# MacArtney A/S

Gl Guldagervej 48, 6710 Esbjerg V
CVR-nr. 84 16 48 28

Annual Report 2023/24

1 October - 30 September

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 4 February 2025

Niels Erik Hedeager

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# Contents

# Company Details

| | | |
|---|---|---|
| **Company** | MacArtney A/S<br>Gl Guldagervej 48<br>6710 Esbjerg V | |
| | CVR No.: | 84 16 48 28 |
| | Established: | 12 May 1978 |
| | Municipality: | Esbjerg |
| | Financial Year: | 1 October 2023 - 30 September 2024 |
| **Board of Directors** | Niels Erik Hedeager, chairman<br>Glenn Carsten MacArtney<br>Marco Dalhoff MacArtney<br>Trine Borum Bojsen | |
| **Executive Board** | Niels Peter Christiansen | |
| **Auditor** | BDO Statsautoriseret revisionsaktieselskab<br>Dokken 8<br>6700 Esbjerg | |

# Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of MacArtney A/S for the financial year 1 October 2023 - 30 September 2024.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's assets, liabilities and financial position at 30 September 2024 and of the results of Group's and the Company's operations and cash flows for the financial year 1 October 2023 - 30 September 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Esbjerg, 29 January 2025

Executive Board

Niels Peter Christiansen

Board of Directors

| | | |
|---|---|---|
| Niels Erik Hedeager<br>Chairman | Glenn Carsten MacArtney | Marco Dalhoff MacArtney |

Trine Borum Bojsen

# Independent Auditor's Report

**To the Shareholder of MacArtney A/S**

## Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MacArtney A/S for the financial year 1 October 2023 - 30 September 2024, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 30 September 2024 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 October 2023 - 30 September 2024 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 the Parent Company 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and the 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 Consolidated Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or 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 the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 the Parent Company Financial Statements.

# Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Statement on Management Commentary**
Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

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

# Independent Auditor's Report

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

Based on the work we have performed, we conclude that Management Commentary 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 of Management Commentary.

Esbjerg, 29 January 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

| | |
|---|---|
| Jørn Jepsen<br>State Authorised Public Accountant<br>MNE no. mne24824 | Stig Petersen<br>State Authorised Public Accountant<br>MNE no. mne35464 |

# Financial Highlights of the Group

| | 2023/24 DKK '000 | 2022/23 DKK '000 | 2021/22 DKK '000 | 2020/21 DKK '000 | 2019/20 DKK '000 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Net revenue | 1.082.107 | 918.501 | 788.230 | 610.847 | 665.722 |
| Gross profit/loss | 427.302 | 340.652 | 228.024 | 224.033 | 227.637 |
| Operating profit/loss before depreciation and amortisation (EBITDA) | 121.386 | 84.526 | 32.759 | 30.575 | 31.290 |
| EBIT | 107.521 | 70.513 | 23.537 | 18.547 | 18.340 |
| Financial income and expenses, net | 2.372 | 12.250 | 14.294 | 12.823 | 13.175 |
| Earnings before tax (EBT) | 134.111 | 82.763 | 37.831 | 31.370 | 31.515 |
| Profit/loss for the year | 108.159 | 73.191 | 31.735 | 24.717 | 28.336 |
| Results for the year without minority interests | 106.572 | 72.769 | 29.934 | 22.783 | 27.364 |
| **Balance sheet** | | | | | |
| Total assets | 701.741 | 552.493 | 551.901 | 461.639 | 435.948 |
| Equity | 386.210 | 313.001 | 260.482 | 226.812 | 210.803 |
| Equity ex minority interests | 378.568 | 304.933 | 252.858 | 220.989 | 205.570 |
| Net interest-bearing debt | -30.485 | -5.168 | 42.498 | 17.947 | 14.726 |
| Average invested capital incl. goodwill | 335.958 | 315.908 | 280.290 | 226.917 | 210.475 |
| **Cash flows** | | | | | |
| Investment in property, plant and equipment | -9.144 | -19.104 | -33.137 | -9.746 | -12.325 |
| **Key ratios** | | | | | |
| Net Margin (%) | 10.0 | 8.0 | 4.0 | 4.1 | 4.3 |
| Return on invested capital incl. goodwill (%) | 33.6 | 23.3 | 9.4 | 9.4 | 10.2 |
| Revenue/average invested capital incl. goodwill (%) | 3.2 | 3.0 | 2.8 | 2.7 | 3.2 |
| EBT margin (%) | 12.4 | 9.0 | 4.8 | 5.1 | 4.7 |
| Financial gearing | -0.1 | 0.0 | 0.2 | 0.1 | 0.1 |
| Return on equity (excl. minority interests) | 31.3 | 26.1 | 12.6 | 10.7 | 13.7 |
| Equity ratio | 54.0 | 55.2 | 45.8 | 47.9 | 47.2 |
| EBITDA Margin (%) | 11.2 | 9.2 | 4.2 | 5.0 | 4.7 |

# Financial Highlights of the Group

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

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

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

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

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

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

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

| | |
|---|---|
| Net margin (%): | $\frac{\text{Operating profit/loss x 100}}{\text{Net revenue}}$ |
| Return on invested capital incl goodwill (%): | $\frac{\text{EBITDA x 100}}{\text{Average invested capital incl goodwill}}$ |
| Revenue/Invested capital incl goodwill: | $\frac{\text{Revenue}}{\text{Average invested capital incl goodwill}}$ |
| EBT Margin (%): | $\frac{\text{Earnings before tax x 100}}{\text{Revenue}}$ |
| Financial gearing: | $\frac{\text{Net interest-bearing debt}}{\text{Equity}}$ |
| Return on equity (%): | $\frac{\text{Result for the year excl. minority interests x 100}}{\text{Average equity excl. minority interests}}$ |
| Equity ratio (%): | $\frac{\text{Equity excl. minority interests x 100}}{\text{Balance sheet total}}$ |
| EBITDA margin (%): | $\frac{\text{Operating profit/loss excl. depreciations x 100}}{\text{Revenue}}$ |

# Management Commentary

## Principal activities
MacArtney A/S is the parent entity of the MacArtney Underwater Technology Group, headquartered in Esbjerg, Denmark. The MacArtney Group includes operations in Bur and Klinkby, Denmark, as well as in the US, Canada, the United Kingdom, Norway, Sweden, France, the Netherlands, Germany, Italy, Australia, Singapore, and China. Furthermore, the Group is supplemented by a distributor network of 24 companies worldwide.

The Group manufactures high-quality products, fully integrated systems, and innovative custom solutions, from design to installation, supported by training, service and local workshops. We cover the areas of connectivity, launch and recovery, and data acquisition for energy companies, ocean science institutes, marine renewable developers, navies, and others around the world.

## Development in activities and financial and economic position
The yearly profit for the group after-tax amounts to 108,159 k, and the parent company yields a profit of DKK 106,572 k after-tax.

After the distribution of the profit for the year, the total equity for the parent company amounts to DKK 378,568 k, and the group amounts to DKK 386,210 k, corresponding to 55 % of the total balance sheet at 30.09.2024 for the group.

## Profit/loss for the year compared to the expected development
The performance for the year 2023/24 MacArtney Group exceeded the management expectations both in terms of revenue and profitability. This is achieved through good conditions in our markets. MacArtney Group experienced growth of 35% in Asia, 17,8 % in Europe and 9,8% in America and at the same time managed to keep and for some product areas increase the margin. Foremost our performance comes from a strong focus of our nearly 500 employees in the Group.

## Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Company's financial position.

## Financial risk
### Interest
The Group is exposed to fluctuations in interest rates on its financing activities.  Exposure to changes in interest rates is reduced by pooling financing activities centrally, thereby reducing the balance with financial institutions. Furthermore, the Group uses financial instruments on a minor scale.

### Currency risks
Currency risks mainly relate to the group's operating activity, where income or costs are in another currency than DKK and included as receivables for sales and trade payables. In addition, the group is exposed to currency risks on intra-group balances. The group is exposed to USD, GBP, CAD, NOK, SEK, and EUR, which means that results, cash flows and equity are affected by changes in exchange rates. The primary objective of managing currency risks is to reduce the negative impact of exchange rate fluctuations on earnings and cash flows in the short term, contributing to increased predictability.

Hedging takes place via forward exchange transactions to hedge expected turnover and purchases on selected projects within the next 12 months.

Exchange rate risks relating to investments in subsidiaries and associated companies abroad are not hedged, as it is the company's opinion that ongoing price hedging of such long-term investments will not be optimal from an overall risk and cost perspective.

### Credit risk
The Group is exposed to credit risk from customers in different business sectors and geographical locations. Customers are regularly credit-rated and prepayments and stage payments are applied to reduce credit risks.

# Management Commentary

## Knowledge resources

**Business risks**
The Group's most important operating risk is linked to the ability to be strongly positioned in the markets where the products and solutions are sold. Geopolitical tensions are monitored, and the potential impact on the business is addressed.

Furthermore, the Group needs to be constantly at the forefront of technological development within its areas of activity. The Group relies on solid and long-lasting relationships with strategic partners.

**Business model**
MacArtney manufactures high-quality products, fully integrated systems, and innovative custom solutions from design to installation. We support our products and solutions with training, service, and local workshops. MacArtney Group owns the full value chain from development and engineering to project management, manufacturing and aftersales. Our areas of expertise include connectivity, launch and recovery, and data acquisition for energy companies, ocean science institutes, marine renewable and solutions for renewable energy.

The products and solutions are sold through MacArtney A/S and subsidiaries, as well as through a worldwide network of agents. We have MacArtney A/S subsidiaries in the US, Canada, the UK, Norway, Sweden, France, the Netherlands, Germany, Italy, Australia, Singapore, and China.

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

## Research and development activities

The Group's development activities range from highly specialised solutions to meet one customer's needs to developing standardised products suitable for various customer segments. The Group is in constant dialogue with customers and stakeholders to ensure that future needs are met. The development activities are partly done by in-house highly skilled employees and through a co-creation process with stakeholders and customers.

## Future expectations

MacArtney expects further growth in the coming fiscal year and expects revenue between 1,100 -1,200 mDKK, with profitability on a similar level as the current year. However, the continued geopolitical changes and economic developments reduce the predictability of the markets in which we operate.

## Corporate social responsibility (CSR) report

**Business model**
The business model is described above.

**ESG Report 2023/24**
MacArtney's ESG report is published on our website, www.macartney.com. Being a responsible business and an engaged part of our local communities has always been an explicit part of the MacArtney DNA. As a family-owned company, MacArtney has always had strong values and a "do the right thing always" attitude in our way of doing business.

MacArtney has joined the UN Global Compact and is Climate Partner with Esbjerg Municipality, where the HQ resides.

**Key risks**
The double materiality assessment lays the foundation for our upcoming reporting on the Corporate Sustainability Reporting Directive (CSRD), which is expected to become effective for MacArtney Group in the fiscal year 2025-26.

# Management Commentary

## Corporate social responsibility (CSR) report (continued)

The double materiality assessment showed that the following topics are material and, therefore, significant priorities for MacArtney in relation to ESG:
- Climate change
- Marine Ecosystems
- Resource consumption
- Health and safety
- Working conditions and human rights
- Data and cyber security
- Business ethics and anti-corruption

**ESG Strategy - “Connecting Responsible and Reliable Solution”**
MacArtney’s ESG strategy towards 2028 focused on the risks identified in the double materiality assessment as described above.

MacArtney actions are linked to four of the United Nations’ 17 Sustainable Development Goals (SDGs). The four are:

**DECENT WORK AND ECONOMIC GROWTH**
The wellbeing and safety of our employees is one of the most important areas of our business. We care for people and want to offer all our employees safe and healthy working conditions and remain an attractive workplace.

**RESPONSIBLE CONSUMPTION AND PRODUCTION**
With engineering, development, production, and refurbishment facilities worldwide, we are working to ensure responsible production and consumption. This goes for both our daily operations and procurement and throughout our product lines and supply chain.

**CLIMATE ACTION**
Decarbonisation and mitigating climate change to meet the Paris Agreement in 2030 is one of the most important challenges of today. We want to take responsibility as an international company by measuring and reducing our greenhouse gas emissions.

**LIFE BELOW WATER**
As a company operating in the maritime sector, we have a responsibility to ensure environmentally sound oceans. Our products impact different sectors at sea, and we aim to partner with companies and organisations supporting life in the ocean.

**Our environmental impact - the footprint we leave in our production and consumption**
MacArtney has an environmental footprint when we source and use raw materials, produce products, consume energy, generate waste, transport and more. To support the green transition of our industry, we have extended our environmental policy to measure our carbon emissions as well as our utilities and waste to reduce our environmental impact as a company.

Our reporting on our environmental impact is mainly focused on our Scope 1 and 2 emissions Group wide according to the Greenhouse Gas Protocol (GHG). In the coming years, we will expand our scope to Scope 3 categories.

Becoming a Climate Partner with Esbjerg Municipality in 2023 underlined our target to become CO2 neutral in Scope 1 and 2 by 2030 the latest.

MacArtney has mapped the Scope 1 and 2 CO2 emissions for the entire group for the year 2023/24. The scope includes fuel consumption from MacArtney-controlled sources (scope 1) and our electricity and heating (scope 2).

# Management Commentary

## Corporate social responsibility (CSR) report (continued)

| | Total Scope 1 and 2 (tonnes) |
|---|---|
| | 2023/24 |
| Scope 1* | 205 |
| Scope 2** | 347 |

*Fuel consumption of company-controlled sources
**Heating and electricity

### Ongoing transition to electric vehicles

MacArtney has a global goal of having 90% electric employee vehicles and 50% electric vehicles above 3,5 tonnes in 2028. To accelerate the conversion, MacArtney Denmark offers additional benefits for employees driving electric company cars. We have established our own charging stations at HQs in Denmark.

| | Company-owned and leased vehicles DK | |
|---|---|---|
| | 2023/24 | 2022/23 |
| Fossil (including hybrid) | 48% | 82% |
| Electric | 52% | 18% |

### Electricity consumption

MacArtney has an ambition to be powered by 100% green energy in 2028.

As of now, our facilities in Denmark mainly run on renewable energy (87%), and one facility is equipped with a ground source heat pump system, which minimizes the CO2 emissions from heating.

We are monitoring our energy consumption across our locations and working with ongoing energy optimisation such as conversion to LED, nocturnal heating regulation, sensors, etc.

Even though we are powered by renewable energy, there are still greenhouse gas emissions due to a fraction of the energy sources being organic fragments.

| Total electricity consumption (MWh) | |
|---|---|
| | 2023/24 |
| Electricity | 1.779 |
| Share of renewable energy | 67% |

### Waste management and recycling

MacArtney Denmark is following the EU Waste Directive, and we are sorting our waste in fractions to recycle as much as possible. In 2023-2024, we generated 312 (294) tonnes of waste at our Danish operations. In Denmark, we recycled 93% (91%) through our suppliers in waste handling.

As a Group, we are working on mapping all our used resources to determine if they can be reused. And most importantly we want to minimise the amount of waste generated in the first place.

| Total waste and recycling (Group) | |
|---|---|
| | 2023/24 |
| Total waste (tonnes) | 343 |
| Recycled (tonnes) | 310 |
| Recycled % | 91% |

### Organic canteen and reduction of kitchen and food waste

MacArtney HQ has outsourced the canteen services to an external operator, and we have obtained the Bronze Organic Label. This means that 30-60% of the consumption in our canteen is organic. There is a strong focus

# Management Commentary

### Corporate social responsibility (CSR) report (continued)
on using seasonal ingredients and recipes, and we are continuously working towards reducing our kitchen and food waste. The waste that we generate is converted into bioenergy.

To reduce food waste, our employees have the possibility to purchase leftover meals at a favourable price the day after the course has been on the menu. This way, we give our employees the opportunity to bring home delicious food while we prevent food from being discarded.

| | Total kitchen waste HQ (tonnes) | |
|---|---|---|
| | 2023/24 | 2022/23 |
| Kitchen and Food waste | 4,9 | 4,4 |
| Conversion to bioenergy | 100% | 100% |

**Social responsibility - The health, wellbeing, and safety of our employees**
Our employees are our most important resource, and we are committed to maintaining a strong health and safety culture throughout our organisation. This extends to our supply chains, where we have implemented a Supplier Code of Conduct focusing on human and labour rights. We also have a clear focus on being a strong member of our local community, contributing to a broad range of projects and participating in different events in culture and sports.

One of our tools to evaluate employee satisfaction is our annual employee engagement survey across the Group. The survey assesses a broad range of factors related to wellbeing, safety, inclusion, and personal development, and it serves as an important tool to ensure that our employees are well.

**Employee engagement and retention**
At MacArtney, we measure our employee engagement annually using the Employee Net Promotor Score (eNPS), a widely adopted indicator of employee experience and sentiment. The eNPS score ranges between -100 to 100, where a score of 10 or higher is considered good and a score above 80 is considered exceptional across all industries. We have set a 2028 global goal of an eNPS at 40. This year, our score across group locations was 35, and we are working determinedly on improving the well-being and engagement of all our employees.

As mentioned, our employees are our most important resource, and retaining our talented workforce is a top priority. We target a voluntary employee turnover rate of 14% for both blue- and white-collar positions. This year, our employee turno-ver rate was 9%.

| | Category (Group level) | |
|---|---|---|
| | 2023/24 | 2022/23 |
| Employee net promotor score (eNPS) 2022-23 | 35 | 26 |
| Employee turnover rate | 13,5 | 16% |

**Health and safety**
Our commitment to health and safety is based on our values. We care for people. MacArtney is working with health and safety standards across all our operations and ensure that all personnel receive proper training and updates. Our head-quarters in Denmark is ISO 45001 certified, and we monitor and manage safety regulations weekly across our subsidiaries. We conduct regular fire drills and simulations, and our employees are offered first aid courses.

All employees should trust that they are safe and secure while at work. This goes for all types of jobs within the MacArt-ney Group, including jobs carried out on land or at sea and under difficult circumstances. We provide the frames for a healthy work environment and a contribution to healthy living. This year we had 2 work-related injuries resulting in 6 days off work. Our target is to have zero work-related injuries. On average, across the Group, we had 8,2 sick days per FTE.

# Management Commentary

## Corporate social responsibility (CSR) report (continued)

| Category (Group level) | | |
|---|---|---|
| | 2023/24 | 2022/23 |
| WRI – days off work | 6 | 16 |
| Average sick days/FTE | 8,2 | 7,1 |

**Governance - Responsible business conduct and governance**
MacArtney has a "do the right thing always" attitude, and we see reliability, integrity, and trustworthiness as fundamental principles for our business. We have had an extensive focus on governance actions this year as part of our mission of setting a thorough and holistic baseline for our work with ESG, that sets the foundation for the future of MacArtney Group.

**Corporate code of conduct**
MacArtney has a Corporate Code of Conduct consisting of 10 principles aligned with the UN Global Compact. It guides our employees, customers, suppliers, and other stakeholders in responsible business conduct at MacArtney. The code of conduct can be found on https://www.macartney.com/media/wm2nuf4t/code-of-conduct-corporate.pdf

**Employee Code of Conduct**
MacArtney's code of conduct for employees is a set of guidelines and principles that define our employees' expected behaviour and ethical standards. The code of conduct can be found on https://www.macartney.com/media/npjdtcwu/code-of-conduct-employees.pdf

**Whistle-blower**
MacArtney wants to act on principles of accountability, openness, and cooperation, including the ability for employees and collaborators to act on critical matters. The whistleblower system is established on our website and offers a confidential and safe way to report any irregularities or illegalities within the company.

Internal and external persons can submit information about criticisable relationships or report actions that are unethical, illegal, or violating internal policies. The scheme aims to bring matters to light that would not otherwise have been reported. Incidents may be reported confidentiality with name and contact details, or one can choose to be 100% anonymous.

**Anti-Corruption and bribery**
As stated in our Corporate Code of Conduct, we have a zero-tolerance policy for corruption and bribery across our organisation. We are obliged to abide by the laws and regulations in the countries we conduct our business.

**Respect for human rights and labour rights**
Social responsibility is at the heart of our business, and respect for human rights and labour rights is of high importance in the way we conduct our business. We comply with present laws and regulations regarding labour and employment laws and expect our suppliers and partners to do the same through our Supplier Code of Conduct.

**Supplier code of conduct**
In 2023, we revised and updated our supplier code of conduct, and it is still under implementation. We expect our suppliers to apply to the 10 principles of the UN Global Compact, which is the cornerstone of the policy. This counts for human rights, labour rights, environmental awareness and anti-corruption and bribery. The supplier code of conduct also covers the use of conflict minerals. The code of conduct can be found on https://www.macartney.com/media/zvnbvukg/code-of-conduct-supplier.pdf

**Taxation**
The objective of the tax policy is to establish a process for managing taxes efficiently and in line with the principles of MacArtney's policy. This policy states that we strive to comply with applicable laws and regulations and act in an ethically sustainable and socially responsible way in all our business activities. Along

# Management Commentary

## Corporate social responsibility (CSR) report (continued)

with our employees, we form part of the local community where we operate.

**Accounting Policies for Environmental KPIs**
**Emissions Scope 1 and 2**
Our approach to calculating emissions is based on the methodology of the GHG Protocol, specifically addressing Scope 1 (direct emissions) and Scope 2 (indirect emissions), in accordance with current legal requirements.

To determine emission factors, we have collected consumption data on energy and heat from individual entities within the Group. These data have been individually collected by our group entities from supplier outlets, provided, and consolidated.

For emission factors, we have based our calculations on governmental sources, as advised by an independent third-party consultancy firm. This way, we seek to prioritize reliability, reflecting the energy mix and emissions from local heat and electricity suppliers.

As expected, we have encountered different challenges. Some of our entities have leases in office buildings where they share facilities with other companies. In these cases, we are unable to obtain data about heating/energy consumption used in shared meeting facilities, outdoor lighting, etc., as this is an embedded element in the cost of the lease. We have not taken these elements into account.

**Calculating the Share of Electric Cars in Denmark**
The share of electric cars is the number of electric vehicles (owned or leased) in relation to the total number of vehicles. We identified all vehicles and categorized them as either fossil (including hybrid) or electric.

**Total Electricity Consumption**
Data collected from each entity is based on the actual consumption numbers from electricity suppliers.

**Share of Renewable Energy**
To achieve the most accurate results, our entities gathered information on the share of renewable energy in their total energy consumption.

**Total Waste and Recycled Waste**
The total waste was calculated by summing the waste generated in our entities globally. The recycled waste was calculated by summing the recycled waste from in our entities.

We have made an estimation (assumption) on categories recycled at several of our entities as data was not classified as recycled and non-recycled. Categories assumed as recycled were Plastic, Paper, Metals, Organic, Wood.

**Kitchen and Food Waste and Conversion to Bioenergy**
Data on kitchen and food waste were collected from the external partner responsible for waste collection. The organic waste data is also provided by this partner.

# Management Commentary

## Report of target figures and policies for the under-represented gender

Gender distribution within Management

| | 2023/24 | 2022/23 |
|---|---|---|
| Number of members of the supreme management body | 4 | 5 |
| Under-represented gender, share in % of the supreme management body | 25% | 20% |
| Number of people at other management levels | 7 | 7 |
| Under-represented gender, share in % at other management levels | 14% | 14% |

Target figures for the supreme management body

| | 2023/24 | 2022/23 |
|---|---|---|
| Target figures in % for the supreme management body | 33% | 33% |
| Year, in which the target figures are expected to be met | 2028 | 2028 |

Status of meeting the target figures set for the supreme management body

- MacArtney wants to remain a diverse and inclusive company where everyone feels welcome, respected, and included.

- The goal is to have 33% of female members in 2028 at the Board of Director and currently it is 25%. MacArtney is committed to reach our goal and are reviewing the composition of the Board on an ongoing basis.

Target figures for other management levels

| | 2023/24 | 2022/23 |
|---|---|---|
| Target figures in % for the other management levels | 33% | 33% |
| Year, in which the target fig-ures are expected to be met | 2026 | 2026 |

Policy for other management levels

- MacArtney wants to remain a diverse and inclusive company where everyone feels welcome, respected, and included.

- As an industry that is typically male dominated, we are committed to increasing the number of female managers within our organisation. Our goal is to have 33% female executives and managers at our company by 2026. As of this year, we have achieved 14%.

- Although our recruitment process focuses on always having female applicants among the relevant candidates, we have not yet been able to hire the number of female managers corresponding to our goals. Our focus will continue to enable us to meet our goal by 2026.

## Report of data ethics

MacArtney A/S is responsible for the information provided by customers, employees, or other stakeholders and processed by MacArtney A/S. Personal information is treated with respect for the confidentiality of the information and for the privacy of the stakeholders.

There is a clear policy describing that personal information is used respectfully for employees, customers, and other stakeholder’s privacy to ensure compliance with the Data Protection Act and the Data Protection (GDPR)and Cybersecurity Maturity Model Certification (CMMC).

# Income Statement 1 October - 30 September

| | Note | Group 2023/24 DKK '000 | Group 2022/23 DKK '000 | Parent Company 2023/24 DKK '000 | Parent Company 2022/23 DKK '000 |
|---|---|---|---|---|---|
| **Net revenue** | 1 | **1.082.107** | **918.501** | **456.902** | **421.268** |
| Other operating income | | 4.051 | 2.512 | 32.770 | 26.443 |
| Expenses for raw materials and consumables | | -562.766 | -489.675 | -232.069 | -254.220 |
| Other external expenses | 2 | -96.090 | -90.686 | -45.460 | -39.218 |
| **Gross profit/loss** | | **427.302** | **340.652** | **212.143** | **154.273** |
| Staff costs | 3 | -304.880 | -256.126 | -144.180 | -116.879 |
| Depreciation, amortisation and impairment losses for tangible and intangible assets | | -13.865 | -14.013 | -7.287 | -7.522 |
| Other operating expenses | | -1.036 | 0 | -402 | 0 |
| **Operating profit** | | **107.521** | **70.513** | **60.274** | **29.872** |
| Income from investments in subsidiaries and associates | 4 | 24.218 | 19.805 | 57.426 | 46.705 |
| Other financial income | 5 | 5.095 | 1.777 | 8.545 | 2.134 |
| Other financial expenses | | -2.723 | -9.332 | -4.627 | -8.422 |
| **Profit before tax** | | **134.111** | **82.763** | **121.618** | **70.289** |
| Tax on profit/loss for the year | 6 | -25.952 | -9.572 | -15.046 | 2.480 |
| **Profit for the year** | 7 | **108.159** | **73.191** | **106.572** | **72.769** |

# Balance Sheet at 30 September

## Assets

| | Note | Group 2024 DKK '000 | Group 2023 DKK '000 | Parent Company 2024 DKK '000 | Parent Company 2023 DKK '000 |
|---|---|---|---|---|---|
| Development projects completed, including patents and similar rights originating from development projects | | 132 | 1.020 | 132 | 1.019 |
| Goodwill | | 24.238 | 29.760 | 11.965 | 15.828 |
| **Intangible assets** | 8 | **24.370** | **30.780** | **12.097** | **16.847** |
| Land and buildings | | 45.977 | 46.847 | 13.877 | 14.239 |
| Other plant, fixtures and equipment | | 29.360 | 30.649 | 6.978 | 8.534 |
| Leasehold improvements | | 2.447 | 0 | 2.447 | 0 |
| **Property, plant and equipment** | 9 | **77.784** | **77.496** | **23.302** | **22.773** |
| Investments in subsidiaries | | 0 | 0 | 158.376 | 131.519 |
| Investments in associates | | 36.031 | 32.941 | 36.031 | 31.922 |
| **Financial non-current assets** | 10 | **36.031** | **32.941** | **194.407** | **163.441** |
| **Non-current assets** | | **138.185** | **141.217** | **229.806** | **203.061** |
| Expenses for raw materials and consumables | | 146.525 | 119.068 | 51.400 | 45.227 |
| Work in progress | | 55.667 | 42.950 | 21.072 | 10.923 |
| Finished goods and goods for resale | | 7.959 | 1.093 | 7.959 | 1.093 |
| **Inventories** | | **210.151** | **163.111** | **80.431** | **57.243** |
| Trade receivables | | 171.042 | 149.732 | 19.736 | 10.669 |
| Contract work in progress | 11 | 65.981 | 22.713 | 71.328 | 24.258 |
| Receivables from group enterprises | 12 | 60.977 | 41.654 | 162.152 | 100.563 |
| Deferred tax assets | 13 | 2.336 | 7.452 | 1.423 | 6.281 |
| Derivative financial instruments | 14 | 0 | 10 | 0 | 10 |
| Other receivables | | 6.976 | 7.150 | 2.243 | 1.941 |
| Corporation tax receivable | | 3.856 | 2.386 | 3.823 | 3.545 |
| Prepayments | 15 | 14.979 | 8.307 | 2.691 | 2.863 |
| **Receivables** | | **326.147** | **239.404** | **263.396** | **150.130** |
| **Cash and cash equivalents** | | **27.258** | **8.761** | **13.451** | **45.139** |
| **Current assets** | | **563.556** | **411.276** | **357.278** | **252.512** |
| **Assets** | | **701.741** | **552.493** | **587.084** | **455.573** |

# Balance Sheet at 30 September

## Equity and liabilities

| | Note | Group 2024 DKK '000 | Group 2023 DKK '000 | Parent Company 2024 DKK '000 | Parent Company 2023 DKK '000 |
|---|---|---|---|---|---|
| Share Capital | 16 | 10.000 | 10.000 | 10.000 | 10.000 |
| Reserve for net revaluation under the equity method | | 0 | 0 | 158.382 | 127.416 |
| Reserve for development costs | | 0 | 0 | 103 | 794 |
| Fair value reserve for hedge accounting | | 0 | 136 | 0 | 136 |
| Retained earnings | | 306.068 | 266.797 | 147.583 | 138.587 |
| Proposed dividend | | 62.500 | 28.000 | 62.500 | 28.000 |
| Minority shareholders | | 7.642 | 8.068 | 0 | 0 |
| **Equity** | | **386.210** | **313.001** | **378.568** | **304.933** |
| Provision for deferred tax | 17 | 497 | 614 | 0 | 0 |
| Other provisions | 18 | 7.288 | 8.322 | 7.288 | 8.322 |
| **Provisions** | | **7.785** | **8.936** | **7.288** | **8.322** |
| Debt to mortgage credit institution | | 3.706 | 3.669 | 3.307 | 3.669 |
| Bank debt | | 14.784 | 16.852 | 0 | 0 |
| Lease liabilities | | 63 | 656 | 0 | 490 |
| Corporation tax | | 11.420 | 0 | 10.919 | 0 |
| Other non-current liabilities | | 7.055 | 7.418 | 6.740 | 6.748 |
| **Non-current liabilities** | 19 | **37.028** | **28.595** | **20.966** | **10.907** |

# Balance Sheet at 30 September

## Equity and liabilities (continued)

| | Note | Group 2024 DKK '000 | Group 2023 DKK '000 | Parent Company 2024 DKK '000 | Parent Company 2023 DKK '000 |
|---|---|---|---|---|---|
| Debt to mortgage credit institution | | 505 | 351 | 362 | 351 |
| Bank debt | | 4.430 | 7.529 | 3.058 | 51.394 |
| Lease liabilities | | 582 | 774 | 489 | 652 |
| Contract work in progress | 11 | 77.417 | 45.563 | 14.612 | 20.946 |
| Prepayments from customers | | 36.308 | 16.068 | 0 | 0 |
| Trade payables | | 72.771 | 56.140 | 36.192 | 27.755 |
| Debt to Group companies | 20 | 0 | 0 | 92.635 | 4.996 |
| Debt to associated enterprises | | 14.271 | 11.797 | 6.917 | 4.879 |
| Corporation tax payable | | 7.387 | 8.524 | 1.509 | 1.509 |
| Derivative financial instruments | 14 | 0 | 211 | 0 | 211 |
| Other liabilities | | 57.047 | 55.004 | 24.488 | 18.718 |
| **Current liabilities** | | **270.718** | **201.961** | **180.262** | **131.411** |
| **Liabilities** | | **307.746** | **230.556** | **201.228** | **142.318** |
| **Equity and liabilities** | | **701.741** | **552.493** | **587.084** | **455.573** |

| | Note |
|---|---|
| **Contingencies etc.** | 21 |
| **Charges and securities** | 22 |
| **Related parties** | 23 |
| **Consolidated Financial Statements** | 24 |

# Equity

| | Group | | | | | |
|---|---|---|---|---|---|---|
| DKK '000 | Share Capital | Fair value reserve for hedge accounting | Retained earnings | Proposed dividend | Minority shareholders | Total |
| Equity at 1 October 2023 | 10.000 | 136 | 266.797 | 28.000 | 8.068 | 313.001 |
| Proposed profit allocation, see note 7 | | | 44.072 | 62.500 | 1.587 | 108.159 |
| **Transactions with owners** | | | | | | |
| Dividend paid | | | | -28.000 | -2.014 | -30.014 |
| **Other legal bindings** | | | | | | |
| Foreign exchange adjustments | | | -4.929 | | | -4.929 |
| Other adjustments | | | | | 1 | 1 |
| **Change fair value reserves** | | | | | | |
| Value adjustments in the year | | -10 | | | | -10 |
| Realised in the year | | -128 | 128 | | | 0 |
| **Tax on changes in equity** | | **2** | | | | **2** |
| **Equity at 30 September 2024** | **10.000** | **0** | **306.068** | **62.500** | **7.642** | **386.210** |

# Equity

| DKK '000 | Parent Company<br>Share Capital | Other reserves | Retained earnings | Proposed dividend | Total |
|---|---|---|---|---|---|
| Equity at 1 October 2023 | 10.000 | 128.346 | 138.587 | 28.000 | 304.933 |
| Proposed profit allocation, jf. note 7 | | 35.895 | 8.177 | 62.500 | 106.572 |
| **Transactions with owners** | | | | | |
| Dividend paid | | | | -28.000 | -28.000 |
| **Other legal bindings** | | | | | |
| Capitalized development costs.................... | | -691 | 691 | | 0 |
| Foreign exchange adjustments | | -4.929 | | | -4.929 |
| **Change fair value reserves** | | | | | |
| Value adjustments in the year | | -10 | | | -10 |
| Realised in the year | | -128 | 128 | | 0 |
| **Tax on changes in equity** | | **2** | | | **2** |
| **Equity at 30 September 2024** | **10.000** | **158.485** | **147.583** | **62.500** | **378.568** |

| DKK '000 | Parent Company<br>Reserve for net revaluati-on under the equity method | Reserve for development costs | Fair value reserve for hedge accounting | Total |
|---|---|---|---|---|
| Equity at 1 October 2023 | 127.416 | 794 | 136 | 128.346 |
| Proposed profit allocation, jf. note 7 | 35.895 | | | 35.895 |
| **Other legal bindings** | | | | |
| Capitalized development costs | | -691 | | -691 |
| Foreign exchange adjustments | -4.929 | | | -4.929 |
| **Change fair value reserves** | | | | |
| Value adjustments in the year | | | -10 | -10 |
| Realised in the year | | | -128 | -128 |
| **Tax on changes in equity** | | | **2** | **2** |
| **Equity at 30 September 2024** | **158.382** | **103** | **0** | **158.485** |

# Cash Flow Statement 1 October - 30 September

| | Group | |
|---|---|---|
| | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 |
| Profit/loss for the year | 108.159 | 73.191 |
| Depreciation and amortisation, reversed | 13.865 | 14.013 |
| Reversed realization gains | 1.036 | 0 |
| Profit/loss from associates | -24.218 | -19.805 |
| Tax on profit/loss, reversed | 25.952 | 9.572 |
| Corporation tax paid | -12.138 | -5.727 |
| Change in inventories | -47.040 | -29.462 |
| Change in receivables (ex tax) | -90.389 | -5.950 |
| Change in other provisions | -1.034 | -6.328 |
| Change in current liabilities (ex bank, tax, instalments payable and overdraft facility) | 72.668 | 49.117 |
| Other cash flows from operating activities | -2.430 | -3.869 |
| **Cash flows from operating activity** | **44.431** | **74.752** |
| Purchase of intangible assets | 0 | -142 |
| Purchase of property, plant and equipment | -9.144 | -19.104 |
| Sale of property, plant and equipment | 15 | 306 |
| Sale of financial assets | 1.019 | 0 |
| Acquisition of enterprises | 0 | -25 |
| Dividends received | 17.951 | 16.481 |
| **Cash flows from investing activity** | **9.841** | **-2.484** |
| Repayments of loants etc. | -2.781 | -11.769 |
| Loans raised | 0 | 739 |
| Other cash flows from financing activities | -2.980 | -90.449 |
| Dividends paid in the financial year | -30.014 | -12.900 |
| **Cash flows from financing activity** | **-35.775** | **-114.379** |
| **Change in cash and cash equivivalents** | **18.497** | **-42.111** |
| Cash and cash equivalents at 1. oktober | 8.761 | 50.872 |
| **Cash and cash equivalents at 30. september** | **27.258** | **8.761** |
| Cash and cash equivalents at 30 September comprise: | | |
| Cash and cash equivalents | 27.258 | 8.761 |
| **Cash and cash equivalents** | **27.258** | **8.761** |

# Notes

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 |
| **1 \| Net revenue** | | | | |
| **Segment details (geography)** | | | | |
| Asia | 115.712 | 85.005 | 43.459 | 55.666 |
| Europe | 752.724 | 638.568 | 358.540 | 327.666 |
| America | 213.671 | 194.928 | 54.903 | 37.936 |
| | **1.082.107** | **918.501** | **456.902** | **421.268** |

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

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 |
| **2 \| Fee to statutory auditor** | | | | |
| Specification of fee | | | | |
| Statutory audit | 927 | 861 | 496 | 588 |
| Assurance engagements | 226 | 234 | 0 | 0 |
| Tax consultancy | 425 | 705 | 262 | 405 |
| Other services | 1.940 | 1.083 | 981 | 239 |
| | **3.518** | **2.883** | **1.739** | **1.232** |

Fees to the auditor appointed by the Annual General Meeting, auditors of the Parent, amount to DKK 1,941 thousand, and fees to other audit firms amount to DKK 1,577 thousand.

# Notes

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 |
| **3 \| Staff costs** | | | | |
| Average number of full time employees | 474 | 438 | 199 | 182 |
| Wages and salaries | 263.704 | 220.185 | 131.739 | 107.330 |
| Pensions | 17.627 | 14.313 | 10.335 | 7.599 |
| Social security costs | 23.549 | 21.628 | 2.106 | 1.950 |
| | **304.880** | **256.126** | **144.180** | **116.879** |
| Remuneration of Management and Board of Directors | 7.757 | 4.651 | 7.757 | 4.651 |
| | **7.757** | **4.651** | **7.757** | **4.651** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 |
| **4 \| Income from investments in subsidiaries and associates** | | | | |
| Income from investments in subsidiaries | 0 | 0 | 33.208 | 26.900 |
| Income from investments in associates | 24.218 | 19.805 | 24.218 | 19.805 |
| | **24.218** | **19.805** | **57.426** | **46.705** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 |
| **5 \| Other financial income** | | | | |
| Interest income from group enterprises | 0 | 0 | 4.667 | 2.100 |
| Other interest income | 5.095 | 1.777 | 3.878 | 34 |
| | **5.095** | **1.777** | **8.545** | **2.134** |

# Notes

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

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 |
| Calculated tax on taxable income of the year | 20.951 | 13.376 | 10.186 | 801 |
| Adjustment of tax in previous years | 0 | 115 | 0 | 0 |
| Adjustment of deferred tax | 5.001 | -3.919 | 4.860 | -3.281 |
| | **25.952** | **9.572** | **15.046** | **-2.480** |

## 7 | Proposed distribution of profit

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 | 2023/24<br>DKK '000 | 2022/23<br>DKK '000 |
| Proposed dividend for the year | 62.500 | 28.000 | 62.500 | 28.000 |
| Allocation to reserve for net revaluation under the equity method | 0 | 0 | 35.895 | 860 |
| Retained earnings | 44.072 | 44.769 | 8.177 | 43.909 |
| Minority interests' share of profit/loss | 1.587 | 422 | 0 | 0 |
| | **108.159** | **73.191** | **106.572** | **72.769** |

## 8 | Intangible assets

| | Group | |
|---|---|---|
| DKK '000 | Development projects completed, including patents and similar rights originating from development projects | Goodwill |
| Cost at 1 October 2023 | 2.425 | 57.056 |
| Exchange adjustment at closing rate | 0 | -449 |
| Disposals | -1.098 | 0 |
| **Cost at 30 September 2024** | **1.327** | **56.607** |
| Amortisation at 1 October 2023 | 1.405 | 27.296 |
| Exchange adjustment at closing rate | 0 | -245 |
| Reversal of amortisation of assets disposed of | -695 | 0 |
| Amortisation for the year | 485 | 5.318 |
| **Amortisation at 30 September 2024** | **1.195** | **32.369** |
| **Carrying amount at 30 September 2024** | **132** | **24.238** |

# Notes

## 8 | Intangible fixed assets (continued)

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

| | Parent Company | |
|---|---|---|
| DKK '000 | Development projects completed, including patents and similar rights originating from development projects | Goodwill |
| Cost at 1 October 2023 | 2.424 | 26.532 |
| Disposals | -1.097 | 0 |
| **Cost at 30 September 2024** | **1.327** | **26.532** |
| Amortisation at 1 October 2023 | 1.405 | 10.704 |
| Reversal of amortisation of assets disposed of | -695 | 0 |
| Amortisation for the year | 485 | 3.863 |
| **Amortisation at 30 September 2024** | **1.195** | **14.567** |
| **Carrying amount at 30 September 2024** | **132** | **11.965** |

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

## 9 | Property, plant and equipment

| | Group | | |
|---|---|---|---|
| DKK '000 | Land and buildings | Other plant, fixtures and equipment | Leasehold improvements |
| Cost at 1 October 2023 | 51.455 | 103.344 | 0 |
| Exchange adjustment at closing rate | -4 | -604 | 0 |
| Additions | 586 | 6.099 | 2.459 |
| Disposals | 0 | -3.069 | 0 |
| **Cost at 30 September 2024** | **52.037** | **105.770** | **2.459** |
| Depreciation and impairment losses at 1 October 2023 | 4.608 | 72.695 | 0 |
| Exchange adjustment | 0 | -462 | 0 |
| Reversal of depreciation of assets disposed of | 0 | -2.421 | 0 |
| Depreciation for the year | 1.452 | 6.598 | 12 |
| **Depreciation and impairment losses at 30 September 2024** | **6.060** | **76.410** | **12** |
| **Carrying amount at 30 September 2024** | **45.977** | **29.360** | **2.447** |
| Finance lease assets | | 1.035 | |

# Notes

## 9 | Tangible fixed assets (continued)

| DKK '000 | Parent Company<br>Land and buildings | Other plant, fixtures and equipment | Leasehold improvements |
|---|---|---|---|
| Cost at 1 October 2023 | 16.419 | 40.940 | 0 |
| Additions | 0 | 1.586 | 2.459 |
| Disposals | 0 | -576 | 0 |
| **Cost at 30 September 2024** | **16.419** | **41.950** | **2.459** |
| Depreciation and impairment losses at 1 October 2023 | 2.180 | 32.408 | 0 |
| Depreciation for the year | 362 | 2.564 | 12 |
| **Depreciation and impairment losses at 30 September 2024** | **2.542** | **34.972** | **12** |
| **Carrying amount at 30 September 2024** | **13.877** | **6.978** | **2.447** |
| Finance lease assets | | 400 | |

## 10 | Financial non-current assets

| DKK '000 | Group<br>Investments in associates |
|---|---|
| Cost at 1 October 2023 | 1.524 |
| Disposals | -1.493 |
| **Cost at 30 September 2024** | **31** |
| Revaluation at 1 October 2023 | 31.417 |
| Exchange adjustment | -2.158 |
| Dividend | -17.951 |
| Profit/loss for the year | 24.218 |
| Reversal regarding disposals | 474 |
| **Revaluation at 30 September 2024** | **36.000** |
| **Carrying amount at 30 September 2024** | **36.031** |

# Notes

## 10 | Fixed asset investments (continued)

| DKK '000 | Parent Company<br>Investments in subsidiaries | Parent Company<br>Investments in associates |
|---|---|---|
| Cost at 1 October 2023 | 35.994 | 31 |
| **Cost at 30 September 2024** | **35.994** | **31** |
| Revaluation at 1 October 2023 | 95.525 | 31.891 |
| Exchange adjustment | -2.771 | -2.158 |
| Dividend | -3.580 | -17.951 |
| Profit/loss for the year | 33.808 | 24.218 |
| Amortisation of goodwill | -600 | 0 |
| **Revaluation at 30 September 2024** | **122.382** | **36.000** |
| **Carrying amount at 30 September 2024** | **158.376** | **36.031** |

### Investments in subsidiaries

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

### Investments in associates

| Name and domicil | Ownership |
|---|---|
| SubConn Inc., USA | 49 % |

# Notes

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2024<br>DKK '000 | 2023<br>DKK '000 | 2024<br>DKK '000 | 2023<br>DKK '000 |
| **11 \| Contract work in progress** | | | | |
| Sales value of completed work | 162.556 | 111.845 | 158.693 | 111.845 |
| Progress invoicing/advances received | -173.992 | -134.695 | -101.977 | -108.533 |
| **Contract work in progress, net** | **-11.436** | **-22.850** | **56.716** | **3.312** |
| Recognised as follows | | | | |
| Contract work in progress (asset) | 65.981 | 22.713 | 71.328 | 24.258 |
| Contract work in progress (liability) | -77.417 | -45.563 | -14.612 | -20.946 |
| | **-11.436** | **-22.850** | **56.716** | **3.312** |

## 12 | Receivables from group enterprises

Parent company
The account "receivables from group enterprises" include the subsidiaries net present with the group's financial institution, which is part of the group's cash pool arrangement and therefore presented as an intercompany balance (internal group bank).

In "receivables from group enterprises" the cash pool arrangement amounts to DKK 32,4 million.

## 13 | Deferred tax assets

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2024<br>DKK '000 | 2023<br>DKK '000 | 2024<br>DKK '000 | 2023<br>DKK '000 |
| Deferred tax assets is related to: | | | | |
| Intangible assets | 165 | 487 | -22 | 28 |
| Property, plant and equipment | -296 | -481 | -865 | -625 |
| Inventories | 1.652 | 1.379 | 1.492 | 1.173 |
| Receivables | -200 | -297 | -197 | -297 |
| Provisions | 1.015 | 1.846 | 1.015 | 1.893 |
| Tax losses carried forward | 0 | 4.518 | 0 | 4.109 |
| | **2.336** | **7.452** | **1.423** | **6.281** |

# Notes

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2024<br>DKK '000 | 2023<br>DKK '000 | 2024<br>DKK '000 | 2023<br>DKK '000 |
| Deferred tax assets, beginning of year | 6.838 | 3.567 | 6.281 | 3.000 |
| Deferred tax of the year, income statement | -4.504 | 3.885 | -4.860 | 3.281 |
| Deferred tax of the year, equity | 2 | 0 | 2 | 0 |
| **Deferred tax assets 30 September 2024** | **2.336** | **7.452** | **1.423** | **6.281** |

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

## 14 | Derivative financial instruments

**Interest hedging**

Previous years other receivables include the positive fair value of an interest rate swap of DKK 10 thousand.

The hedging instuments impact the Balance Sheet, Income Statement and Equity as follows:

| | Group |
|---|---|
| | Hedges |
| Value adjustment in the year recognised in the Income Statement | 211 |
| Value adjustment in the year recognised in Equity | -10 |

| | Parent Company |
|---|---|
| | Hedges |
| Value adjustment in the year recognised in the Income Statement | 211 |
| Value adjustment in the year recognised in Equity | -10 |

## 15 | Prepayments

Prepayments include prepaid expenses.

| | 2024<br>DKK '000 | 2023<br>DKK '000 |
|---|---|---|
| **16 \| Share Capital** | | |
| Allocation of share capital: | | |
| Ordinary shares, 10 unit in the denomination of 1.000.000 DKK | 10.000 | 10.000 |
| | **10.000** | **10.000** |

# Notes

## 17 | Provision for deferred tax

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2024<br>DKK '000 | 2023<br>DKK '000 | 2024<br>DKK '000 | 2023<br>DKK '000 |
| Deferred tax is related to | | | | |
| Property, plant and equipment | 377 | 487 | 0 | 0 |
| Provisions | 120 | 127 | 0 | 0 |
| | **497** | **614** | **0** | **0** |
| Deferred tax, beginning of year | 614 | 648 | 0 | 0 |
| Deferred tax of the year, income statement | -117 | -34 | 0 | 0 |
| **Provision for deferred tax 30 September 2024** | **497** | **614** | **0** | **0** |

## 18 | Other provisions

Other provisions include warranty provisions.

## 19 | Long-term liabilities

| | Group | | | |
|---|---|---|---|---|
| DKK '000 | 30/9 2024<br>total liabilities | Repayment<br>next year | Debt outstanding<br>after 5 years | 30/9 2023<br>total liabilities |
| Debt to mortgage credit institution | 4.211 | 505 | 1.740 | 4.020 |
| Bank debt | 15.925 | 1.141 | 10.217 | 16.852 |
| Lease liabilities | 645 | 582 | 0 | 656 |
| Corporation tax | 11.420 | 0 | 0 | 0 |
| Other non-current liabilities | 7.309 | 254 | 6.027 | 7.418 |
| | **39.510** | **2.482** | **17.984** | **28.946** |

| | Parent Company | | | |
|---|---|---|---|---|
| DKK '000 | 30/9 2024<br>total liabilities | Repayment<br>next year | Debt outstanding<br>after 5 years | 30/9 2023<br>total liabilities |
| Debt to mortgage credit institution | 3.669 | 362 | 1.740 | 4.020 |
| Lease liabilities | 489 | 489 | 0 | 1.142 |
| Corporation tax | 10.919 | 0 | 0 | 0 |
| Other non-current liabilities | 6.961 | 221 | 6.027 | 6.748 |
| | **22.038** | **1.072** | **7.767** | **11.910** |

# Notes

## 20 | Debt to Group companies

Parent company
The account "debt to group companies" include the subsidiaries net present with the group's financial institution, which is part of the group's cash pool arrangement and therefore presented as an intercompany balance (internal group bank).

In "debt to group companies" the cash pool arrangement amounts to DKK 90,8 million.

## 21 | Contingencies etc.

**Contingent liabilities**

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 2024<br>DKK '000 | 2023<br>DKK '000 | 2024<br>DKK '000 | 2023<br>DKK '000 |
| Total liabilities under rental or lease agreements until maturity | 92.462 | 109.143 | 28.687 | 28.556 |
| Of this, liabilities under rental or lease agreements with group enterprises | 28.425 | 47.918 | 25.396 | 25.960 |

**Joint liabilities**
The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of MACARTNEY FINANCE ApS, which serves as management Company for the joint taxation.
At 01.10.2016, the Company demerged its properties to the sister subsidiary MacArtneyProperties ApS. Consequently, MacArtney A/S is liable for obligations in MacArtney PropertiesApS that occurred before the demerger. The liability amounts to DKK 4,722 thousand at 30.09.2024.

# Notes

## 22 | Charges and securities

**Group**
Mortgage debt is secured by way of a mortgage deed of approximately DKK 42,369 thousand on properties and assets of a total carrying amount of DKK 34,997 thousand.

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

Mortage debt is secured by way of a company charge of DKK 40,000 thousand. The company charge includes inventory, trade receivables, other fixtures and fittings, tools and eqiupment of a total carrying amount of DKK 32,911 thousand.

**Collateral provided for group enterprises**
The group has guaranteed the group enterprises' debt. The maximum limit of the guarantee is DKK 5,500 thousand. Bank loans of group enterprises amount to DKK 345 thousand.

**Parent**
Mortgage debt is secured by way of a mortgage deed of approximately DKK 7,000 thousand on properties of a total carrying amount of DKK 13,877 thousand.

**Collateral provided for group enterprises**
The group has guaranteed the group enterprises' debt. The maximum limit of the guarantee is DKK 5,500 thousand. Bank loans of group enterprises amount to DKK 345 thousand.

## 23 | Related parties

The Company's related parties include:

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

**Transactions with related parties**
The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

## 24 | Consolidated Financial Statements

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

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

MacArtney Finance ApS, Esbjerg

# Accounting Policies

The Annual Report of MacArtney A/S for 2023/24 has been presented in accordance with the provisions of the Danish large-size Financial Statements Act for enterprises in reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

### Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company MacArtney A/S and the subsidiaries in which MacArtney A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

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

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

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

The book-value method is applied for intercompany transactions.

The takeover date is the date on which the Group gains actual control over the acquired enterprise.

Acquired enterprises within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities taken over.

Positive and negative differences between the acquisition value and the carrying amounts of taken over and identified assets and liabilities are recognised in equity upon acquisition.

Transaction costs, incurred in connection with acquisition of businesses, are recognised in the income statement in the year when costs are incurred.

Equity interests in subsidiaries are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the date of takeover.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

# Accounting Policies

### Minority interests
The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and equity, respectively.

## Income Statement

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

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

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

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

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

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

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

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

### Other operating expenses
Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

### Income from investments in subsidiaries and associates
The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries and associates determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Profits from sale are recognized, if the economic rights related to the sold subsidiaries and associates are transferred. However, not before the profit is realised or regarded as realisable. Moreover, realised losses besides impairments are recognised when they are demonstrated.

# Accounting Policies

### Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, receivables debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

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

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

## Balance Sheet

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

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

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

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

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

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

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

# Accounting Policies

## Tangible fixed assets

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

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

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

| | **Useful life** |
|---|---|
| Buildings | 50 years |
| Other plant, fixtures and equipment | 3-10 years |
| Leasehold improvements | 3-10 years |

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

## Lease contracts

Lease contracts relating to tangible fixed assets
for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

## Financial non-current assets

Investments in associates are recognised and measured according to the equity method. This means that, in the balance sheet, investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and plus or minus unrealised intra-group profits or losses. Associates with a negative equity are measured at zero value, and any receivables from these associates are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant associate.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

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

Goodwill is calculated as the difference between cost of the investments and the pro rata share of the fair value of the assets and liabilities acquired which have been measured at fair value at the date of acquisition. The amortisation period for goodwill is 5-20 years because goodwill derives from strategically acquired enterprises with a strong market position and a long-term earnings profile.

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

# Accounting Policies

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

### Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

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

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

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

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

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

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

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

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

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

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

# Accounting Policies

## Cash and cash equivalents
Cash comprises cash in hand and bank deposits.

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

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

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

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

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

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

## Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

The capitalised remaining lease liability on finance lease contracts is also recognised as financial liabilities.

# Accounting Policies

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

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

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

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

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

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

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

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

# Accounting Policies

## Cash Flow Statement

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

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

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

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

Cash and cash equivalents comprise cash in hand and bank deposits.