	10,633	0	10,633	0
	Income tax receivable	0	0	3,644	3,640
	Other receivables	21,725	18,313	3,513	5,200
15	Prepayments	10,880	1,622	9,635	944
	Total receivables	**184,066**	**111,294**	**179,866**	**91,267**
	Cash	**110,753**	**59,825**	**6,941**	**7,151**
	Total current assets	**399,428**	**266,616**	**231,219**	**155,283**
	Total assets	**1,058,903**	**750,216**	**809,331**	**645,593**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		31.12.24 DKK '000	31.12.23 DKK '000	31.12.24 DKK '000	31.12.23 DKK '000
16	Share capital	1,322	1,322	1,322	1,322
	Foreign currency translation reserve	2,328	0	2,328	0
	Cash flow hedging reserve	-5,924	-5,610	-5,924	-5,610
	Retained earnings	199,502	172,881	199,502	172,881
	Equity attributable to owners of the parent	**197,228**	**168,593**	**197,228**	**168,593**
17	Non-controlling interests	37,286	27,341	0	0
	Total equity	**234,514**	**195,934**	**197,228**	**168,593**
18	Provisions for deferred tax	2,501	8,156	8,070	3,751
19	Other provisions	11,213	0	0	0
	Total provisions	**13,714**	**8,156**	**8,070**	**3,751**
20	Mortgage debt	29,707	31,121	29,707	31,121
20	Payables to other credit institutions	256,519	146,694	175,351	142,835
20	Lease commitments	29,409	44,361	28,007	41,749
20	Other payables	169,834	77,549	169,834	77,549
	Total long-term payables	**485,469**	**299,725**	**402,899**	**293,254**
20	Short-term part of long-term payables	33,343	86,265	30,183	82,554
	Payables to other credit institutions	125,914	45,259	125,914	45,259
	Prepayments received from customers	19,332	0	0	0
	Trade payables	80,997	87,383	22,798	27,029
	Payables to group enterprises	0	0	2,589	12,851
	Income taxes	16,926	1,569	0	0
	Other payables	48,694	25,925	19,650	12,302
	Total short-term payables	**325,206**	**246,401**	**201,134**	**179,995**
	Total payables	**810,675**	**546,126**	**604,033**	**473,249**
	Total equity and liabilities	**1,058,903**	**750,216**	**809,331**	**645,593**

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23 Contingent liabilities
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Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:								
Statement of changes in equity for 01.01.23 - 31.12.23								
Balance as at 01.01.23	1,300	0	-1,198	0	173,337	173,439	20,571	194,010
Foreign currency translation adjustment of foreign enterprises	0	0	1,106	0	0	1,106	476	1,582
Capital increase	22	0	0	0	4,978	5,000	0	5,000
Fair value adjustment of hedging instruments	0	0	0	-7,192	0	-7,192	0	-7,192
Dividend paid	0	0	0	0	0	0	-5,666	-5,666
Other changes in equity	0	0	92	0	-92	0	0	0
Tax on changes in equity	0	0	0	1,582	0	1,582	0	1,582
Net profit/loss for the year	0	0	0	0	-5,342	-5,342	11,960	6,618
Balance as at 31.12.23	1,322	0	0	-5,610	172,881	168,593	27,341	195,934

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Statement of changes in equity for 01.01.24 - 31.12.24								
Balance as at 01.01.24	1,322	0	0	-5,610	172,881	168,593	27,341	195,934
Net effect of mergers and acquisition of enterprises	0	0	0	0	0	0	2,329	2,329
Adjusted balance as at 01.01.24	1,322	0	0	-5,610	172,881	168,593	29,670	198,263
Foreign currency translation adjustment of foreign enterprises	0	0	2,328	0	0	2,328	1,163	3,491
Fair value adjustment of hedging instruments	0	0	0	-403	0	-403	0	-403
Dividend paid	0	0	0	0	0	0	-6,510	-6,510
Tax on changes in equity	0	0	0	89	0	89	0	89
Net profit/loss for the year	0	0	0	0	26,621	26,621	12,963	39,584
Balance as at 31.12.24	1,322	0	2,328	-5,924	199,502	197,228	37,286	234,514

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Parent:								
Statement of changes in equity for 01.01.23 - 31.12.23								
Balance as at 01.01.23	1,300	0	-1,198	0	173,337	173,439	0	173,439
Foreign currency translation adjustment of foreign enterprises	0	0	1,106	0	0	1,106	0	1,106
Capital increase	22	0	0	0	4,978	5,000	0	5,000
Fair value adjustment of hedging instruments	0	0	0	-7,192	0	-7,192	0	-7,192
Other changes in equity	0	0	92	0	-92	0	0	0
Tax on changes in equity	0	0	0	1,582	0	1,582	0	1,582
Net profit/loss for the year	0	0	0	0	-5,342	-5,342	0	-5,342
Balance as at 31.12.23	1,322	0	0	-5,610	172,881	168,593	0	168,593
Statement of changes in equity for 01.01.24 - 31.12.24								
Balance as at 01.01.24	1,322	0	0	-5,610	172,881	168,593	0	168,593
Foreign currency translation adjustment of foreign enterprises	0	0	2,328	0	0	2,328	0	2,328
Fair value adjustment of hedging instruments	0	0	0	-403	0	-403	0	-403
Tax on changes in equity	0	0	0	89	0	89	0	89
Net profit/loss for the year	0	0	0	0	26,621	26,621	0	26,621
Balance as at 31.12.24	1,322	0	2,328	-5,924	199,502	197,228	0	197,228

Consolidated cash flow statement

Note		Group 2024 DKK '000	Group 2023 DKK '000
	Profit/loss for the year	**39,584**	**6,618**
26	Adjustments	128,798	88,835
	Change in working capital:		
	Inventories	-9,112	-13,782
	Receivables	-72,772	15,304
	Trade payables	-6,386	3,823
	Other payables relating to operating activities	42,101	-669
	Other provisions	11,213	0
	Cash flows from operating activities before net financials	**133,426**	**100,129**
	Interest income and similar income received	2,415	5,903
	Interest expenses and similar expenses paid	-38,831	-24,667
	Income tax paid	-18,537	-22,986
	Cash flows from operating activities	**78,473**	**58,379**
	Purchase of intangible assets	-93,936	0
	Purchase of property, plant and equipment	-130,281	-97,550
	Sale of property, plant and equipment	17	136
	Purchase of securities and equity investments	-10,312	0
	Cash flows from investing activities	**-234,512**	**-97,414**
	Raising of additional capital	0	5,000
	Dividend paid	-6,510	-5,666
	Arrangement of mortgage debt	0	384
	Repayment of mortgage debt	-1,359	0
	Arrangement of payables to credit institutions	80,655	0
	Repayment of payables to credit institutions	59,447	-37,273
	Repayment of lease commitments	-17,551	-297
	Arrangement of other long-term payables	92,285	77,549
	Cash flows from financing activities	**206,967**	**39,697**
	Total cash flows for the year	**50,928**	**662**
	Cash, beginning of year	59,825	59,163
	Cash, end of year	**110,753**	**59,825**
	Cash, end of year, comprises:		
	Cash	110,753	59,825
	Total	**110,753**	**59,825**

1. Subsequent events

After the balance sheet date, the company has entered into a refinancing agreement with the current credit institution Nordea and Nykredit Bank.

In the refinancing agreement, the existing credit facilities are increased to better reflect the company's growth ambitions and strategy.

As part of the agreement, the company has also pledged shares in group companies as security for the exposures in Nordea and Nykredit Bank.

As of 31.12.14, the carrying amount of the companies covered amounts to DKK 386,534.

No other important events have occurred after the end of the financial year.

	Group		Parent	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000

2. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

With reference to the exemption-on-prejudice provision in section 96(1) of the Danish Financial Statements Act, the company has omitted to provide further segment information. The reason for the omission is that this information will have a negative effect on the Group's competitiveness.

Revenue comprises the following activities:

Revenue, metals	1,378,991	1,094,273	609,388	515,484

Revenue comprises the following geographical markets:

Revenue, EU	933,548	757,160	329,674	301,937
Revenue, Non-EU	445,443	337,113	279,714	213,547
Total	1,378,991	1,094,273	609,388	515,484

3. Staff costs

Wages and salaries	90,242	83,524	47,671	43,844
Pensions	5,331	4,679	3,742	3,441
Other social security costs	7,589	6,776	1,233	1,046
Other staff costs	2,150	5,604	1,436	4,831
Total	105,312	100,583	54,082	53,162

Average number of employees during the year	200	171	79	74

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	6,113	4,807	6,113	4,807

With reference to section 98b(3) no. 1 of the Danish Financial Statements Act, remuneration for the Executive Board and Board of Directors are summarized for 2024 and 2023, as information would otherwise lead to amounts being shown for a single member of management.

Notes

	Group		Parent	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000

4. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	755	700	238	218
Other assurance engagements	54	53	0	0
Tax advice	144	323	87	274
Other services	315	170	143	101
Total	1,268	1,246	468	593

5. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment

Amortisation of intangible assets	26,980	26,198	0	0
Depreciation of property, plant and equipment	33,873	30,910	21,316	20,426
Total	60,853	57,108	21,316	20,426

6. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	41,631	28,798
Amortisation of goodwill	0	0	-26,980	-26,198
Total	0	0	14,651	2,600

7. Income from equity investments in associates

Share of profit or loss of associates	577	200	577	200
Total	577	200	577	200

Notes

	Group		Parent	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000

8. Financial income

Other financial income	2,415	5,903	1,894	5,954
Total	2,415	5,903	1,894	5,954

9. Financial expenses

Other financial expenses	38,831	24,668	24,529	21,515
Total	38,831	24,668	24,529	21,515

10. Tax on profit or loss for the year

Current tax for the year	33,893	13,088	0	0
Adjustment of deferred tax for the year	-1,505	-943	4,407	-2,231
Total	32,388	12,145	4,407	-2,231

11. Proposed appropriation account

Non-controlling interests	12,963	11,960	0	0
Retained earnings	26,621	-5,342	26,621	-5,342
Total	39,584	6,618	26,621	-5,342

12. Intangible assets

Figures in DKK '000	Goodwill
Group:	
Cost as at 01.01.24	261,977
Additions during the year	93,936
Cost as at 31.12.24	355,913
Amortisation and impairment losses as at 01.01.24	-91,692
Amortisation during the year	-26,980
Amortisation and impairment losses as at 31.12.24	-118,672
Carrying amount as at 31.12.24	237,241

13. Property, plant and equipment

Figures in DKK '000	Land and buildings	Leasehold improve-ments	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Group:					
Cost as at 01.01.24	122,369	15,435	240,905	8,574	69,752
Foreign currency translation adjustment of foreign enterprises	0	406	2,866	72	0
Additions during the year	7,819	4,981	8,504	11,638	97,339
Disposals during the year	0	0	-69	-61	0
Transfers during the year to/from other items	3,741	0	12,849	0	-16,590
Cost as at 31.12.24	133,929	20,822	265,055	20,223	150,501
Depreciation and impairment losses as at 01.01.24	-23,006	-3,425	-113,576	-4,363	0
Foreign currency translation adjustment of foreign enterprises	0	-84	-1,173	-62	0
Depreciation during the year	-5,009	-1,125	-26,639	-1,493	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	69	51	0
Depreciation and impairment losses as at 31.12.24	-28,015	-4,634	-141,319	-5,867	0
Carrying amount as at 31.12.24	105,914	16,188	123,736	14,356	150,501

13. Property, plant and equipment - continued -

Figures in DKK '000	Land and buildings	Leasehold improve-ments	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Parent:					
Cost as at 01.01.24	117,231	0	159,491	1,820	16,445
Additions during the year	527	0	5,761	0	0
Transfers during the year to/from other items	3,741	0	12,704	0	-16,445
Cost as at 31.12.24	121,499	0	177,956	1,820	0
Depreciation and impairment losses as at 01.01.24	-23,006	0	-75,627	-1,288	0
Depreciation during the year	-4,988	0	-16,079	-248	0
Depreciation and impairment losses as at 31.12.24	-27,994	0	-91,706	-1,536	0
Carrying amount as at 31.12.24	93,505	0	86,250	284	0
Carrying amount of assets held under finance leases as at 31.12.24	0	0	74,927	0	0

14. Equity investments

Figures in DKK '000	Equity investments in group enterprises	Equity investments in associates	Equity investments in participating interests
Group:			
Cost as at 01.01.24	0	500	0
Additions during the year	0	0	10,312
Cost as at 31.12.24	0	500	10,312
Revaluations as at 01.01.24	0	150	0
Net profit/loss from equity investments	0	577	0
Revaluations as at 31.12.24	0	727	0
Carrying amount as at 31.12.24	0	1,227	10,312
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0	0	0
Parent:			
Cost as at 01.01.24	312,557	500	0
Additions during the year	99,371	0	10,312
Cost as at 31.12.24	411,928	500	10,312
Revaluations as at 01.01.24	-17,963	150	0
Foreign currency translation adjustment of foreign enterprises	2,328	0	0
Amortisation of goodwill	-26,980	0	0
Net profit/loss from equity investments	41,631	577	0
Dividend relating to equity investments	-24,410	0	0
Revaluations as at 31.12.24	-25,394	727	0
Carrying amount as at 31.12.24	386,534	1,227	10,312
Positive balances ascertainable on initial recognition of equity investments measured at equity value	93,936	0	0

14. Equity investments - continued -

Name and registered office:	Ownership interest
Subsidiaries:	
Euroscan AB, Sweden	100%
Scanmetals (UK) Limited, United Kingdom	67%
Scanmetals Deutschland GmbH, Germany	100%
Recoin Unipessoal Lda., Portugal	100%
Scanmetals Iberia Sociedad Limitada, Spain	100%
Afatek A/S, Næstved, Denmark	70%
Associates:	
EIBAR A/S, Aabenraa, Denmark	50%
Participating interests:	
Roca Group Limited, United Kingdom	35%

	Group		Parent	
	31.12.24 DKK '000	31.12.23 DKK '000	31.12.24 DKK '000	31.12.23 DKK '000
15. Prepayments				
Prepaid insurance premiums	512	441	512	441
Other prepayments	10,368	1,181	9,123	503
Total	10,880	1,622	9,635	944

16. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share capital	1,321,667	1,322

The company has a warrant programme for senior employees, which allows the employees to subscribe for shares in the company.

The subscription rights allow for the subscription of up to 79,333 shares corresponding to a nominal value of DKK 79,333.

	Group		Parent	
	31.12.24 DKK '000	31.12.23 DKK '000	31.12.24 DKK '000	31.12.23 DKK '000

17. Non-controlling interests

Non-controlling interests, beginning of year	27,341	20,571	0	0
Net effect of mergers and acquisition of enterprises	2,329	0	0	0
Foreign currency translation adjustment of foreign enterprises	1,163	476	0	0
Dividend paid	-6,510	-5,666	0	0
Net profit/loss for the year (distribution of net profit)	12,963	11,960	0	0
Total	37,286	27,341	0	0

18. Deferred tax

Deferred tax as at 01.01.24	8,156	10,613	3,752	7,565
Additions relating to mergers and acquisition of enterprises	-4,292	0	0	0
Deferred tax recognised in the income statement	-1,505	-943	4,407	-2,231
Deferred tax recognised in equity	141	-1,514	-89	-1,582
Deferred tax as at 31.12.24	2,500	8,156	8,070	3,752

19. Other provisions

Figures in DKK '000	Obligation for dismandling, removing and restoring
Group:	
Provisions as at 01.01.24	0
Additions relating to mergers and acquisition of enterprises	11,213
Provisions as at 31.12.24	11,213

	31.12.24 DKK '000	31.12.23 DKK '000	31.12.24 DKK '000	31.12.23 DKK '000
Other provisions are expected to be distributed as follows:				
Non-current liabilities	11,213	0	0	0
Current liabilities	0	0	0	0
Total	11,213	0	0	0

20. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Group:				
Mortgage debt	1,401	23,510	31,108	32,467
Payables to other credit institutions	14,445	0	270,964	211,517
Lease commitments	17,497	0	46,906	64,457
Other payables	0	0	169,834	77,549
Total	33,343	23,510	518,812	385,990
Parent:				
Mortgage debt	1,401	23,510	31,108	32,467
Payables to other credit institutions	12,635	0	187,986	205,470
Lease commitments	16,147	0	44,154	60,322
Other payables	0	0	169,834	77,549
Total	30,183	23,510	433,082	375,808

21. Fair value information

Figures in DKK '000	Derivative financial instruments
Group:	
Fair value as at 31.12.24	-7,595
Unrealised changes of fair value recognised in equity for the year	-403
Parent:	
Fair value as at 31.12.24	-7,595
Unrealised changes of fair value recognised in equity for the year	-403

22. Derivative financial instruments

Group:

The group has entered into two interest rate swaps to hedge future interest payments on a variable-rate mortgage loan. The interest rate swaps have a term of five to ten years for the latest expiry on 31 December 2033. The interest rate swaps are recognised at fair value calculated by the bank, amounting to DKK -7,595k at the balance sheet date. The interest rate swaps have been entered into with a Danish bank as the counterparty.

Parent:

The company has entered into two interest rate swaps to hedge future interest payments on a variable-rate mortgage loan. The interest rate swaps have a term of five to ten years for the latest expiry on 31 December 2033. The interest rate swaps are recognised at fair value calculated by the bank, amounting to DKK -7,595k at the balance sheet date. The interest rate swaps have been entered into with a Danish bank as the counterparty.

23. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with total lease payments of DKK 76,341k.

Recourse guarantee commitments

The group has provided a guarantee whereby the guarantor assumes primary liability for group enterprises' debt to credit institutions. The guarantee is unlimited. The group enterprises' debt to the credit institutions concerned amounts to DKK 12,732k at the balance sheet date.

Guarantee commitments

The group has provided guarantees of DKK 2,565k to suppliers and public authorities.

Other contingent liabilities

During the financial year, the group acquired 70% of the shares in Afatek A/S, which is now recognized as an associate. As part of the purchase agreement, there may be an additional payment to the purchase price up to DKK 39.2 million depending on the achievement of certain targets.

Management believes that there is such significant uncertainty as to whether an additional purchase price will be payable that this has been disclosed as a contingent liability.

23. Contingent liabilities - continued -

Parent:

Lease commitments

The company has concluded lease agreements with total lease payments of DKK 81k.

Recourse guarantee commitments

The company has provided a guarantee whereby the guarantor assumes primary liability for group enterprises' debt to credit institutions. The guarantee is unlimited. The group enterprises' debt to the credit institutions concerned amounts to DKK 12,732k at the balance sheet date.

Guarantee commitments

The company has provided guarantees of DKK 2,565k to suppliers and public authorities.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

During the financial year, the company acquired 70% of the shares in Afatek A/S, which is now recognized as an associate. As part of the purchase agreement, there may be an additional payment to the purchase price up to DKK 39.2 million depending on the achievement of certain targets.

Management believes that there is such significant uncertainty as to whether an additional purchase price will be payable that this has been disclosed as a contingent liability.

24. Charges and security

Group:

Land and buildings with a carrying amount of DKK 87,264k have been provided as security of DKK 32,685k for mortgage debt of DKK 31,108k.

The group has issued mortgage deeds registered to the mortgagor in the total amount of DKK 9,300k secured upon land and buildings with a carrying amount of DKK 64,337k.

The mortgage deeds registered to the mortgagor are provided as security for debt to credit institutions.

The group has provided a company charge of DKK 127,500k as security for debt to credit institutions of DKK 313,900k. As at 31.12.24, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 0k
- Motor vehicles, DKK 0k
- Other plant, fixtures and fittings, tools and equipment, DKK 86,535k
- Inventories, DKK 44,412k
- Trade receivables, DKK 52,566k
- Fuels and other ancillary materials, DKK 0k

24. Charges and security - continued -

Parent:

Land and buildings with a carrying amount of DKK 87,264k have been provided as security of DKK 32,685k for mortgage debt of DKK 31,108k.

The company has issued mortgage deeds registered to the mortgagor in the total amount of DKK 9,300k secured upon land and buildings with a carrying amount of DKK 64,337k.

The mortgage deeds registered to the mortgagor are provided as security for debt to credit institutions.

The company has provided a company charge of DKK 127,500k as security for debt to credit institutions of DKK 313,900k. As at 31.12.24, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 0k
- Motor vehicles, DKK 0k
- Other plant, fixtures and fittings, tools and equipment, DKK 86,535k
- Inventories, DKK 44,412k
- Trade receivables, DKK 52,566k
- Fuels and other ancillary materials, DKK 0k

25. Related parties

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 3. Staff costs.

26. Adjustments for the cash flow statement

	Group 2024 DKK '000	Group 2023 DKK '000
Other operating income	-8	-20
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	60,853	57,108
Other operating expenses	0	121
Income from equity investments in associates	-577	-200
Financial income	-2,415	-5,903
Financial expenses	38,831	24,667
Tax on profit or loss for the year	32,388	12,145
Other adjustments	-274	917
Total	128,798	88,835

27. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds participating interests, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates. Enterprises held by the group for the purpose of furthering its own activities through a permanent affiliation, and in which the group does not exercise significant influence or control, are considered participating interests.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

27. Accounting policies - continued -

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis in the balance sheet of the parent based on the actual ownership interest in the acquired equity investments. In the consolidated financial statements, goodwill is recognised in full regardless of the ownership interest held in the subsidiary, i.e. including goodwill relating to the shares of non-controlling interests in subsidiaries.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets in the consolidated financial statements and under equity investments in subsidiaries in the parent's balance sheet. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

27. Accounting policies - continued -

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

27. Accounting policies - continued -

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

27. Accounting policies - continued -

INCOME STATEMENT

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental incomel and gains on the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

27. Accounting policies - continued -

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Goodwill	10	0
Buildings	25	0
Leasehold improvements	10 - 20	0
Plant and machinery	5 - 10	0
Other plant, fixtures and fittings, tools and equipment	2 - 5	0

Goodwill is amortised over 10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

27. Accounting policies - continued -

Income from equity investments in group entreprises and associates as well as participating interests

For equity investments in equity investments in associates and in the parent also equity investments in subsidiaries that are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For associates only the proportionate share of intercompany gains and losses is eliminated.

Dividends from equity investments measured at cost are recognised as income in the financial year in which the dividend is declared.

Income from equity investments in equity investments in subsidiaries and associates as well as participating interests also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.
The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

27. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

27. Accounting policies - continued -

Equity investments in group entreprises and associates as well as participating interests

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

Equity investments in associates

In the balance sheet, equity investments in associates are recognised and measured according to the equity method. For equity investments in associates, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Accounting policies for the acquisition of equity investments in associates are subject to the same accounting policies as for business combinations, see the description in the 'Business combinations' section.

Participating interests

In the balance sheet, participating interests are measured at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Accounting policies for the acquisition of participating interests are subject to the same accounting policies as for business combinations, see the description in the 'Business combinations' section.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred. Where the cost on acquisition of equity investments includes a contingent purchase consideration, this consideration is measured at fair value at the date of acquisition. Subsequent value adjustment of contingent purchase consideration at fair value is recognised in the cost of acquired equity investments. For subsidiaries, subsequent value adjustment of contingent purchase consideration at fair value is recognised in the income statement in the consolidated financial statements.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value,

27. Accounting policies - continued -

determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 10 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

Gains or losses on disposal of equity investments

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in participating interests exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

27. Accounting policies - continued -

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

27. Accounting policies - continued -

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Provisions

Other provisions comprise expected expenses incidental to obligations for dismandling, removing and restoring, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

For assets, the acquisition, construction or use of which entails an obligation to dismandle, remove or restore the asset after use, the estimated expenses incidental thereto are recognised as provisions. The estimated expenses are included in the cost of the asset.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

27. Accounting policies - continued -

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.