2022 ANNUAL REPORT

Accounting period: 1 January – 31 December 2022

SKAKO A/S
CVR: 36440414
Bygmestervej 2
5600 Faaborg
Denmark

Revenue
[DKKm]
437.9
(+20.4%)
Up from 363.7

EBIT
[DKKm]
30.8
(+51.7%)
Up from 20.3

EBIT margin
7.0%
(+1.4pp)
Up from 5.6%

ROIC
16.5%
(+6.2pp)
Up from 10.3%

Order backlog
[DKKm]
215.2
(+75.8%)
Up from 122.4

CONTENTS

Important notice about this document

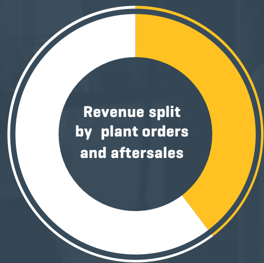
This document contains forward-looking statements. Words such as believe, expect, may, will, plan, strategy, prospect, foresee, estimate, project, anticipate, can, intend, outlook, guidance, target and other words and terms of similar meaning in connection with any discussion of future operation of financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect. Due to the war in Ukraine, increased geopolitical tension and high inflation, this guidance is subject to a higher-than-normal degree of uncertainty.

2022 IN BRIEF

SKAKO Concrete
[DKK] **204.699**
EBIT margin 5.5%

SKAKO Vibration
237.535 [DKK]
EBIT margin 10.0%

Plant orders
[DKK] **264.295**



Aftersales
173.624 [DKK]

Order intake [DKKm]	Order backlog [DKKm]	Revenue [DKKm]	EBIT [DKKm]	EBIT margin	Earnings per share [DKK]	Employees	ROIC
530.7	**215.2**	**437.9**	**30.8**	**7.0%**	**8.13**	**205**	**16.5%**
Up from 394.2	Up from 122.4	Up from 363.7	Up from 20.3	Up from 5.6%	Up from 4.28	Up from 199	Up from 10.3%

1. HIGHLIGHTS

2022 has been a terrific year, and with our historically high order backlog we expect a continued positive development despite the war in Ukraine, energy crisis and high inflation. Especially concrete and recycling are expanding.

1.1 LETTER TO OUR SHAREHOLDERS

A strong year and ahead of the financial targets in the 2024 plan!

The year 2022 was the first year after the pandemic with no negative impact on the financial performance for the SKAKO group. The business climate was impacted by the war in Ukraine in various ways, but they were satisfactorily mitigated, and the climate improved during the year. All business areas performed well, and we experienced a high interest in our propositions to the market. More than anything we are extremely satisfied with the healthy build-up of our order book, which finished off the year with a DKK 90m growth (76%) ending up at DKK 215m. This plant order book represents approximately a full year plant revenue; however, part of it will materialize in revenue as 2024, and we have capacity to take orders with shorter lead times in all parts of the business.

SKAKO Concrete experienced an order inflow growth of 37% in 2022 and is executing on a strategy plan with "core market focus" ensuring we can serve all customers from turnkey projects to fast delivery of spare parts and service. This has proven fruitful, and markets like the UK, Germany and the USA are responding very well to this renewed focus. The focus on sustainable solutions and cooperation with customers to reduce their CO2 footprint is becoming more and more common. SKAKO Concrete is operating with a partner strategy to ensure that we cover as many opportunities as possible to include new technologies in new plants.

SKAKO Vibration had a year of different developments in the three parts of the business. Hardware business came off to a good start and remained strong all year. Minerals had challenges in 2021 but came back in 2022 with good orders and a promising pipeline in which Northern Africa again appears with major projects. The recycling part of the business had a stable first half of 2022 but from the summer the orders came in at a very high level. In a few months, the recycling business received orders at a value of the entire 2022 revenue level. This high order intake is to some extent believed to be backlog from customers from the Covid period.

Two years ago, we launched the financial targets for 2024 for the SKAKO Group. We aimed at reaching a revenue of DKK 460m and an EBIT of DKK 32 - 42m for the financial year 2024 for the SKAKO Group.

For the year 2022, we are now presenting a revenue of DKK 430m and an EBIT of DKK 31m. This represents a topline growth of 20% and an EBIT growth of 52% compared to 2021. The group revenue and EBIT is now just short of the ambitions for 2024.

Therefore, we have updated our ambition for 2024 as described in the Annual report. We now have an ambition of a revenue of around DKK 530m and an EBIT of DKK 40 to 45m in 2024.

All years are different, and challenges and opportunities vary, but the dependance on good and satisfied employees as well as happy customers and partners is always important.

We would like to thank everyone for the support and trust in SKAKO in 2022.

Lionel Girieud
Director, SKAKO Vibration

Thomas Pedersen
Group CFO

Jens Wittrup Willumsen
Chairman

Steffen Kremmer
Director, SKAKO Concrete

Our purpose

We aim to make customers' production flow efficient, reliable and sustainable

Our values

We are defining the industry

as our knowledge and competencies are inherited from more than 60 years of experience and dedicated to your needs

We are reliable

as we are known for setting the standards of quality and accuracy within our industry

We are accessible

as we are well represented around the world and always ready to help

Our brand promises

We develop sustainable, technology-based and visionary solutions

We meet customers with a future-oriented mindset and engage our technical know-how, digitization and innovative capacity in companies' individual needs

We provide profitable business

We generate continuous and visible value for our customers and our investors

We are big enough to cope - and small enough to care

We match customers' needs and deliver scalable solutions

We commit ourselves in close partnerships

We put our customers' needs first and bring our service, customer-adapted solutions and engineering expertise.

1.2 KEY EVENTS 2022

IFAT in Munich

From 30 May to 3 June, SKAKO Vibration had a booth at IFAT in Munich: The leading trade fair for environmental technology.

Q2

SKAKO Concrete expands with office facilities in Odense

Like SKAKO Vibration, SKAKO Concrete has expanded with office facilities in Forskerparken in Odense to improve onboarding of new employees.

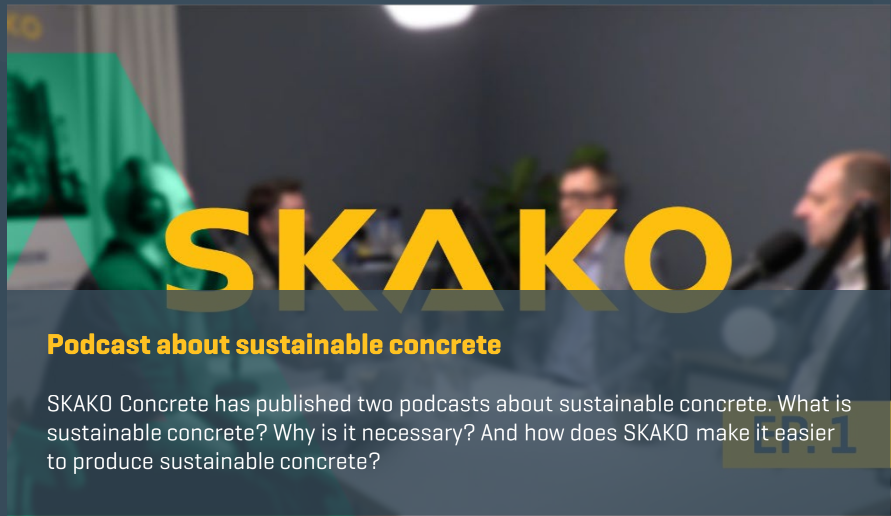
Q2

Q2

SRR in Madrid

From 14-16 June, SKAKO Vibration participated in the SRR exhibition in Madrid: An international trade fair for recovery and recycling, focusing on improving recycling systems and enhancing process efficiency.

Q2



Podcast about sustainable concrete

SKAKO Concrete has published two podcasts about sustainable concrete. What is sustainable concrete? Why is it necessary? And how does SKAKO make it easier to produce sustainable concrete?

1.2 KEY EVENTS 2022

Exposolidos in Barcelona

In May, from 10-12 May, SKAKO Vibration attended the Exposolidos exhibition in Barcelona, one of the most important trade fair in southern Europe specialized in the handling and processing of bulk solids.

Q2

New strategy in SKAKO Concrete, Inc.

To increase sales and improve customer relations in the US market, SKAKO Concrete has made a new strategy for the US organization with an intense customer focus. As part of the strategy, a new Director of Operations and a new Head of Customer Service have been appointed.

Q4

Q2

WIRE in Düsseldorf

From 20-24 June, SKAKO Vibration attended the WIRE exhibition in Düsseldorf - the world's most important trade fair for the wire and cable industry.

Q4

New batching plant for Centrum Pæle

In April, SKAKO Concrete signed a contract with Centrum Pæle – and in November, the installation of the batching plant had been completed. SKAKO Concrete has been responsible for the design and installation of the batching plant, which is a high row silo equipped with some of SKAKO's core products.

1.3 FINANCIAL KEY FIGURES

Key figures and financial ratios – DKK

DKK Thousands	2022	2021	2020	2019	2018
INCOME STATEMENT					
Revenue	437,920	363,706	335,920	354,192	339,273
Gross profit	114,637	92,408	77,865	86,092	79,603
Operating profit (EBIT)	30,842	20,323	15,171	18,005	15,072
Special items	(1,650)	-	-	-	1,331
Operating profit (EBIT) after special items	29,192	20,323	15,171	18,005	16,403
Net financial items	(4,962)	(4,906)	(3,084)	(2,590)	(3,446)
Profit before tax	24,230	15,417	12,087	15,413	12,958
Profit for the year	25,074	13,189	10,859	14,246	12,698
BALANCE SHEET					
Non-current assets	88,599	84,216	84,265	85,947	40,787
Current assets	295,458	254,804	237,793	236,383	219,320
Assets	384,057	339,020	322,058	322,330	260,107
Equity	146,167	132,237	127,252	124,417	109,066
Non-current liabilities	26,473	29,122	38,455	32,851	4,099
Current liabilities	211,417	177,661	156,351	165,062	146,943
Net debt	20,997	26,987	40,187	32,370	5,522
Net working capital	110,681	105,703	111,295	93,427	90,454
OTHER KEY FIGURES					
Investment in intangible assets	4,153	3,962	7,236	2,703	1,417
Investment in tangible assets	3,179	3,504	5,860	9,415	2,117
Cash flow from operating activities (CFFO)	28,850	30,276	4,806	24,451	8,907
Free cash flow	20,183	22,810	(8,293)	(20,855)	29,564
Average number of employees	205	199	195	191	197

Key figures and financial ratios – DKK CONTINUED

DKK Thousands	2022	2021	2020	2019	2018
FINANCIAL RATIOS					
Gross profit margin	26.2%	25.4%	23.2%	24.3%	23.5%
Profit margin (EBIT margin)	7.0%	5.6%	4.5%	5.1%	4.4%
Liquidity ratio	140.1%	143.4%	152.1%	141.3%	149.3%
Equity ratio	38.3%	39.0%	39.5%	38.6%	41.9%
Return on equity	17.9%	10.2%	8.6%	12.2%	12.4%
ROIC	16.5%	10,3%	8,3%	9,1%	11,1%
Financial leverage	14.2%	20.4%	31.6%	26.1%	5.1%
Net debt to EBITDA*	0.5	1.0	1.8	1.4	0.3
NWC/Revenue	25.3%	29.1%	33.1%	26.4%	26.7%
Earnings per share (EPS)	8.13	4.28	3.52	4.62	4.12
Equity value per share	48.0	42.9	41.3	40.1	35.4
Share price	62.6	55.2	49.8	45.9	49.2
Price-book ratio	1.3	1.3	1.2	1.1	1.4
Market cap	194,461	171,474	154,700	142,584	151,725
Order backlog	215,202	122,382	91,877	123,654	106,821

Figures before 2019 do not include accounting according to the updated IFRS 16.

For calculation of financial ratios please see note 26. Net working capital is calculated as Inventory, Trade receivables and Contract assets less Contract liabilities and Trade payables. Backlog represents revenue from signed contracts or orders executed but not yet completed or performed in full.

Key figures and financial ratios – EUR*

EUR Thousands	2022	2021	2020	2019	2018
INCOME STATEMENT					
Revenue	58,883	48,904	45,064	47,415	45,520
Gross profit	15,414	12,425	10,446	11,525	10,680
Operating profit (EBIT)	4,147	2,733	2,035	2,410	2,022
Special items	(222)	-	-	-	179
Operating profit (EBIT) after special items	3,925	2,733	2,035	2,410	2,201
Net financial items	(667)	(660)	(414)	(347)	(462)
Profit before tax	3,258	2,073	1,621	2,063	1,739
Profit for the year	3,371	1,773	1,457	1,907	1,704
BALANCE SHEET					
Non-current assets	11,913	11,325	11,327	11,506	5,462
Current assets	39,728	34,264	31,964	31,644	29,371
Assets	51,640	45,589	43,291	43,150	34,832
Equity	19,654	17,782	17,105	16,655	14,606
Non-current liabilities	3,560	3,916	5,169	4,099	549
Current liabilities	28,430	23,890	21,017	22,395	19,678
Net debt	2,824	3,629	5,402	4,333	740
Net working capital	14,884	14,214	14,960	12,373	12,113
OTHER KEY FIGURES					
Investment in intangible assets	558	533	973	362	190
Investment in tangible assets	427	471	788	1,260	284
Cash flow from operating activities (CFFO)	3,879	4,071	644	3,273	1,193
Free cash flow	2,714	3,067	(1,113)	(2,792)	3,959
Average number of employees	205	199	195	191	197

Key figures and financial ratios – EUR* CONTINUED

EUR Thousands	2022	2021	2020	2019	2018
FINANCIAL RATIOS					
Gross profit margin	26.2%	25.4%	23.2%	24.3%	23.5%
Profit margin (EBIT margin)	7.0%	5.6%	4.5%	5.1%	4.4%
Liquidity ratio	140.1%	143.4%	152.1%	141.3%	149.3%
Equity ratio	38.3%	39.0%	39.5%	38.6%	41.9%
Return on equity	17.9%	10.2%	8.6%	12.2%	12.4%
ROIC	16.5%	10,3%	8,3%	9,1%	11,1%
Financial leverage	14.2%	20.4%	31.6%	26.1%	5.1%
Net debt to EBITDA*	0.5	1.0	1.8	1.4	0.3
NWC/Revenue	25.3%	29.1%	33.1%	26.4%	26.7%
Earnings per share (EPS)	1.09	0.58	0.47	0.62	0.55
Equity value per share	6.45	5.77	5.55	5.36	4.74
Share price	8.42	7.42	6.69	6.14	6.59
Price-book ratio	1.3	1.3	1.2	1.1	1.4
Market cap	26,150	23,058	20,795	19,088	20,319
Order backlog	28,939	16,457	12,350	16,553	14,308

Figures before 2019 do not include accounting according to the updated IFRS 16.

Net working capital is calculated as Inventory, Trade receivables and Contract assets less Contract liabilities and Trade payables. Backlog represents revenue from signed contracts or orders executed but not yet completed or performed in full.

*On the translation of key figures and financial ratios from Danish kroner to euro, Danmarks Nationalbank's rate of exchange at 31 December 2022 of 743.93 has been used for balance sheet items, and the average rate of exchange of 743.71 has been used for income statement and cash flow items.

1.4 FINANCIAL REVIEW

DKK Thousands	2022	2021	Change
Plant order revenue	264,295	215,943	22.4%
Aftersales revenue	173,624	147,763	17.5%
Total revenue	**437,919**	**363,706**	**20.4%**
Production costs	(323,283)	(271,298)	19.4%
Gross profit	**114,637**	**92,408**	**23.3%**
Gross profit margin	26.2%	25.4%	0.6pp
Distribution costs	(43,923)	(40,745)	7.8%
Administrative expenses	(39,870)	(31,340)	25.2%
Operating profit before special items (EBIT)	**30,842**	**20,323**	**51.4%**
Profit margin before special items (EBIT margin)	7.0%	5.6%	1.4pp
Special items	(1,650)	-	-
Operating profit before special items (EBIT)	**29,192**	**20,323**	42.0%
Profit margin (EBIT margin)	6.6%	5.6%	1.0pp
Profit for the period	**25,072**	**13,189**	**90.1%**
Order backlog beginning of period	122,382	91,877	33.2%
Order intake	530,739	394,211	34.6%
Revenue	437,919	363,706	20.4%
Order backlog end of period	**215,202**	**122,382**	**75.8%**

Order intake and backlog

Order intake grew by 35% organically following a higher post-pandemic demand and improved market conditions.

The order intake increased by 40% in Concrete and by 29% in Vibration, respectively.

The order backlog increased by 75%, comprising a 108% increase in Concrete and a 34% increase in Vibration. The backlog amounting to DKK 215m consists of DKK 143m in Concrete and DKK 73m in Vibration. The strong order backlog means that almost all plant revenue in Concrete for 2023 is covered by the order backlog whereas approx. one third of the revenue in Vibration is covered by the order backlog.

Revenue

The market conditions improved in 2022 with regards to investment appetite, site access and impact from supply chain constraints. Supported by the strong backlog in 2022, organic revenue increased by 20%. The increase was driven by both divisions where Concrete revenue increased by 24% and Vibration increased by 17%.

The strong revenue increase covers progress in both divisions where Concrete realized an increase of 34% in plant sales and 17% in aftersales, and Vibration realized an increase of 16% in plant sales and 19% in aftersales.

1.4 FINANCIAL REVIEW

Gross profit and margin
Gross profit increased by 23% due to revenue growth and and higher efficiency in production. Gross margin increased by 0.6pp to 26.2% with and increase of 1.1pp in Concrete and an increase of 0.7pp in Vibration. Whereas the ratio between plant sales and aftersales remains the same 60/40 compared to 2021, the increase in gross margin follows the efficiency programme in SKAKO Group together with the tight control, indexation of customer contracts and a close cooperation with suppliers.

Capacity costs
The relatively high increase in capacity costs relates to increased staff to support the very strong activity and revenue growth in both divisions. At the same time costs to travelling and exhibitions were higher than in 2021 where these activities were minimal due to Covid-19 restrictions.

EBIT and margin
Reported EBIT before special items increased by 51% to DKK 30.8m fuelled by higher revenue and a higher gross proft margin. Underlying performances in both Concrete and Vibration have improved compared to previous years because of increasing focus on higher margins, strategy, cost reductions and development improvements.

The strong operating profit during the financial year is a consequence of the strong order intake as well as the ability to plan and execute on both plant orders and aftersales orders in a shorter time than previously.

The realized EBIT of DKK 30.8m is in the upper end of the last guidance of DKK 28-31m communicated on the 04.11.2022 and well above the original guidance of DKK 22-27m in the anual report 2021.

Net financial items
Net financial items amounted to a cost of DKK 5.2m compared to DKK 4.9m in 2021 and consisting mainly of interest income, interest expenses along with realized and unrealized foreign exchange losses.

Special items
Special items cover costs amounting to DKK 1.65m related to exit of CFO and related additional costs.

Profit for the year
Profit for the year increased by 90% to DKK 25.1m where both divisions have improved significantly.
The overall result is based on improvement on all essential parameters: Growth in activity, orders and revenue, improvement in margins and adding less costs than growth in activities which means that the company overall has become more efficient and focused.

Earnings per share
The strong result increases earnings per share increased from DKK 4.3 in 2021 to DKK 8.1 in 2022.

For a financial review of each division, please see section 2.2 about SKAKO Concrete and 3.2 about SKAKO Vibration.

1.4 FINANCIAL REVIEW

Balance sheet
As of 31 December 2022, the Group's assets totalled DKK 383.4m (year end 2021: DKK 339.0m) following the strong order intake and revenue growth. The increase in assets is primarily due an increase in inventory, trade receivables and contract assets.
Non-current assets increased by DKK 5.5m and amounted to DKK 89.7m (year end 2021: DKK 84.2), while current assets increased by DKK 38.9m to DKK 293.7m (year end 2021: DKK 254.8m).

Net debt decreased by DKK 6.2m and totalled DKK 21.0m on 31 December 2022 (year end 2021: DKK 27.0m). The decrease in net debt is due to strong cash performance from operating activities.
Current liabilities amounted to DKK 209.0m (year end 2021: DKK 177.7m). The increase in current liabilities is primarily due to an increase in contract liabilities with reference to received prepayments from customers on construction contracts.

Return on invested capital
In 2022, return on invested capital amounted to 16.5% compared to 10.3% in 2021. The increase in return on invested capital is due to the higher result in 2022 compared to 2021.

Net working capital
Net working capital increased by DKK 5m compared to 31 December 2021. The increase is primarily due to a higher level of inventories to mitigate supply chain challenges and growth in activities having influence on higher trade receivables. The corresponding net working capital/revenue was 25.3% (2021: 29.1%) and reflects a strong cash focus considering the increase of activity levels.

Cash flow development and capital structure
Cash flow from operating activities was strong and amounted to DKK 28.9m compared to DKK 30.3m in 2021 which also had a very strong cash flow development due to large prepayments on large customer contracts. The strong cash flow in 2022 was driven by the strong increase in EBIT which was only partly countered by a modest increase in net working capital despite the strong revenue growth.

With a strong increase in EBITDA and a decrease in net interest bearing debt of DKK 6.0m the financial gearing (net interest bearing debt/EBITDA) decrease to 0.5 compared to 1.0 in 2021. This is well below the gearing target of up to 2.5 and shows that SKAKO has strong financial capacity to pay out high dividends and to persue acquistions according to our strategy

Equity
The Group's equity was DKK 148.0m on 31 December 2022 (DKK 132.2m on 31 December 2021) matching an equity ratio of 38.6% (39.0% on 31 December 2021). The increase in equity is mainly due to profit for the year of DKK 25.1m. Due to a dividend of 12.3m paid in April 2021, the equity does not increase with the full earnings for the year.

Dividends
Based on the results in 2022 and capital structure of SKAKO A/S as of 31 December 2022, the Board of Directors recommends a dividend distribution of DKK 5 per share (2021: DKK 4 per share) corresponding to 61.0% of profit for the year and a total dividend distribution of DKK 15.4m. With a share price of DKK 62.6 as of 31 December 2022, this corresponds to a dividend yield of 8.0%.

Ex-dividend date:	19 April 2023
Record date:	19 April 2023
Payment date:	26 April 2023

Interim dividends
No interim dividends have been paid.

The Parent company
The result for the period in the Parent company amounts to a loss of DKK4.7m. The costs primarily come from remuneration for the Board of Directors and costs for warrants and special items covering cost for the exit of CFO.

Events after the balance sheet date
There have been no events that materially affect the assessment of this Annual Report 2022 after the balance sheet date and up to today.

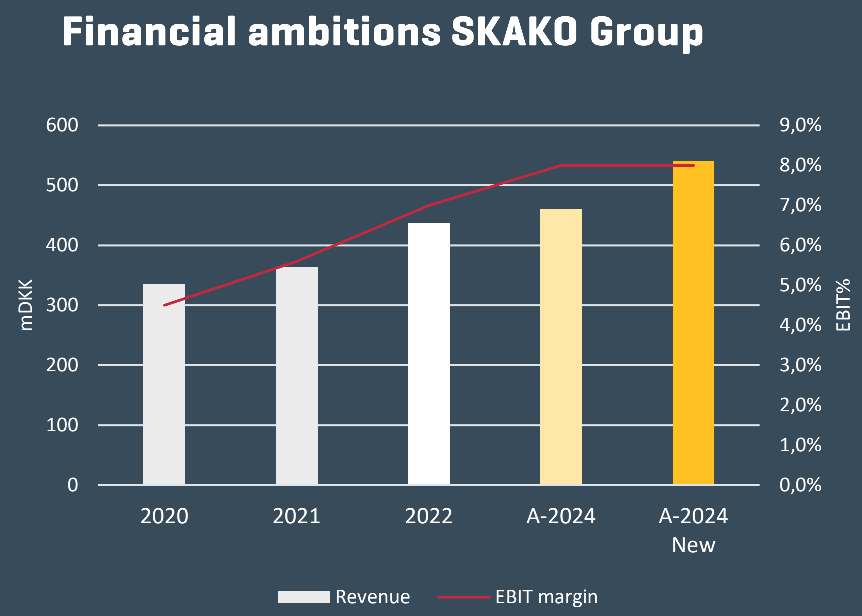
Consolidated Q4 – 2022 result

DKK Thousands	Q4 2022*	Q4 2021*	Change
Plant order revenue	79,972	60,565	32.0%
Aftersales revenue	44,280	45,713	-3.1%
Total revenue	**124,252**	**106,278**	**16.9%**
Production costs	(87,572)	(76,600)	14.3%
Gross profit	**36,682**	**29,678**	**23.6%**
Gross profit margin	29.5%	27.9%	1.6pp
Distribution costs	(10,099)	(12,959)	-22.1%
Administrative expenses	(15,701)	(8,384)	87.3%
Operating profit before special items (EBIT)	**10,881**	**8,335**	**30.5%**
Profit margin before special items (EBIT margin)	8.8%	7.8%	1.0pp
Special items	-	-	-
Operating profit (EBIT)	**10,881**	**8,335**	**27.5%**
Profit margin (EBIT margin)	8.6%	7.8%	0.8pp
Profit for the period	**11,115**	**4,775**	**132.8%**
Order backlog beginning of period	212,217	105,225	101.7%
Order intake *Quarterly figures are unaudited	127,165	123,435	3.0%
Revenue	124,253	106,278	16.9%
Order backlog end of period	**215,202**	**122,382**	**75.8%**

***Quarterly figures are unaudited**

To retain and attract employees, it is one of our top priorities to develop our culture. With happy and dedicated employees, we can offer even better solutions.

1.5 FINANCIAL AMBITIONS



SKAKO Group

In our annual report for 2020, we introduced the financial ambitions for the SKAKO Group comprising our medium-term financial ambitions until and including 2024.

The strong growth in both divisions together with a high order backlog gives the platform for a revised medium-term financial ambition for the SKAKO Group to comprise a revenue growth (CAGR) of approx. 10% from 2022 to 2024 and an EBIT margin of 7-9% in 2024. This corresponds to a revenue of approx. DKK 530m with an EBIT result of DKK 40m - DKK 45m in 2024.

We believe that the recent years' strategic development in the Group has laid the foundation for a favourable development in results in the coming years. The relatively high ambitions for revenue growth are partly aided by the fact that revenues in 2020 and 2021 were impacted by the Covid-19 pandemic, especially in SKAKO Vibration. During the second half of 2023, the board will review the current strategy and consider the ambitions after 2024.

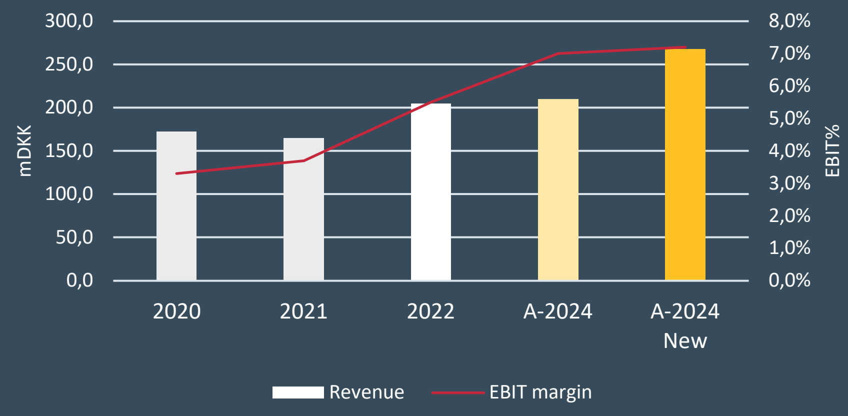
SKAKO Concrete

SKAKO Concrete delivered an EBIT margin of 5.5% in 2022 compared to 3.7% in 2021 and 3.3% in 2020 and thereby continued the journey towards a sustainable profitability.
With a revenue growth of 24.1% in 2022 and a very high order backlog at the end of 2022, SKAKO Concrete is set for further growth in 2023 and 2024 and thereby also set for exceeding the previous financial ambitions. We expect a yearly revenue growth above 10% and with our continued focused strategy, we expect to improve the EBIT margin further to a level of 6-8%. This corresponds to an EBIT of DKK 17-20 m in 2024.

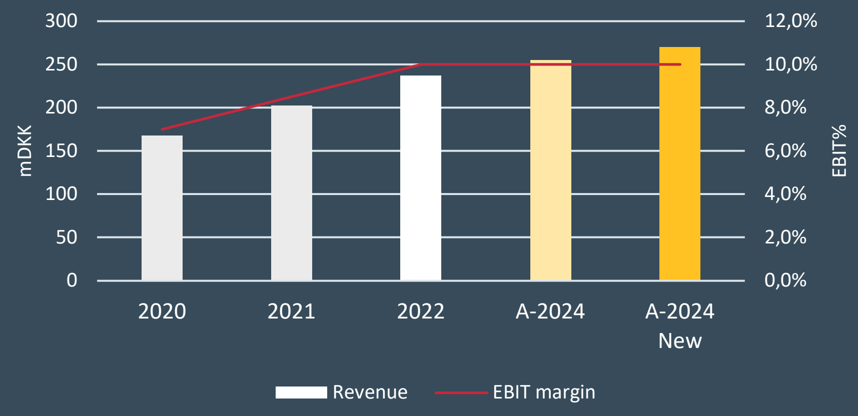
SKAKO Vibration

With a revenue growth of 16.9 % and an EBIT margin of 10% in 2022, SKAKO Vibration is also set to exceed the financial ambitions for 2024 like SKAKO Concrete.
Revenue growth is expected to dampen somewhat to a level of CAGR 6-8% in the next two years driven especially by the high growth in recycling. We expect to maintain an EBIT margin of 10% as in previous years, this corresponds to an EBIT of DKK 25-28 m in 2024.

Financial ambitions SKAKO Concrete



Financial ambitions SKAKO Vibration



1.6 GUIDANCE 2023

With the high revenue growth in SKAKO Vibration and SKAKO Concrete in 2022 and the very strong order backlog at the end of 2022, SKAKO is set for delivering improved results in 2023.

The global supply chain situation is expected to gradually normalize during 2023 with lower energy and commodity prices compared to 2022. However, inflation is still expected to remain at a relatively high level with an uncertain impact on all markets.

For SKAKO Concrete, the increase in building infrastructure will be supporting the need for capacity in the concrete manufacturing industries and thereby the demand for new machinery. The pipeline of potential orders is significantly stronger than in 2022.

For SKAKO Vibration, the increasing demand for recycling solutions will be driving the market upwards. The increasing global demand for minerals will also continue to drive the requirement for mining solutions.

Guidance 2023

Guidance for 2023 is as follows:

- Operating profit (EBIT) before special items is expected to be DKK 33-38m
- Cost under special items is expected to constitute to DKK 2.0-2.5m and is related to transaction costs in connection with the terminated process with Zefyr Invest.

The guidance is based on a continued normalization of the market conditions during 2023, with no new material adverse events affecting the global economies. Due to the war in Ukraine, increased geopolitical tension and high inflation, this guidance is subject to a higher-than-normal degree of uncertainty.

1.7 WHY INVEST IN SKAKO

SKAKO Group

At SKAKO we aim to make our customers' production flow as hassle-free, reliable, and sustainable as possible. We use our know-how to define the industry and develop visionary sustainable and technology-based solutions. Through this, we provide continued value to our partners and customers and increased value to our shareholders.

The markets in which SKAKO is operating, are basically in constant growth. There has for decades been a growing demand for building materials as well as industrial machinery. There are currently no signs of long-term reduction of this growth.

SKAKO is a leading supplier in the markets we operate in. Consequently, we have a brand promise where our customers expect products of high quality and a high level of sustainability. Further, our customers expect to meet highly qualified employees in all phases of product lifetime.

With this business model, we have established a comprehensive installed fleet of SKAKO machinery all over the world and we support our customers with support, spares and retrofit, whenever needed.

The SKAKO business model has proven to be sustainable, even under challenging business conditions. SKAKO was also impacted by the Covid-19, but succeeded in remaining profitable during the pandemic, and then managed to grow despite the war in Ukraine.

With the continued growth in the existing markets and strong potential to expand the business into new market segments, we are convinced that the potential for future profitable growth is strong

SKAKO Vibration

SKAKO Vibration strives to be one of the leading suppliers of vibratory equipment globally.

We are a preferred partner within the automotive industry on targeted markets,, and we have a strong presence and growth within minerals. With the acquisition of SKAKO Dartek in November 2019, we have also intensified our strategic focus on growth in recycling.

SKAKO Concrete

SKAKO Concrete strives to be the trendsetter in the concrete industry when it comes to sustainability, digitization, and total cost of ownership, and from our foundation of reliable delivery and high-quality products, we seek to offer our customers the best solutions in the industry and maximum benefit from our solutions and services.

Capital structure

SKAKO has a capital structure target of net debt to EBITDA of up to 2.5. With a net debt to EBITDA of 0.5 at the end of 2022, SKAKO has ample capacity to pursue value creating M&A. As our earnings improve, we will also be able to return significant value to our shareholders through dividends and share buy-back programmes.

For our mid-term financial ambition for the SKAKO Group, please see section 1.5.

2. SKAKO CONCRETE

Revenue
[DKKm]
204.7
(+24.1%)
Up from 165.0

EBIT
[DKKm]
11.2
(+83.6%)
Up from 6.1

EBIT margin
5.5%
(+1.8pp)
Up from 3.7%

Order intake
(DKKm)
278.7
(+40.0%)
Up from 199.1

Order backlog
[DKKm]
142.7
(+108.0%)
Up from 68.6

We help our customers meet the market requirements – today and through the entire life span of their plant. Consequently, quality is key in our product development.

Strategy & business model

Vision: We want to be trendsetting in the industry within sustainability, digitization and solutions focused on total economy

Strategy track: Culture, digitization, sustainability, subscription solutions, sales and marketing

Products and solutions: ATLANTIS mixer, ROTOCONIX, SKAKOMAT, CONFLEX, skip hoist

Segments: Plant (precast and ready-mix), SKAKOMAT, aftersales

Primary markets: Denmark, Sweden, Norway, the UK, the Netherlands, Germany, Austria, Switzerland, France, the USA

Business areas

SKAKO Concrete designs, develops, supplies, and installs complete customized quality plants for concrete production.

Also, a significant part of our business is customer care and helping our customers maintain their plants. Throughout the year, we have:

- Supplied new plants.
- Visited customers as well as potential customers and come up with propositions for customized plants.
- Advised customers about spare parts for their existing plants.
- Taken in calls on our hotline phone and guided the customers about the use of their plants.
- Visited customers with a service contract to inspect their plants and guide them about maintenance and upgrades.

The keywords in our business model are high-quality products, sustainability, digitization, reliability, delivery on time, and minimizing the total cost of our products over the life span. We believe that our business is hereby set for the future.

Below the strategic tracks in our overall business model:

Strategy & business model

Strategy

As shown on the graphic on the previous page, the SKAKO Concrete strategy has five focus areas.

The overall aim of our strategy is to develop innovative, high-quality, and long-lasting products that can help our customers get ready for future requirements from the market.

The development of our organization is based on customer needs, and we are increasing our focus on customer care.

- We have made a new strategy for our US organization with an intense customer focus. The aim is to increase sales and improve customer relations in the US market. The first step in the strategy was to appoint a new Director of Operations and a new Head of Customer Service.
- We are investing more resources into customer care and sales in France.

In general, the SKAKO Concrete strategy has encouraged growth. To avoid resource challenges with design and construction related to our growth, we are looking at ways to expand these areas.

When expanding and adjusting our organization, we have "deglobalization" in mind. By becoming more local, we use fewer resources to solve tasks, and in that way, deglobalization is a way to become more sustainable.

SKAKO Concrete Denmark

82 Employees

Sales & marketing
Aftersales
Electrical service
Mechanical service
Hotline
Projects
Supply & shipping
Production
Warehouse
Mechanical engineering
Electrical engineering
Group support

SKAKO Concrete USA

5 Employees

Sales & marketing
Aftersales
Customer service
Installation services
Finance support

SKAKO Concrete France

12 Employees

Sales & marketing
Mechanical engineering
Aftersales
Customer service
Hotline
Electrical service
Finance support

Strategy & business model

Focus areas

In 2022, we especially focused on:

- Plant supply. After the Covid-19 pandemic period, there has been a significant demand for plants from the market from existing and new customers.
- Developing our core products.
- Increasing the cooperation between the companies in the SKAKO Concrete Group to learn from each other and ensure that we all have the same approach to the customers.
- The local markets and customers by strengthening our forces within sales and customer care in all the countries we operate in.
- Getting more sustainable by:
    - Investigating how we can make a business of refurbishing (components of) concrete mixers, both for the customer and for SKAKO Concrete.
    - Helping customers reduce their CO_2 emissions by supplying plants with zero emissions.
    - Planning the building of a test centre for our machines in Faaborg, Denmark, to save resources and improve our know-how within sustainability even more.
    - Working with our culture to create a good work environment that retains and attracts employees.

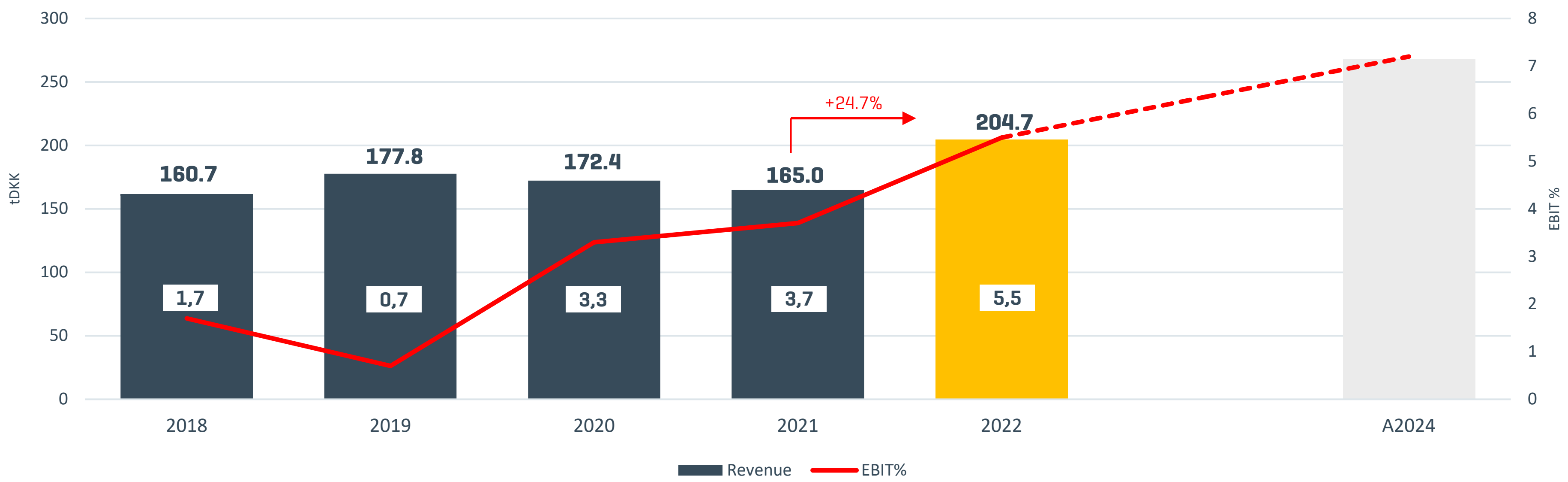
We will keep working on all the above points in the coming years. In that way, we are adapting to the future market.

2.1 FINANCIAL PERFORMANCE

Financial review SKAKO Concrete

DKK million	2022	2021	Change
Plant order revenue	94.1	70.2	34.0%
Aftersales revenue	110.6	94.8	16.7%
Total revenue	204.7	165.0	24.1%
Gross profit	46.2	35.3	30.9%
Gross profit margin	22.5%	21.4%	1.1pp
Operating profit (EBIT)	11.2	6.1	83.6%
EBIT margin	5.5%	3.7%	1.8pp
Order book, beginning	68.6	34.5	98.8%
Order intake	278.7	199.1	40.0%
Order book, ending	142.7	68.6	108.0%

SKAKO Concrete development



2.1 FINANCIAL PERFORMANCE

Financial performance in 2022

Revenue and order intake in Concrete increased with 24% and 40% respectively leading to an increase in EBIT margin of 1.8pp.

Revenue growth was driven by strong growth in plant sales of 34% and aftersales of 17%. Total revenue amounted to DKK 205 m and was driven by growth in all key markets in the US, U.K., France and Germany all supported by continuous strategic initiatives on enhancing customer support and improving project execution.

Gross profit increased with 31% to DKK 46.2 m driven by strong revenue growth and an increase in gross profit margin of 1.1pp to 22.5%. This improvement was made possible by strong execution on plant orders and adapting to higher energy and commodity prices in close cooperation with our suppliers.

EBIT improved in 2022 and amounted to DKK 11.2m, driven by the increased revenue and higher gross margin. The corresponding EBIT margin improved by 1.8pp despite a year with higher cost due to inflationary pressure and the impact from the war in Ukraine. The EBIT margin of 5.5% is an improvement by 1.8pp and close to the 2024 ambition on 6-8%.

Order intake increased by 40.0% compared to 2021, and order backlog increased by 108.0% amounting to DKK 142.7m. The strong order backlog gives a good outlook for 2023 where the majority of plant revenue for 2023 has already been secured.

Case study, Centrum Pæle A/S

22 April 2022
Signing of contract

30 May 2022
Project drawing approved

15 August 2022
Start of mechanical installation

2 September
Lift of row silo bin onto mixer platform

19 September 2022
Start of electrical installation

5 October 2022
Installation of belt conveyors

14 November 2022
First concrete produced

30 November 2022
Final handover

New batching plant for Centrum Pæle A/S

Centrum Pæle A/S is a long-standing SKAKO customer with several SKAKO products.

In 2022, SKAKO Concrete designed and supplied a new batching plant for their factory in Hedensted because they wanted to start manufacturing a new product.

It is the first plant supplied by SKAKO Concrete, where a conventional row silo plant has been mounted above the mixer plant offering the same advantages as an ordinary high silo plant.

"The project management and supervision have been very efficient. We had the project manager from SKAKO on-site when all the deliveries and plant equipment arrived, which was very advantageous. Also, I would like to praise SKAKO's electrical design department for advice and cooperation about electrical supply and the control system", says Technical Manager at Centrum Pæle A/S Henrik Olsen and concludes:

"According to the contract, we were supposed to mix the first concrete in week 46. We mixed the first concrete on Friday in week 45, so the goal was reached on time".

3. SKAKO VIBRATION

Revenue
(DKKm)
237.5
(+16.9%)
Up from 203.2

EBIT
(DKKm)
23.6
(+36.4%)
Up from 17.3

EBIT margin
10.0%
(+1.5pp)
Up from 8.5%

Order intake
(DKKm)
255.9
(+28.7%)
Up from 198.9

Order backlog
(DKKm)
72.6
(+33.7%)
Up from 54.3

At SKAKO Vibration, we help customers use and reuse the planet's resources in the best way possible.

STRATEGY & BUSINESS MODEL

Business areas

SKAKO Vibration develops, designs, and sells equipment for the recycling, mineral, and fastener industries.

Our engineering, assembly, and test facilities are located in Faaborg in Denmark, Strasbourg in France, and San Sebastian in Spain, and our products are based on application know-how and own developed technology.

SKAKO Vibration has a flexible production where parts are sourced through both internal and external suppliers.

Our main markets are the EU and North Africa, where branch companies are located, and we are present in the USA, South America, and Asia through partnerships with local companies.

We build our success on an attractive range of high-quality products and a dynamic organization with a high level of design and application know-how.

Strategy

SKAKO Vibration is one of the leading suppliers of vibratory equipment and the preferred partner within the fastener industry on targeted markets – especially through European, Asian, and US players.

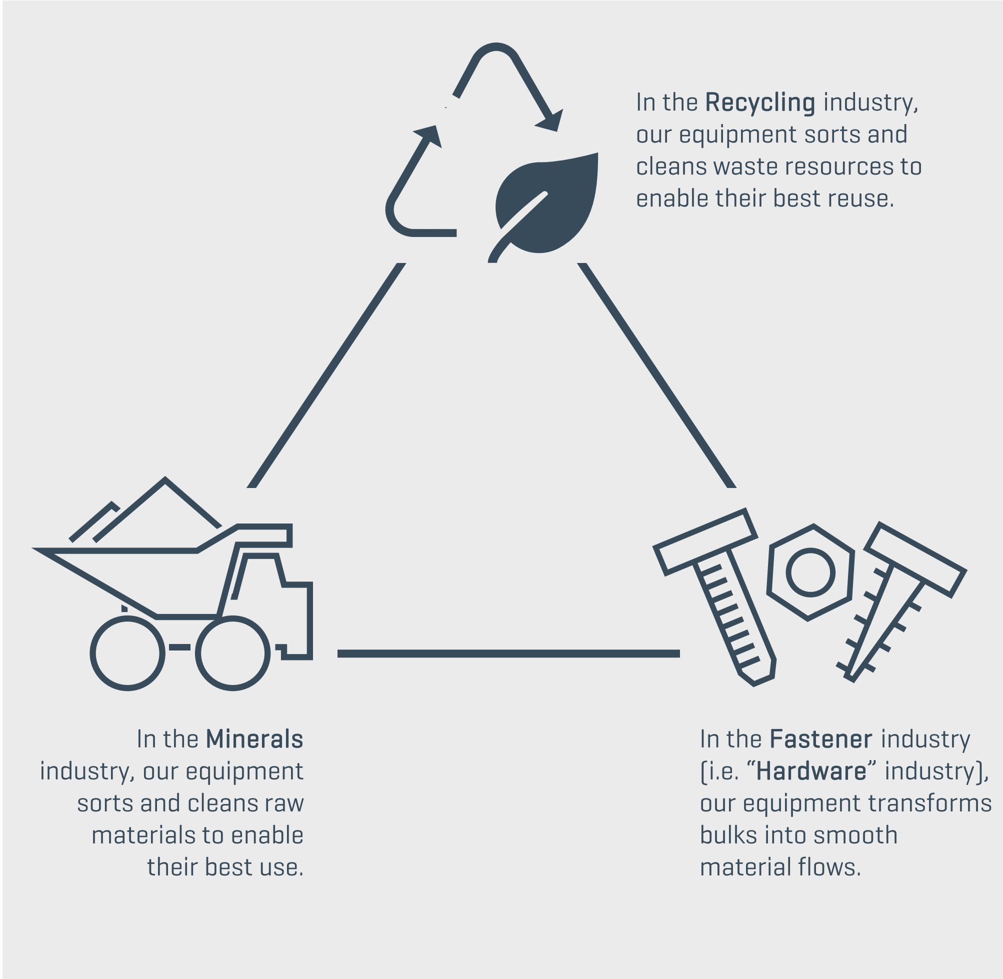
In mineral, we are also strong, particularly in the phosphate mining sector in North Africa and the building sector in Europe.

In recent years, we have been focusing on our expansion in recycling with our complete range of products dedicated to this industrial sector, in particular since we made the acquisition of SKAKO Dartek at the end of 2019.

After the Covid-19 pandemic period, the revenue coming from mineral and fastener has returned to normal, while the growth coming from the recycling industry has been very high.

The development of waste recycling is becoming more and more imperative, for which reason we expect the growth trend of the recycling market to intensify in the decades to come.

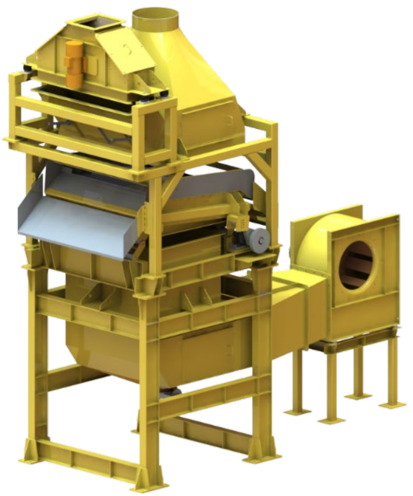
For the next two years, SKAKO Vibration aims to grow revenue with a CAGR of 6-8 % while maintaining an EBIT margin of 10 %.



Focus areas

This year we especially focused on developing our sorting technologies, which are the key technology in the recycling sector.

Thanks to the technical know-how of SKAKO Dartek and our many years of experience in the mineral sector and in the fastener industry, we have a range of products that perfectly meets the challenges of the recycling sector.



SKAKO Dartek densimetric table type KDM designed to separate materials by difference of density

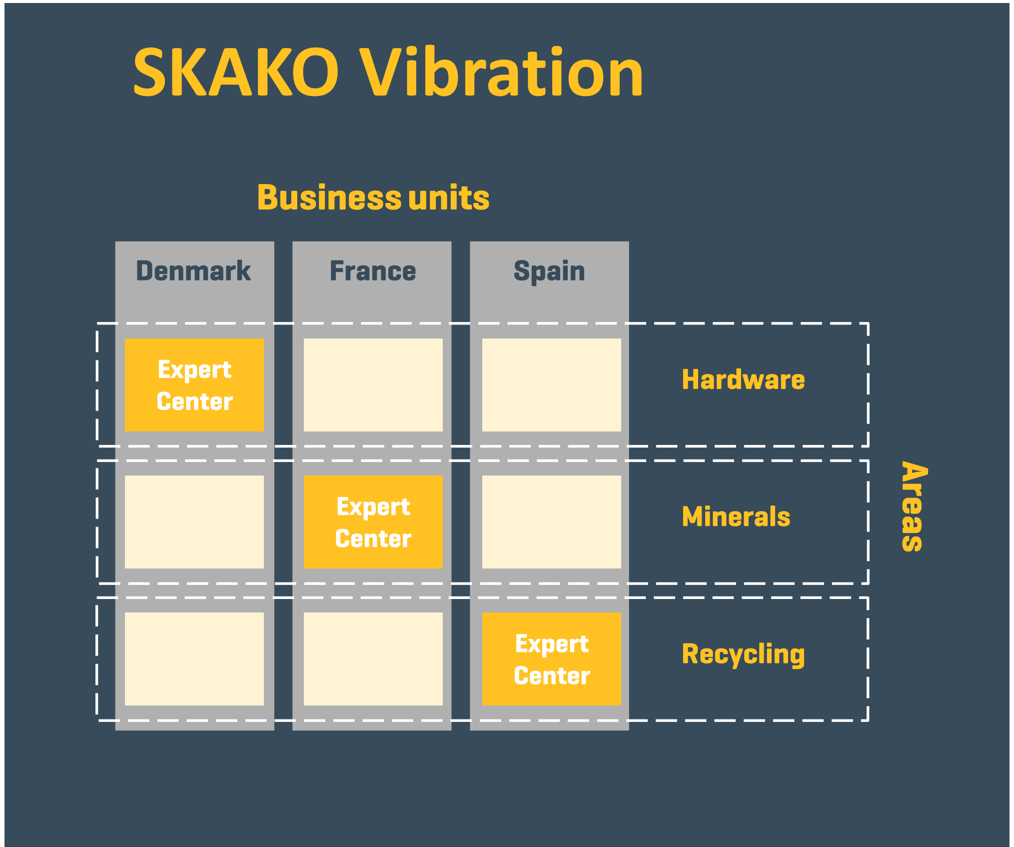
Throughout the year, we have provided recycling companies with reliable and efficient solutions for conveying and, above all, sorting by dimensions and density of bulk waste.

Our products for the recycling sector are very often complementary because of the complexity of the separations to be made between the different materials involved.

At the end of 2022, we modified our sales organization to support the development in the main industrial sectors we operate in, particularly to intensify our breakthrough in the environmental industry. We have now structured our sales organization into the three business areas: Fastener, Minerals, and Recycling.

By doing this, we will improve:

- Our understanding of the business areas dynamics
- Our sharing of knowledge among our teams
- Identification of key customer pain points
- Feeding and challenging of leadership with new growth ideas

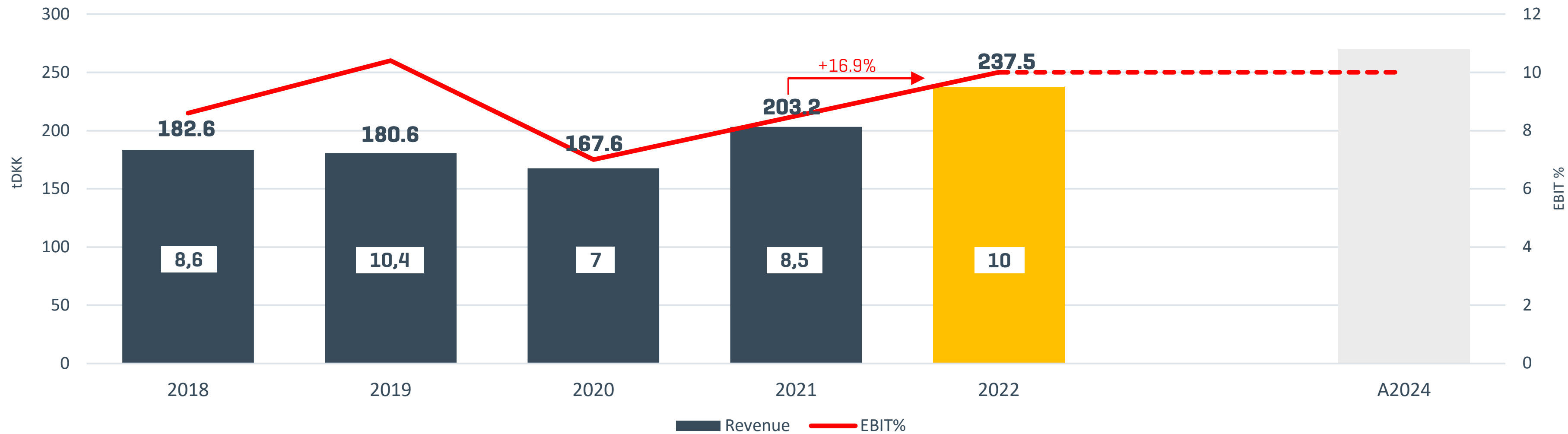


3.1 FINANCIAL PERFORMANCE

Financial review SKAKO Vibration

DKK million	2022	2021	Change
Plant revenue	170.7	147.0	16.1%
Aftersales revenue	66.8	56.2	18.9%
Total revenue	237.5	203.2	16.9%
Gross profit	68.5	57.0	20.2%
Gross profit margin	28.8%	28.1%	0.7pp
Operating profit (EBIT)	23.7	17.3	37.0%
EBIT margin	10.0%	8.5%	1.5pp
Order book, beginning	54.3	58.6	-7.3%
Order intake	255.9	198.9	28.7%
Order book, ending	72.6	54.3	33.7%

SKAKO Vibration development



3.2 FINANCIAL PERFORMANCE

Financial performance in 2022

SKAKO Vibration had a very strong performance with an increasing order intake of 29% and revenue increasing with 17% while EBIT- margin increased with 1.5pp to 10.0%.

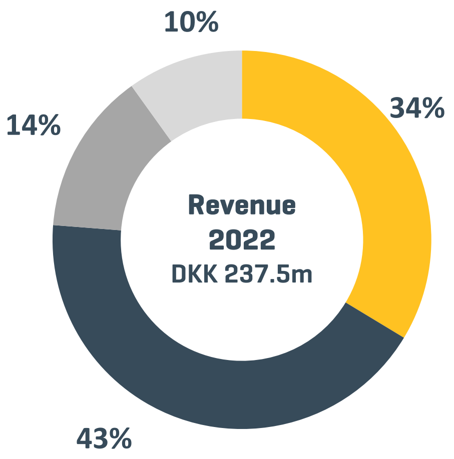
The increase in revenue was especially driven by a growth in recycling of 28% partly impacted by order backlog from the COVID-19 period. However, the hardware and minerals also showet good growth. Revenue from plant orders and aftersales increased with 16% and 19% respectively. Activity was high all year with a strong acceleration in the last quater.

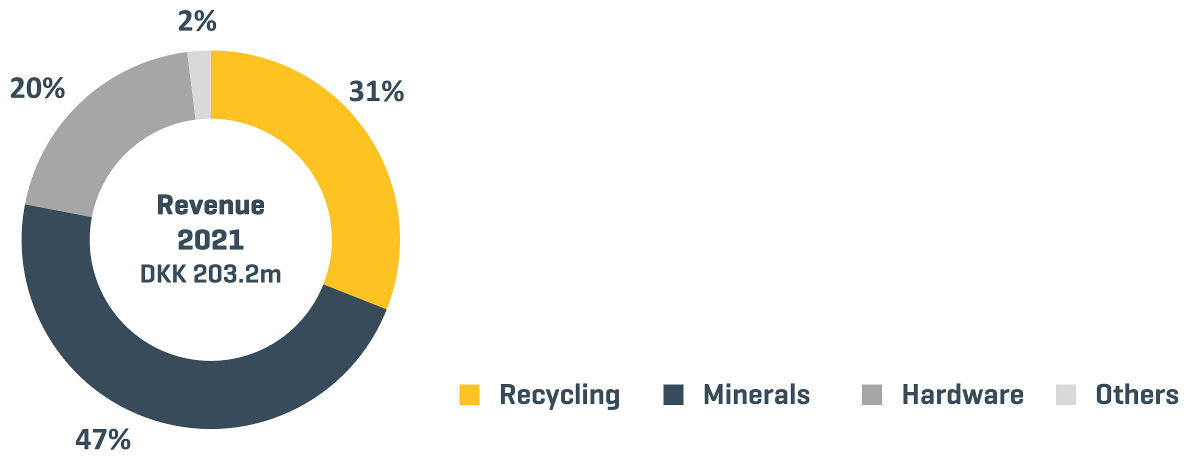
Focus in 2023 will be to maintain growth and profitability in all business areas with the highest growth expected to come from recycling which is expected to increase its share of total revenue.

Gross profit increased with 20% to DKK 68.5m with the margin improving with 0.7pp to 28.8% driven by a more favorable split between plant orders and aftersales combined with strong execution and focus on managing price increases.

EBIT increased with 37% to DKK 23.7m driven by higher revenue and gross profit margin. Thereby the EBIT margin increased with 1.5pp to 10.0% in line with our 2024 ambition and despite a year with higher cost due to inflationary pressure and the impact from the war in Ukraine. EBIT margin ending on 10.0% is an improvement of 1.5pp and thereby reaching the top of the EBIT ambition already in 2022.

Order intake increased by 28.7% compared to 2021, and order backlog increased by 33.7% amounting to DKK 72.6m. The strong order backlog gives a good outset for 2023 where a big part of plant revenue for 2023 has already been secured.





A simple & efficient process for metal recycling, for customer RSA in Portugal

2 October 2018
Date of quote

2 July 2021
Date of order

10 December 2021
Date of delivery

26 January 2022
Date of commissioning

7 February 2022
Start-up in production

Complete recycling metal process with vibratory equipment and induction sorters for RSA in Portugal

Reciclagem de Sucatas Abrantina SA (RSA) in Abrantes, Portugal, is a recycling company focusing on the reuse of metal waste. Their new plant treats light fractions of fragmented materials where sand and soil are removed and ferrous metals, non-ferrous metals, paramagnetic metals, and finally, inert materials (plastics, rubbers, foams, etc.) are separated, allowing the valorization of various recycled metals.

SKAKO DARTEK was responsible for the complete process of the plant, which was made up of vibratory equipment (vibratory feeders and elastic mesh combi screens) and induction sorters (magnetic drums and eddy current separators).

4. Corporate governance

We bring our engineering and innovative spirit and expertise from offices in Faaborg, Strasbourg and San Sebastian to customers around the world.

4.1 COMPANY ANNOUNCEMENTS 2022

Main company announcements in 2022

17 March	**01** – Annual report 2021
23 March	**02** – Update on dates regarding dividends
29 March	**03** – Notice about ordinary general meeting
19 April	**04** – Course of general meeting on 19 April 2022
25 May	**05** – Interim report for the first quarter 2022
20 June	**06** – Changes in SKAKO A/S's management
24 August	**07** – Interim report for SKAKO A/S for the first two quarters of 2022
31 August	**08** – SKAKO appoints CFO for the SKAKO Group
15 September	**09** – SKAKO wins DKK 20 million contract with large American customer
4 November	**10** – SKAKO increases expectations to 2022
10 November	**11** – Interim report for the first three quarters of 2022
13 December	**12** – SKAKO wins DKK 23 million contract with large international customer
22 December	**13** – Financial calendar 2023

The company announcements are available on the company website:
https://skako.com/about/investor-relations/#company_announcements

4.2 CORPORATE SOCIAL RESPONSIBILITY

Report on Corporate Social Responsibility, cf. Section 99a of the Danish Financial Statements Act

SKAKO strives to operate its business in a responsible manner and wants to comply with the legislation in all the countries where operations are conducted. Furthermore, compliance with Human Rights and consideration for the environment are considerable focus areas for the Group. SKAKO's work with corporate social responsibility is based on value creation and risk management.

SKAKO has chosen to focus its work on social responsibility within five areas: Environment, human rights, working environment, anti-corruption, and equality.

The policies below have been approved by the Board of Directors.

For a description of SKAKOs business model please see sections 2.1 and 3.1.

Environment

Policy

SKAKO seeks to reduce its impact on the environment by reducing energy consumption year by year. The Group is a know-how and engineering company with production of key components. The production mainly consists of assembling and testing and does not include energy-demanding or polluting processes. All surface treatment processes are outsourced to sub-suppliers. A part of SKAKO's supplier "Code of Conduct" addresses impact on the environment. See under Human rights for more information about the supplier "Code of Conduct".

Furthermore, SKAKO actively seeks to reduce its energy consumption by, for example, installing LED lighting in its facilities. We are also currently exploring the possibility of installing solar roof panels.

In 2022, SKAKO has started a project to outline how SKAKO can become CO2 neutral.

Actions

SKAKO will reduce consumption of kWh year by year in its production sites. We expect, however, to see a small increase in consumed kWh in 2023 since we expect a growth in activity compared to 2022.

KPI

Consumed kWh in production sites.

Result for 2022 compared to goal for 2022

SKAKO realized 5.1% lower consumption of kWh in 2022 compared to the goal of 950,000 kWh. switch to LED lighting and heating via heat pumps in Denmark and solar collectors in France as well as general focus on optimization of consumption in production.

Results & goals

Goal for 2023	Result 2022	Goal for 2022	Result 2021	Result 2020	Result 2019
850,000	804,777	950,000	848,268	865,865	828,828

Risks

Energy consumption is a variable of activity.

Anti-corruption and bribery

Policy

SKAKO seeks to avoid corruption and bribery by creating a framework that secures that employees at SKAKO are able to abide to laws and regulations, and that there will never exist any doubt with regards to a SKAKO employee's impartiality.

Actions

1. SKAKO enforces a gift policy.
2. SKAKO has introduced an internal whistle blower scheme to give employees the opportunity to report on corruption, bribery and other matters while being anonymous.
3. SKAKO has developed an Employee "Code of Conduct" e-learning that describes the way SKAKO expects all its employees to act in accordance with laws and regulations. The employee "Code of Conduct" also describes usage of the whistle blower scheme. Every year all SKAKO employees must conduct the Employee "Code of Conduct" e-learning session.
4. Maintain whistle blower scheme to also be available for external parties.

KPIs

2. No reported violations of anti-corruption laws and regulations, and SKAKO Employee Code of Conduct.
3. All employees to pass SKAKO's Employee "Code of Conduct" e-learning.

Results for 2022 compared to goals for 2022

1. SKAKO A/S has maintained its gift policy throughout 2022.
2. SKAKO A/S has received no reported violations of anti-corruption laws and regulations, and SKAKO Employee Code of Conduct in 2022.
3. 80% of SKAKO employees have passed the SKAKO Employee Code of Conduct e-learning. The main reason for the result not being 100% is new hires in late 2021 who did not complete the Code of Conduct session yet.
4. In 2022, SKAKO has maintained the whistle blower scheme to also be available to external parties. Furthermore, the whistle blower scheme is part of the SKAKO Employee Code of Conduct e-learning.

Results & goals

	Goal for 2023	Result for 2022	Result for 2021	Result 2020
2	0	0	0	0
3	100%	80%	95%	99%

Risks

2. Employees lack knowledge of the whistle blower scheme.
3. Employee "Code of Conduct" e-learning is not prioritized.

Human rights

Policy

To SKAKO, respect of human rights is about the company's own employees' conditions and securing that suppliers and sub-suppliers deliver services to the Group in a way that considers their employees' rights including safety and health.

Actions

SKAKO has formulated a Supplier "Code of Conduct" that specifies principles we expect our supplier to follow. This ensures that suppliers and their suppliers produce and deliver their services to the Group in a way that considers the environment and the employees' rights.

KPI

The part of our main suppliers that have signed our supplier "Code of Conduct".

Result for 2022 compared to goal for 2022

SKAKO has not reached the goal of having all suppliers sign our code of conduct. This will be another target in 2023 and forward. Code of Conduct for SKAKO group is currently being revised and will be launched in summer 2023.

Results & goals

Goal 2023	Result 2022	Goal for 2022	Result 2021	Result 2020
95%	95%	95%	85%	85%

Risks

Lack of transparency in compliance with SKAKOs Supplier "Code of Conduct".

Working environment

Policy

Our employees are our most valuable asset and key to providing high-quality products and services to our customers. It is vital to SKAKO's future success that SKAKO is a safe, motivating and developing place to work.

Actions

1. The sick rate among employees is monitored and we follow up on employees with high absence.
2. SKAKO will produce an annual employee satisfaction survey to monitor the development in employee satisfaction. Processes are in place to ensure that low-scoring departments receive guidance on how to improve employee satisfaction.
3. Number of on-the-job accidents is measured.
4. All employees must have at least one yearly performance appraisal interview.

KPIs

1. The average sick rate among employees.
2. An average employee satisfaction score of at least 3.5.
3. Number of on-the-job accidents.
4. Percentage of performance appraisal interviews each year.

Results for 2022 compared to goals for 2022

1. SKAKO is revising its global setup for monitoring sick days.
2. In 2022 an employee survey was performed.
3. In 2022, SKAKO had 10 on-the-job accidents. Management does not find this satisfactory although it has been minor on-the-job accidents and will keep working on eliminating on-the-job accidents entirely.
4. In 2022, we did not meet our target for appraisal interviews. As this is a vital part of the employee well-being, we will keep pushing for this.

Results & goals

	Goal for 2023	Result 2022	Result 2021	Result 2020	Result 2019
1*	6.0	5.5	8.4	7.8	7.5
2**	>3.5	4.1	N/A	3.8	3.9
3	0	10	5	7	4
4	100%	85%	85%	90%	90%

Risks

1. Sick rate increases due to workload.
2. Results are not followed up by actions rendering the measuring superfluous.
3. Management does not reprimand violations of safety standards.
4. Performance appraisal interviews are not prioritized due to workload.

*Measured as total number of sick days divided by the average number of employees in the year
**On a scale from 1 to 5, where 5 is the most positive score

Equality, cf. Section 99b of the Danish Financial Statements Act

Policy

At SKAKO A/S we believe that a diverse and tolerant organization makes the company stronger, increases the competitiveness and creates a good and innovative working environment. We want to develop and benefit from the total potential of all employees and that all employees can develop their full potential in balance between working life and private life.

At present, SKAKO A/S has one female board member who entered the Board of Directors in April 2020 whereby SKAKO reached its goal of having at least one female board member by 2022. However, the Board of Directors is aware that this still represents an underrepresentation and wants to support and contribute to the part of female board members being increased. Considering SKAKO A/S's business and the line of business within which SKAKO A/S is operating, the Board of Directors has set the specific goal that the part of women elected at the general meeting is to amount to at least 40% by 2024.

In the view of the Board of Directors, this goal is an ambitious and realistic goal for a company within the lines of business in which SKAKO is operating as these lines of business traditionally do not have a large number of women neither in the board of directors nor at the other management levels. Within the last 12 months we succeeded in hiring one female manager who replaced a male manager. It is the plan of the Board of Directors to further increase the number of female managers in the years to come.

Ultimately, SKAKO A/S's shareholders elect the Board of Directors at the company's general assembly and consequently also determine the gender composition of the Board of Directors. To the extent that the Board of Directors proposes new candidates for the Board of Directors, the Board of Directors will regard gender as one separate parameter in order to reach the determined goal. When candidates are proposed for SKAKO A/S's Board of Directors, it is essential that the members represent professional competences relevant to SKAKO A/S.

It is SKAKO's goal to increase the part of women in the management group within a three-year period. SKAKO A/S will reach the goal by requiring candidates of both genders in the recruiting phase and by taking into account the underrepresented gender at succession planning. SKAKO works very intentionally on showing multiplicity in its marketing to signal that the company wants to reflect the society in its employee composition.

Actions

1. SKAKO actively seeks to recruit new employees of all ethnicities and genders.
2. SKAKO seeks to have an improved gender distribution in employees and Management.
3. SKAKO seeks to have an improved gender distribution in the Board of Directors.

KPIs

1. Share of the underrepresented gender among all employees.
2. Share of the underrepresented gender in Management.
3. Share of the underrepresented gender in the Board of Directors.

Results for 2022 compared to goals for 2022

1. In 2022, SKAKO is status quo, compared to 2021. However, the goal has not yet been realized. According to our policy this will be a continuous focus for SKAKO.
2. In 2022, SKAKO is status quo, compared to 2021. Target has not been achieved, but will be part of the evaluation criteria for future recruitments to management
3. In 2022, the Board of Directors remained unchanged, with one female board member. Changes in the Board of Directors is currently not expected.

Results & goals

	Goal for 2023	Result 2022	Result 2021	Result 2020	Result 2019
1	20% women	17% women	17% women	17% women	14% women
2	20% women	17% women	17% women	17% women	13% women
3	20% women	20% women	20% women	20% women	0% women

Risks

1. We will not reach our targets because SKAKO's industry is historically a male- dominated industry with limited access to female candidates.

Diversity, cf. Section 107d of the Danish Financial Statements Act

Policy

At SKAKO A/S we believe that a diverse and tolerant organization makes the company stronger, increases the competitiveness and creates a good and innovative working environment. We want to develop and benefit from the total potential of all employees and that all employees can develop their full potential in balance between working life and private life. Therefore, no discrimination based on gender, religion, ethnicity, sexual orientation, etc. is tolerated in SKAKO. When recruiting members to the SKAKO management team, we are convinced that diversity will add value to the company.

To make sure all employees and management in SKAKO comply with SKAKOs policies of tolerance and inclusion, we have established an Employee "Code of Conduct" e-learning that describes the way SKAKO expects all its employees to act in accordance with our policies, and laws and regulations.

Actions

1. SKAKO has developed an Employee "Code of Conduct" e-learning that describes the way SKAKO expects all its employees to act in accordance with laws and regulations. The employee "Code of Conduct" also describes usage of the whistle blower scheme. Every year all SKAKO employees must carry through the Employee "Code of Conduct" e-learning. The e-learning provides the management with insight on how to secure diversity in the organization and on management level.
2. Enhance the awareness in the SKAKO management team on the benefits of diversity. This could be in a workshop with this specific purpose

KPIs

1. All employees to pass SKAKO's Employee "Code of Conduct" e-learning.

Results for 2022 compared to goals for 2022

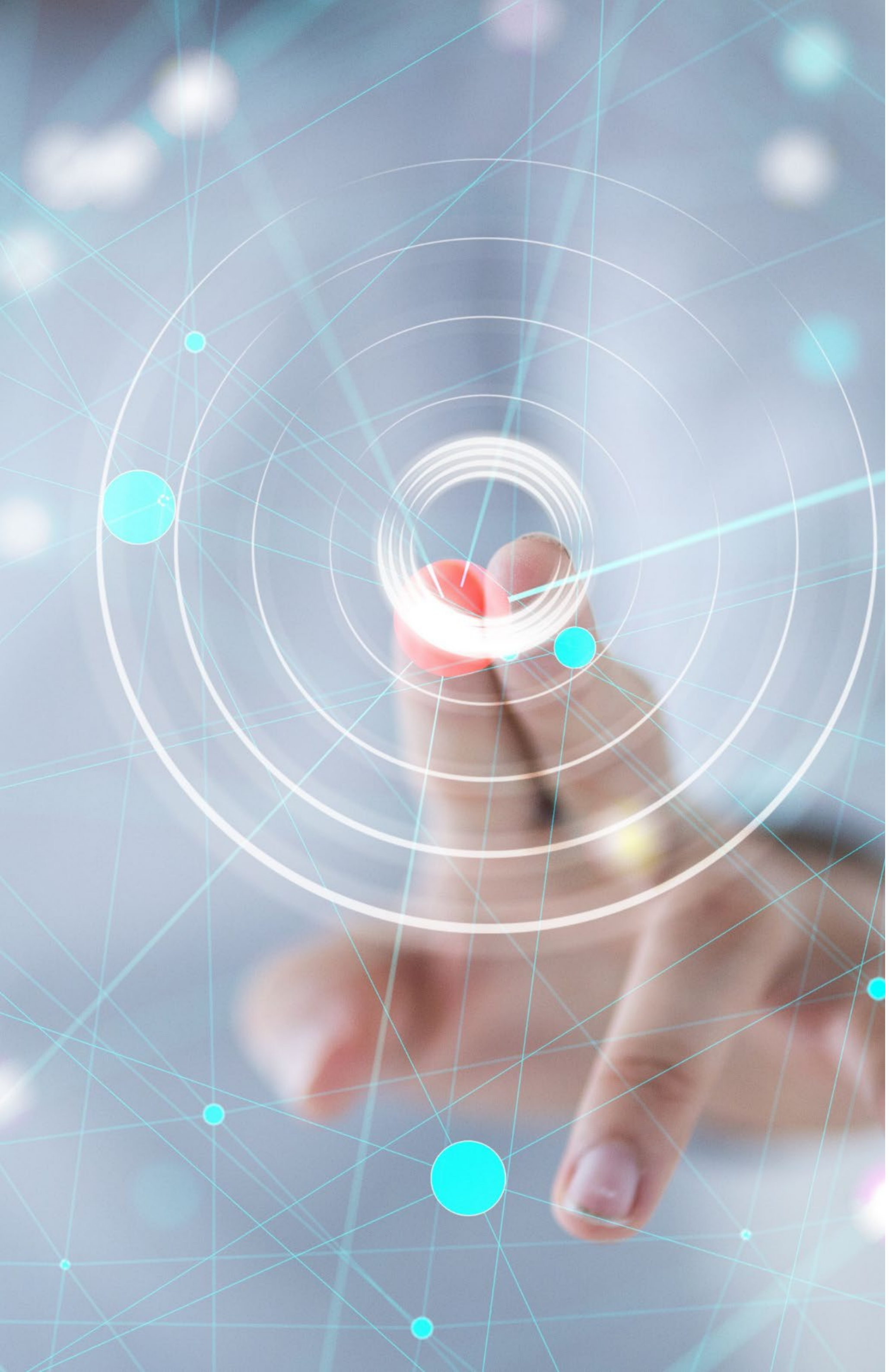
1. 80% of SKAKO employees have passed the SKAKO Employee Code of Conduct e-learning.

Results & goals

	Goal for 2023	Result 2022	Result 2021	Result 2020	Result 2019
1	100%	80%	95%	90%	81%

Risks

1. Employee "Code of Conduct" e-learning is not prioritized.



Data ethics (§99 ÅRL)

Policy

At SKAKO A/S we are acting with responsibility, when it comes to data ethics. This applies to all data, i.e. business intelligence data, employee information and supplier/ customer information. We have defined eight basic principles of working with data:

Welfare:	Data on society, democracy and social relations are treated with respect.
Dignity:	Treatment of data may not be used to harm an individual.
Privacy: shall	Any data treatment shall respect privacy and personal data be protected. It should always be considered what data are necessary and what are the sources of the data.
Own rights: information are	The individual should always have the right to obtain on what data are stored and know for what purpose the data intended.
Equality: ethnicity, disability	Treatment of data may not discriminate with regards to sexuality, sex, political opinions, religion, generical data, or other health related information.
Justice:	Treatment of data is performed with responsibility to local legislation.
Data security:	Treatment of data shall be sufficiently safe, robust and reliable. Data shall be stored and shared in way that unintended availability for unauthorized use is impossible.
Responsibility: by	SKAKO is responsible for data collected, stored and distributed SKAKO.

Actions

1. Continuously communicate the basic principles of data ethics to SKAKO staff.
2. Implement annual review of data stored in CRM system.
3. Secure that all customers and suppliers are confirming their consent with data stored in CRM.

4.3 RISK MANAGEMENT

First and foremost, risk management activities in the SKAKO Group focus on financial risks to which the Company is fairly likely to be exposed. In connection with the preparation of the Group's strategic, budgetary and annual plans, the Board of Directors considers the risks identified in these activities.

Financial risks

Financial risk management concentrates on identifying risks in respect of exchange rates, credit and liquidity with a view to protecting the Group against potential losses and ensuring that Management's forecasts for the current year are only to a limited extent affected by changes or events in the surrounding world – be the changes in exchange rates or in interest rates. It is Group policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature.

Exchange rate risks

With more than 90% of the Group's sales being invoiced in foreign currencies, reported revenue is affected by movements in the Group's trading currencies. The Group does not hedge (systematic) currency risks with financial instruments but seeks to minimize such exchange rate risks by matching positive and negative cash flows in the main currencies as much as possible. The Group conducts ongoing conversion to DKK in connection with the purchase and sale of foreign currency and monitoring of currency exposure. If deemed appropriate, foreign exchange rate contracts are entered into.

Credit risks

The Group's credit risks relate primarily to trade receivables. For large projects we have a signed Letter of Credit from the customer's bank before we undertake any work. Our remaining customer base is fragmented so credit risks in general only lead to minor losses on individual customers. Overall, we therefore estimate that we have no major credit exposure on Group level.

Liquidity risk

The Group aims at having sufficient cash resources to be able to take appropriate steps in case of unforeseen fluctuations in cash outflows. We have access to suitable undrawn credit facilities, and the liquidity risk is therefore considered to be low.

Financial reporting process and internal controls

SKAKO has established and maintains an internal control setup that supports correct and timely reporting to Management and Market. The responsibility of maintaining sufficient and efficient internal control and risk management in connection with financial reporting lies with the Executive Board. The Board of Directors has assessed the Group's existing control environment and concluded that it is adequate and that there is no need for setting up an internal audit function.

Once every quarter we carry through a detailed planning and forecast process, and any deviations from the plans and budgets are carefully monitored. Furthermore, we perform weekly, monthly and quarterly reviews and assessments of all large projects.

Safeguarding corporate assets

Management continuously seeks to minimize any financial consequences of damage to corporate assets including any operating losses resulting from such damage. We have invested in security and surveillance systems to prevent damage and to minimize such damage, should it arise. Major risks, which cannot be adequately minimized, are identified by the Company's Management, who will ensure that appropriate insurance policies are, on a continuous basis, established under the Group's global insurance program administered by recognized and credit-rated insurance brokers and that such insurances are taken out with insurance companies with high credit ratings. The Group's insurance program has deductible clauses in line with normal market terms. The Board of Directors reviews the Company's insurance policies once a year including the coverage of identified risks and is briefed regularly on developments in identified risks. The purpose of this reporting is to keep the Board members fully updated and to facilitate corrective action to minimize any such risks.

Declining market conditions

Management continuously monitors market conditions and maintains close relations to significant customers in order to be able to make a timely response in light of changing circumstances. Monitoring of consequences regarding the Corona virus falls under this category, as well as geopolitical risks such as the current Ukraine war, inflation and increasing interest rates.

Cyber security

SKAKO maintains and enforces an IT safety policy to reduce risks from cyber crime. Furthermore, SKAKO has implemented an IT contingency plan based on recommendations from the Danish Data Protection Agency and other recommended authorities regarding cyber security. SKAKO's head of IT operations oversees monitoring and enforcing of the IT contingency plan.

Project execution

The Company continuously executes projects across the world, and in some cases faces challenges in the execution. The Management continuously monitors project execution to identify possible risks as early as possible. Furthermore, projects are actively distributed among project managers to ensure that the most experienced managers execute the most complex projects.

4.4 CORPORATE GOVERNANCE AND REMUNERATION REPORT

Recommendations on corporate governance

As a listed company on 31 December 2022, SKAKO observes the ´Recommendations on Corporate Governance´ (issued in November 2017 and updated in December 2020) implemented by Nasdaq Copenhagen in its ´Rules for issuers of shares´. The ´Recommendations on Corporate Governance´ contain 40 recommendations and are based on the comply-or-explain principle, which makes it legitimate for a company to explain why it does not comply with them. SKAKO fully complies with 37 of the 40 recommendations, and partially complies with one, and therefore complies with the ´Recommendations on Corporate Governance´ in all material respects.

A complete schematic presentation of the recommendations and how we comply, Statutory report on corporate governance, cf. section 107 b of the Danish Financial Statements Act, is available on our website under Investor Relations.

We find it relevant to highlight a number of aspects and supplementary information on corporate governance in the SKAKO Group in this chapter.

Deviations from recommendations

SKAKO has not established a nomination or a remuneration committee. Given the size of SKAKO, the Board of Directors finds it most suitable that the total Board of Directors takes care of the tasks. SKAKO has not yet disclosed a tax policy. This will be uploaded to our website as soon as the Board of Directors has released it.

Audit committee

The Company's Board of Directors has set up an audit committee. The Board of Directors appoints the chairman of the Audit Committee, who must be independent and who must not be Chairman of the Board of Directors.

According to its charter, the Audit Committee, among other things, assists the Board of Directors in relation to internal accounting and financial control systems, the integrity of the company's financial reports and engagements with external auditors. The audit committee also carries out ongoing assessments of the company's financial and business risks.

In 2022, the committee reviewed the main accounting principles, tax strategy and compliance and key risks, etc.

In 2022, the Audit Committee held four meetings.

Remuneration

The Company has formulated remuneration policies for the Board of Directors and Executive Management. The policies were approved on the general assembly 28 April 2021.

The policies is available on our website under Investor Relations.

Furthermore, the Company has produced a remuneration report for the Board of Directors and Executive Management.

The report is available on our website under Investor Relations.

4.5 EXECUTIVE MANAGEMENT

			
Name	Steffen Kremmer	Lionel Girieud	Thomas Pedersen
Born in	1962	1971	1975
Title	Director	Director	Group CFO
Member of the management since	2019	2016	2022
Number of shares in SKAKO	1,236	5,166	0
Board positions	–	–	–

4.6 BOARD OF DIRECTORS

		
Name	Jens Wittrup Willumsen	Lars Tveen
Title	Chairman of the Board of Directors and member of the audit committee Considered as a non-independent Board member	Deputy Chairman Considered as an independent Board member
Born in	1960	1963
Board member since	2010	2017
SKAKO shares	Jens Wittrup Willumsen owns 50% of the shares in Frederik2 Aps. Frederik2 Aps owns 800,000 shares in SKAKO. Further, Jens Wittrup Willumsen has a direct ownership of 19,876 shares in SKAKO.	15,104
Managerial positions in other companies	**Chairman of the Board:** Licensewatch A/S, Kontrapunkt Group A/S, Everland ApS, COMIT A/S, Copenhagen Optimization ApS, The INDEX, Projects A/S, Begravelse Danmark A/S, TMC Nordic **Deputy Chairman:** Billund Lufthavn A/S **Board member:** FDM Travel A/S, Charlotte Sparre A/S, Ejendomsselskabet Experimentarium A/S, Museum Kolding, SEC Datacom Group A/S, Cogo ApS **Others positions:** Colonial ApS, Director own holding company Colonial 2 ApS, Director own holding company Frederik2 ApS, Director own investment company	**Chairman of the Board:** Project Zero-Fonden Denmark (local initiative to achieve carbon neutrality by 2029) **Board member:** The Energy Industry (an association under the Confederation of Danish Industries), Green Energy (Grøn Energi)
Special competences	Jens Wittrup Willumsen is educated Cand. Merc. from Copenhagen Business School and has had managing positions in Denmark and abroad. His competences include strategy, finance, financing, sales and marketing.	Lars Tveen is educated production engineer from Odense University in 1989 and has a bachelor in Commerce from University of Southern Denmark from 1993. Following his education Lars Tveen was appointed at Danfoss as Management Trainee. In April 2022, Lars Tveen was appointed CEO for the Bitten & Mads Clausens Foundation.
Participation in board meetings	Jens Wittrup Willumsen participated in all board and audit committee meetings in 2022.	Lars Tveen participated in all board meetings in 2022.

			
Name	Carsten Krogsgaard Thomsen	Christian Herskind Jørgensen	Sophie Louise Knauer
Title	Chairman of the Audit Committee Considered as an independent Board member	Considered as a non-independent Board member	Considered as an independent Board member
Born in	1957	1961	1983
Board member since	2017	2009	2020
SKAKO shares	19,255	Christian Herskind Jørgensen owns 50% of the shares in Frederik2 Aps. Frederik2 Aps owns 800,000 shares in SKAKO. Further, Christian Herskind Jørgensen has a direct ownership of 109,000 shares in SKAKO.	–
Managerial positions in other companies	**Board member:** NTG Nordic Transport Group A/S	**Chairman of the Board:** Fonden Amager Bakke, LABFLEX A/S, Taulov DryPort A/S, Skive Holding ApS **Deputy Chairman:** Fonden til støtte for soldater i internationale missioner (Soldaterlegatet) **Board member:** Fonden Peder Skram, Su Misura A/S, Nordsøenheden/Nordsøfonden, Associated Danish Ports A/S, LM Byg A/S, Pihl & Søn A/S, BNS A/S **Others positions:** Herskind Venture Capital ApS, Director own holding company, Ejendomsselskabet Helsingør/Århus, Director Frederik2 ApS, Director own holding company	**Board member:** Solar A/S, Rekom Group A/S, CC Globe Holding I ApS, CC Globe Holding II ApS, CC Fly Holding I ApS, CC Fly Holding II ApS, CC Mist NEW Holding ApS, CC Mist NEW Holding II ApS **Other positions:** Lady invest ApS managing director and owner.
Special competences	Carsten Krogsgaard Thomsen is educated Cand. Polit. and has had a long career with primary focus on economics and finance. Through his career, Carsten Krogsgaard Thomsen has accumulated extensive experience within M&A, and compliance in listed companies. From 2014 to 2020 Carsten Krogsgaard Thomsen was CFO in NNIT and previously also held positions as EVP and CFO in Dong Energy A/S, EVP in DSB (Danish State Railways), finance and planning manager at Rigshospitalet (the Copenhagen University Hospital) and consultant in McKinsey & Company.	Christian Herskind Jørgensen is educated lawyer from University of Copenhagen and University of London and is also Brigadier. His competences include significant experience within sales, marketing, strategy, management, HR and legal matters.	Sophie Louise Knauer is educated HA JUR and Cand. Merc. in economy and strategic management from Copenhagen Business School. Her career includes top management in TDC, CEO for People Group A/S and senior consultant at McKinsey & Company. Sophie Louise Knauer has built strong competences within strategic management and digital transformation.
Participation in board meetings	Carsten Krogsgaard Thomsen participated in all board and audit committee meetings in 2022.	Christian Herskind Jørgensen participated in all board meetings in 2022.	Sophie Louise Knauer participated in all board meetings in 2022.

Know-how is the key element in our business, which drives us to develop visionary, sustainable, long-lasting, and technology-based solutions.

4.7 SHAREHOLDER INFORMATION

As of 31 December 2022, SKAKO's nominal share capital was 31,064,180 DKK divided into 3,106,418 shares of 10 DKK each. All shares are fully paid, the same class and carry one vote each.

The Board of Directors has been authorized by the annual general assembly to initiate a share buy-back programme for up to 10% of the share capital. The authorization was valid until 1 April 2027.

SKAKO A/S is listed at NASDAQ OMX Copenhagen A/S under identification code DK0010231877. The share price as of 31 December 2022 was 62.6 corresponding to a market capitalization of DKK 194.5m.

By the end of 2023 the company had 1,678 registered shareholders compared with 1,746 registered shareholders by the end of 2021. The registered shareholders own a total of 94.1% of the share capital compared to 94.5% by the end of 2021.

Specification of movements in share capital

DKK Thousands	2022	2021	2020	2019	2018
Share capital at 01.01.	31,064	31,064	31,064	31,064	31,064
Capital increase	–	–	–	–	–
Share capital at 31.12.	31,064	31,064	31,064	31,064	31,064

Shareholders with more than 5% of the share

Frederik2 ApS, Copenhagen	25.75%
Danica Pension, Copenhagen	10.63%
Maj Invest Holding A/S, Copenhagen	9.98%

Dividends

Based on the results in 2022 and capital structure of SKAKO A/S as of 31 December 2022, the Board of Directors recommends a dividend distribution of DKK 5 per share corresponding to 61.0% of profit for the year and a total dividend distribution of DKK 15.4m. With a share price of DKK 62.6 as of 31 December 2022, this corresponds to a dividend yield of 8.0%.

Ex dividend date: 19 April 2023
Record date: 26 April 2023
Payment date: 26 April 2023

Financial calendar 2023

15 March	Annual report for 2022
19 April	Ordinary general meeting 2023
23 May	Interim report for the period 1 January - 31 March 2023
23 August	Interim report for first half-year 2023
8 November	Interim report for the period 1 January - 30 September 2023

Presentation of the annual report

Together with HC Andersen Capital, SKAKO A/S will do an online presentation of the annual report for 2022 on Tuesday 21 March 2023 at 14.00 – 15.00 pm. Registration for event: https://www.inderes.dk/videos/skako-praesentation-af-arsregnskabet-2022.

Annual general meeting 2023

The annual general meeting will be held on Wednesday 19 April 2023 at 3 p.m. at the Company's head office at Bygmestervej 2, 5600 Faaborg, Denmark.

Investor Relations

Investors, analysts and medias are welcome to contact Jens Wittrup Willumsen (Chairman of the Board of Directors) by phone +45 2347 5640 or by e-mail to skako.dk@skako.com

5. FINANCIAL STATEMENTS

5.1 STATEMENT BY MANAGEMENT

Today, we have discussed and approved the Annual Report 2022 of SKAKO A/S for the financial year 1 January to 31 December 2022.

The annual report has been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statement Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position on 31 December 2022 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January to 31 December 2022.

Further, in our opinion the Management's report includes a fair view of the development and performance of the Group's and the parent company's business and financial condition, the profit for the year and of the Group's and the parent company's financial position, together with a description of the principal risks and uncertainties that the Group and the parent company face.

In our opinion, the annual report of SKAKO A/S for the financial year 1 January to 31 December 2022 with the file name 529900WNR3U8C847AW24-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend the Annual Report for 2022 be approved at the Annual General Meeting.
Faaborg, 15 March 2023

Executive Board

Steffen Kremmer
Director

Lionel Girieud
Director

Thomas Pedersen
Group CFO

Board of Directors

Jens Wittrup Willumsen
Chairman

Lars Tveen
Deputy Chairman

Carsten Krogsgaard Thomsen

Christian Herskind Jørgensen

Sophie Louise Knauer

5.2 INDEPENDENT AUDITOR'S REPORT

To the shareholders of SKAKO A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of SKAKO A/S for the financial year 1 January to 31 December 2022 comprise income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of SKAKO A/S on 26 April 2012 for the financial year 2012. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 11 years including the financial year 2022. We were reappointed following a tendering procedure at the General Meeting on 19 April 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2022. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from construction contracts Revenue from customer contracts is recognised over time. The proportion of revenue to be recognised in a particular period is calculated according to the percentage of completion of the project. This is measured by reference to the costs of performing the contract incurred up to the relevant balance sheet date as a percentage of the total estimated costs of performing the contract. Contract assets amounted to DKK 64 million (2021: DKK 53 million) net and contract liabilities amounted to DKK 47 million (2021: DKK 20 million) net. Recognition of the Group's revenue involves a high degree of subjectivity in determining significant assumptions for the total estimated costs for the contracts. We focused on this area, as recognition of revenue involves judgements made by Management originating from percentage of completion and estimated cost to completion. Reference is made to note 1 and 16.	We considered the appropriateness of the Group's accounting policies for revenue recognition and assessed compliance with applicable accounting standards. We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, procedures and relevant controls relating to revenue recognition from construction contracts. In respect of controls, we assessed whether these were designed and implemented effectively to address the risk of material misstatement. We performed substantive procedures over input data from contracts and costs allocated to projects. We assessed Management's estimated cost to completion and contribution margin for construction contracts in order to evaluate the valuation of construction contracts and recognised revenue. We compared the estimated contribution margins to actual contribution margins for finished projects and to prior year's estimates. We performed a retrospective analysis of Management's ability to assess the cost to completion and expected contribution margin in prior years. We tested Management's estimated percentage of completion by assessing subsequent development in costs allocated to the projects and Management's updated estimates for cost to completion and contribution margin.
Deferred tax assets At 31 December 2022, the Group has recognised deferred tax assets of DKK 26 million (2021: DKK 21 million). Management is required to exercise considerable judgement when determining the appropriate amount to capitalise in respect of deferred tax. We focused on this area as the amounts involved are significant and the valuation of tax assets is dependent on highly subjective assumptions on budgeted taxable income for the coming years. Reference is made to note 14.	We evaluated Management's method for estimating the deferred tax assets. In understanding and evaluating Management's method and assumptions we performed a retrospective analysis of Management's ability to budget the taxable income in prior years. Further, we examined the Group's budgets and projections for the coming years including significant assumptions. We evaluated and challenged the adequacy of the significant assumptions determined by Management in developing the accounting estimate.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

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

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of SKAKO A/S for the financial year 1 January to 31 December 2022 with the filename 529900WNR3U8C847AW24-2022-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of SKAKO A/S for the financial year 1 January to 31 December 2022 with the file name 529900WNR3U8C847AW24-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Odense, 15 March 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

Torben Jensen	**Mikael Johansen**
State Authorized Public Accountant	State Authorized Public Accountant
mne18651	mne23318

5.3 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

DKK Thousands		2022	2021
Notes			
1, 2	Revenue from contracts with customers	437,920	363,706
3, 4	Production costs	(323,283)	(271,298)
	Gross profit	**114,637**	**92,408**
4	Distribution costs	(43,923)	(40,745)
4, 5, 6	Administrative expenses	(39,872)	(31,340)
	Operating profit before special items (EBIT)	**30,842**	**20,323**
7	Special items	(1,650)	-
	Operating profit (EBIT)	**29,192**	**20,323**
8	Financial income	916	721
8	Financial expenses	(5,878)	(5,627)
	Profit before tax	**24,230**	**15,417**
9	Tax on profit for the year	844	(2,228)
	Profit for the year	**25,074**	**13,189**
	Profit for the year attributable to SKAKO A/S shareholders	**25,074**	**13,189**
10	Earnings per share (EPS), DKK	8.13	4.28
10	Diluted earnings per share (EPS), DKK	7.83	4.28

Consolidated statement of comprehensive income

DKK Thousand		2022	2021
Notes			
	Profit for the year	**25,074**	**13,189**
	Other comprehensive income:		
	Items that have been or may subsequently be reclassified to the income statement:		
	Foreign currency translation, subsidiaries	533	773
	Value adjustments of hedging instruments	-	(233)
	Other comprehensive income	**533**	**540**
	Comprehensive income	**25,607**	**13,729**
	Comprehensive income attributable to SKAKO A/S shareholders	**25,607**	**13,729**

Consolidated balance sheet 31 December

DKK Thousands		2022	2021
Notes			
	Intangible assets	36,188	39,068
	Intangible assets under development	4,237	3,113
11	**Intangible assets**	**40,425**	**42,181**
13	Leased assets	8,786	8,035
12	Land and buildings	5,821	5,832
12	Plant and machinery	1,238	1,053
12	Operating equipment, fixtures and fittings	2,458	3,059
12	Leasehold improvements	2,906	1,630
12	Tangible assets under construction	156	97
	Tangible assets	**21,365**	**19,706**
	Other receivables	1,234	1,272
14	Deferred tax assets	25,575	21,057
	Other non-current assets	**26,809**	**22,329**
	Total non-current assets	**88,599**	**84,216**
15	Inventories	72,740	64,080
20	Trade receivables	101,385	87,429
16, 20	Contract assets	63,876	53,037
	Other receivables	9,270	8,340
	Prepaid expenses	3,045	2,843
	Cash	45,142	39,075
	Current assets	**295,458**	**254,804**
	Assets	**384,057**	**339,020**

Consolidated balance sheet 31 December CONTINUED

DKK Thousands		2022	2021
Notes			
	Share capital	31,064	31,064
	Foreign currency translation reserve	82	(451)
	Hedging reserve	(49)	(49)
	Retained earnings	99,538	89,338
	Proposed dividends	15,532	12,335
	Equity	**146,167**	**132,237**
	Other liabilities	7,562	7,995
18	Provisions	4,345	3,729
17	Loans and borrowings	9,150	11,787
13	Leasing	5,416	5,611
	Non-current liabilities	**26,473**	**29,122**
18	Provisions	3,530	3,440
17	Loans and borrowings	9,828	9,849
17	Bank loans and credit facilities	38,119	35,970
13	Leasing	3,626	2,845
16	Contracts liabilities	46,829	19,762
	Trade payables	81,200	79,081
	Income tax	997	316
	Other liabilities	27,288	26,398
	Current liabilities	**211,417**	**177,661**
	Liabilities	**237,890**	**206,783**
	EQUITY AND LIABILITIES	**384,057**	**339,020**

Consolidated cash flow statement

DKK Thousnads		2022	2021
Notes			
	Profit before tax	24,230	15,417
19	Adjustments	16,341	14,702
	Changes in receivables, etc.	(25,890)	(102)
	Change in inventories	(9,367)	(11,003)
	Change in trade payables and other liabilities, etc.	30,351	17,785
	Cash flow from operating activities before financial items and tax	**35,665**	**36,799**
	Financial items received and paid	(4,710)	(4,906)
	Taxes paid and received	(2,105)	(1,617)
	Cash flow from operating activities	**28,850**	**30,276**
11	Investment in intangible assets	(4,153)	(3,962)
12	Investment in tangible assets	(6,174)	(3,504)
	Disposals	1,690	-
	Cash flow from investing activities	**(8,637)**	**(7,466)**
	New borrowings	-	1,471
	Repayments	(2,072)	(13,725)
	Paid dividends	(12,335)	(9,252)
	Change in short-term bank facilities	2,149	4,708
19	**Cash flow from financing activities**	**(12,258)**	**(16,798)**
	Change in cash and cash equivalents	7,955	6,012
	Cash and cash equivalents 1 January	39,075	33,420
	Foreign exchange adjustment, cash and cash equivalents	(1,888)	(357)
	Cash and cash equivalents 31 December	**45,142**	**39,075**
	Breakdown of cash and cash equivalents at the end of the year:		
	Cash	45,142	39,075
	Cash and cash equivalents at the end of the year:	**45,142**	**39,075**

Consolidated statement of changes in equity

DKK Thousands

	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Proposed dividends	Equity
Equity 1 January 2022	31,064	(451)	(49)	89,338	12,335	132,237
Paid dividends					(12,335)	(12,335)
Comprehensive income in 2022:						
Profit for the year				9,542	15,532	25,074
Other comprehensive income:						**-**
Foreign currency translation adjustments, subsidiaries		533				533
Value adjustments of hedging instruments						-
Other comprehensive income	-	533	-	-		533
Comprehensive income, year	**-**	**533**	**-**	**9,542**	**15,532**	**25,607**
Share-based payment, warrants	-			658		658
Equity 31 December 2022	**31,064**	**82**	**(49)**	**99,538**	**15,532**	**146,167**

Consolidated statement of changes in equity

DKK Thousands

	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Proposed dividends	Equity
Equity 1 January 2021	31,064	(1,224)	184	87,976	9,252	127,252
Distributed interim dividends					(9,252)	(9,252)
Comprehensive income in 2021:						
Profit for the year				854	12,335	13,189
Other comprehensive income:						
Foreign currency translation adjustments, subsidiaries		773				773
Value adjustments of hedging instruments			(233)			(233)
Other comprehensive income	-	773	(233)	-	-	540
Comprehensive income, year	**-**	**773**	**(233)**	**854**	**12,335**	**13,729**
Share-based payment, warrants				508	-	508
Equity 31 December 2021	**31,064**	**(451)**	**(49)**	**89,338**	**12,335**	**132,237**

5.4 CONSOLIDATED NOTES

Notes to consolidated financial statements

Significant estimates and assessments:

1. Revenue from contracts with customers

Accounting policy

SKAKO operates in the following business segments: SKAKO Concrete and SKAKO Vibration.

SKAKO Concrete develops, designs and sells a versatile high-end product range of all types of concrete batching plants for ready-mix, precast and jobsite plants. The main focus is on plant sales with a strong aftersales division.

SKAKO Vibration develops, designs and sells high-end vibratory feeding, conveying, and screening equipment, used across the complete spectrum of material handling and processing. The main focus is on plant sales with a solid aftersales division.

Administrative functions such as Finance, HR and IT are shared by the divisions. The administrative functions are based in the individual countries but supported by Group functions in Denmark. Shared costs are allocated to business segments based on assessment of usage.

All intercompany transactions are made on market terms.

Segment assets and liabilities comprise items directly attributable to a segment and items that can be allocated to a segment on a reasonable basis.

Revenue is the fair value of consideration received or receivable from the sale of our plants and aftersales products or services and is the gross sales price less VAT and any price reductions in the form of discounts and rebates.

Geographical information is based on the four regions that support the industries. Revenue is presented in the region in which delivery takes place.

Segment income and costs include transactions between business areas. The transactions are eliminated in connection with the consolidation

Revenue is recognized over time or at a point in time. Revenue is recognized over time when an asset on behalf of a customer is created with no alternative use and SKAKO has an enforceable right to payment for performance completed year to date, or the customer obtains control of a plant or product and thus has the ability to direct the use and obtain the benefit from the plant or product.
Terms of payment are depending on conditions in the specific market. Plant sales orders are in general agreed with prepayment and payment milestones.

Plant sales

Plant sales are negotiated contracts to design and install concrete batching plants, and vibratory feeding, conveying and screening equipment for customers. Revenue will be recognized over time, as the above criteria are met, using “the percentage of completion method”.

The proportion of revenue to be recognized in a particular period is calculated according to the percentage of completion of the project. For most contracts this is measured by reference to the costs of performing the contract incurred up to the relevant balance sheet date as a percentage of the total estimated costs of performing the contract. Reference to cost is assessed to be the most appropriate method as incurred hours and material costs are the value drivers for the projects. The sales value agreed in the contract is recognized over the contract period using above method.

Contracts where the recognized revenue from the work performed exceeds progress billings are recognized in the balance sheet under assets

Contracts for which progress billings exceed the revenue are recognized under liabilities. Prepayments from customers are recognized under liabilities.

If it is likely that the total costs in relation to a construction contract will exceed the total revenue on a specific project, the expected loss is recognized immediately in the income statement in the current period.

1. Revenue from contracts with customers CONTINUED

Accounting policy CONTINUED

Aftersales, spare parts and products

Both divisions in SKAKO sell a range of spare parts and products as aftersales to the plant sales. Revenue is recognized when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and SKAKO has objective evidence that all criteria for acceptance have been fulfilled.

Aftersales services

In both divisions, revenue from the service contracts is recognized in the period in which the services are provided based on amounts billable to a customer. Revenue is recognized based on usage of units, and price lists according to the contract.

Order backlog

The order backlog represents the value of outstanding performance obligations on effective contracts, where we will transfer control at a future point in time and the remaining performance obligations on contracts where we transfer control over time.

Significant assessment by Management

Assessments regarding contracts with customers is performed when determining if a contract for sale of a plant, spare parts or service, or a combination hereof, involves one or more performance obligations.

Assessments regarding recognition method are made when determining if a contract for sale of a plant, spare parts or service is recognized as revenue over time or at a point in time. The assessments relate to whether we have an alternative use of the assets sold and if we have an enforceable right to payment throughout the contractual term.

When assessing if an asset has no alternative use, we estimate the alternative use cost amount. We have limited historical data as we rarely redirect our assets. The estimate is based on the specifics of each contract. When assessing if we are entitled to payment throughout the contract term, an assessment is made based on the contract wording, legal entitlement and profit estimates.

Significant estimates by Management

Total expected costs related to plant sales are partly based on estimates as they include provisions for unforeseen cost deviations in future supplies of raw materials, subcontractor products and services plus construction and handing over. Provisions for warranties on work-in-progress for third parties are based on Management estimates for each project while taking contract obligations into account.

1. Revenue from contracts with customers CONTINUED

Segregation of revenue

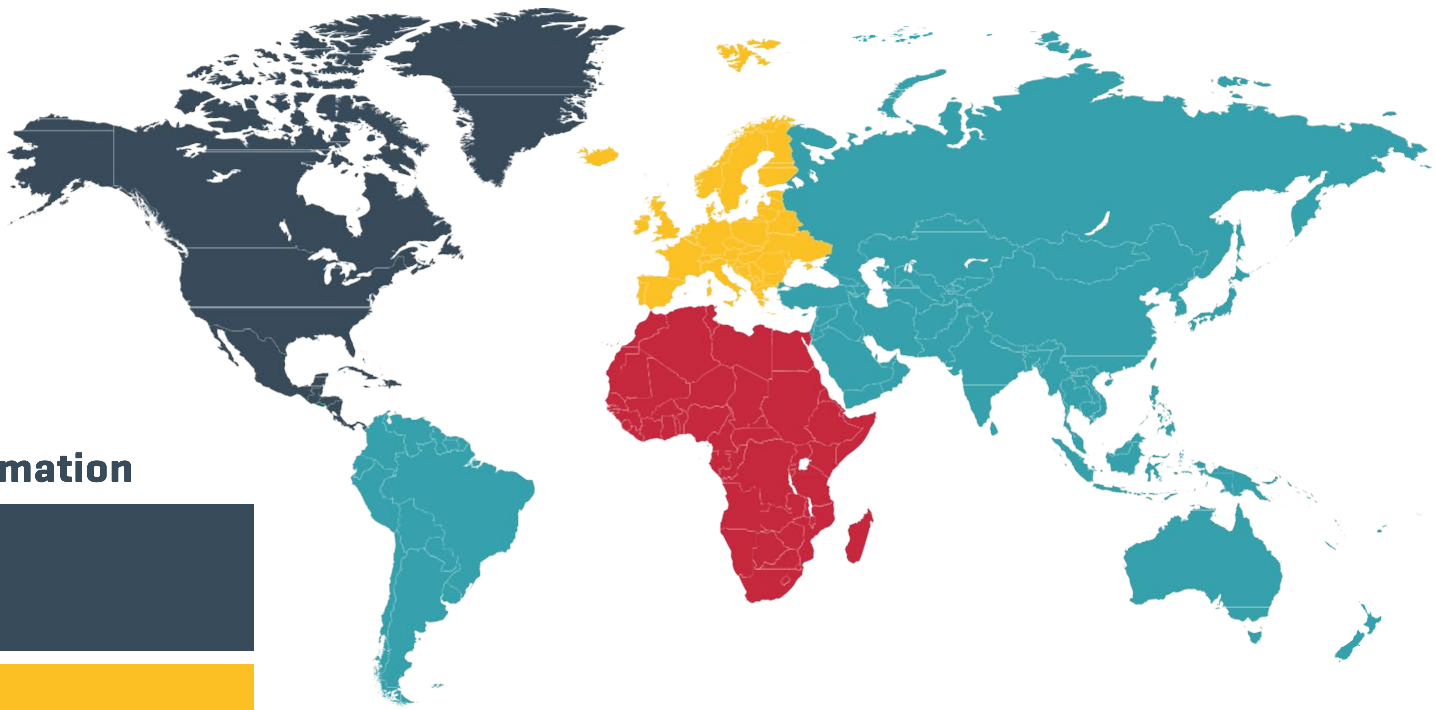
Revenue, DKK Thousands	Concrete		Vibration		Group*	
	2022	2021	2022	2021	2022	2021
Plant	**94,098**	**70,145**	**170,709**	**146,951**	**264,295**	**212,587**
- Over time	94,098	70,145	163,605	138,182	257,191	203,819
- A point in time	-	-	7,104	8,769	7,104	8,769
Aftersales	**110,559**	**94,828**	**66,833**	**56,290**	**173,624**	**151,118**
- Over time	-	-	-	-	-	-
- A point in time	110,559	94,828	66,833	56,290	173,624	151,118
Total revenue	**204,657**	**164,973**	**237,542**	**203,242**	**437,919**	**363,706**

*After eliminations

Segregation of revenue in segments

Revenue, DKK Thousands	2022	2021
Revenue recognized that was included in the contract liability balance at the beginning of the period:		
- Plant sales	19,762	6,051
- Aftersales	-	-
Total revenue recognized from contract liabilities	**19,762**	**6,051**

1. Revenue from contracts with customers CONTINUED



Geographical revenue information

North America

Revenue: DKK 60,808k (2021: DKK 32,006k)

Europe

Revenue: DKK 339,885k (2021: DKK 282,965k)
Hereof revenue in Denmark: DKK 48,987k (2021: DKK 30,322)
Hereof revenue in France: DKK 74,366k (2021: DKK 60,050k)
Hereof revenue in the UK: DKK 29,961k (2021: DKK 26,237k)
Hereof revenue in Germany: DKK 43,249k (2021: DKK 34,757k)
Hereof revenue in Spain: DKK 58,364k (2021: DKK 40,922k)

Africa

Revenue: DKK 17,338k (2021: DKK 23,878k)
Hereof revenue in Morocco: DKK 9,922k (2021: DKK 603k)

Rest of the world

Revenue: DKK 19,890k (2021: DKK 24,920k)

Geographical non-current assets information

North America

DKK 706k (2021: DKK 684k)

Europe

DKK 85,660k (2021: DKK 83,531k)
Hereof in Denmark: DKK 69,385k (2021: DKK 68,747k)
Hereof in France: DKK 13,391k (2021: DKK 11,579k)
Hereof in Spain: DKK 2,480k (2021: DKK 2,745k)
Hereof in Other: DKK 404k (2021: DKK 460k)

2. Segment information

2022

DKK Thousands

2022	**Concrete**	**Vibration**	**Not distributed including parent company**	**Eliminations**	**Group total**
Concrete	204,657			30	204,687
Minerals		101,477			101,477
Hardware		32,870			32,874
Recycling		79,604			79,604
Other		19,277			19,2777
Internal		4,310		(4,310)	-
Total revenue	**204,657**	**237,542**		**(4,280)**	**437,919**
Depreciations	(5,120)	(5,170)			(10,290)
Operating profit before special items (EBIT)	**11,183**	**23,684**	**(4,025)**		**30,842**
Order backlog, beginning	68,653	54,215		(486)	122,382
Order intake	278,697	255,870		(3,828)	530,739
Order backlog, ending	**142,651**	**72,550**			**215,201**
Segment non-current assets	37,682	40,007	11,936		89,625
Segment assets	212,878	229,339	16,042	(74,841)	383,418
Segment liabilities	145,993	119,956	34,570	(65,247)	235,272
Investments in intangible and tangible asset	4,532	4,550			9,082
Average number of employees	86	109	10		205

2. Segment information

2021

DKK Thousands

2021	Concrete	Vibration	Not distributed including parent company	Eliminations	Group total
Concrete	164,959	-	-	-	164,959
Minerals	-	87,253	-	-	87,253
Hardware	-	31,989	-	-	31,989
Recycling	-	61,767	-	-	61,767
Other	-	17,738	-	-	17,738
Internal	14	4,494	-	(4,508)	-
Total revenue	**164,973**	**203,241**	**-**	**(4,508)**	**363,706**
Depreciations	(3,401)	(4,020)	-	-	(7,421)
Operating profit (EBIT)	**6,079**	**17,321**	**(3,077)**	**-**	**20,323**
Order backlog, beginning	34,496	58,593	-	(1,212)	91,877
Order intake	199,130	198,863	-	(3,782)	394,211
Order backlog, ending	**68,653**	**54,215**	**-**	**(486)**	**122,382**
Segment non-current assets	34,426	42,850	6,940	-	84,216
Segment assets	142,539	199,590	8,492	(11,601)	339,020
Segment liabilities	80,772	133,248	4,364	(11,601)	206,783
Investments in intangible and tangible asset	2,669	6,319	-	(1,522)	7,466
Average number of employees	82	117	-	-	199

3. Production costs

Accounting policy

Production costs are costs incurred to generate revenue. Production costs consist of raw materials, consumables, production staff, research and development cost as well as maintenance of and depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets used in the production process.

Research costs are always recognized in the Income Statement in step with the incurrence of such costs. Development costs include all costs not satisfying the capitalization criteria, but incurred in connection with development, prototype construction and development of new business concepts.

Direct and indirect research and development incentives in terms of tax incentives and other grants and subsidy schemes for research and development are recognized when there is reasonable certainty that the conditions for such grants are satisfied and that they will be awarded. Grants are offset against research and development costs.

The measurement and classification of government grants related to research and development is based on Management's assessment. The incentive schemes applied do not require positive taxable income and hence government grants received have been accounted for in accordance with IAS 20.

DKK Thousands	2022	2021
Cost of goods sold during the year	194,049	169,446
Write-down of inventories for the year, net	692	(391)
Research and development costs	2,352	1,143
Production staff costs and other costs	126,190	101,100
Total production costs	**323,283**	**271,298**

4. Staff costs

Accounting policy

Staff costs consist of direct wages and salaries, remuneration, pension, share-based payments, training, etc.

DKK Thousands	2022	2021
Wages, salaries and other remuneration	117,039	108,590
Contribution plans and other social security costs, etc.	16,846	14,488
Share-based payment, warrants	658	508
Other staff costs	1,865	2,276
	136,408	**125,862**
The amounts are included in the items:		
Production costs	81,949	74,466
Distribution costs	33,435	34,148
Administrative costs	21,024	17,248
	136,408	**125,862**

The average number of employees was 205 (2021: 199).

Staff costs 2022 include the final regulation of the government compensation related to capacity cost of (DKK – 0.1m)

Staff costs 2021 include the final regulation of the government compensation, related to cost of goods sold (DKK – 0.1m) and capacity cost of (DKK – 0.3m)

4. Staff costs CONTINUED

Remuneration to Executive Management and Board of Directors

DKK Thousands	2022	2021
Board of Directors and Audit Committee	**1,715**	**1,250**
Executive Management		
Wages, salaries and other remuneration	6,846	5,538
Contribution plans and other social security costs, etc.	493	365
Share-based payment, warrants	439	329
	7,778	**6,232**
Total remuneration for Executive Management and Board of Directors	**9,493**	**7,482**

The Executive Management have been granted warrants to subscribe for shares in the company, cf. note 5.

The Executive Management contracts are based on normal conditions.

The board of directors and audit committee fee includes DKK 315k to board member acting as interim CFO during a period of three months.

5. Share-based payment, warrants

Accounting policy

Plans classified as equity-settled warrants are measured at fair value at grant date and are recognized in the income statement as staff costs in the period in which the final entitlement to the warrants is attained (the vesting period), as well as an inflow directly in equity.

In connection with initial recognition of warrants, an estimate is made of the number of warrants to which Group Executive Management and key staff are expected to become entitled. Subsequent adjustment is made for changes in the estimate of the number of warrant entitlements, so the total recognition is based on the actual number of warrant entitlements.

The fair value of the warrants allocated is estimated by means of the Monte Carlo model. The calculation takes into account the terms and conditions under which the share warrants are allocated.

In 2017 and 2021, respectively, the Executive Management and other key employees in the Group have been granted warrants to purchase a total of 250,000 shares in the company at a set price (strike price). The share-based programme has vesting conditions under which Management must stay employed for three years to receive the remuneration. The following exercise period runs for two years.

Warrants granted in 2017 have fully vested on 31 December 2022.

5. Share-based payment, warrants CONTINUED

	2021 warrants			2017 warrants			Total warrants
	Granted	Strike price (all)	Exercise period starts	Granted	Strike price (all)	Exercise period starts	Total
Warrants granted	150,000	55,60	April 2024	100,000	90,39	March 2020	
Executive management			110,000			60,000	170,000
- hereof forfeited			-30,000			-40,000	-70,000
Total executive management			80,000			20,000	100,000
Other employees			40,000			40,000	80,000
- Hereof forfeited			0,000			-5,000	-5,000
Total other employees			40,000			35,000	75,000
Number of warrant entitlements			**120,000**			**55,000**	**175,000**

The recognized fair value of warrants in the consolidated income statement amounts to DKK 658k (cost) (2021: -506k, income).
The calculation of the fair value of warrants at the time of allocation is based on the following assumptions:

	Granted 22 March 2021	Granted 30 March 2017
Average price per share	55,6	78,0
Annual hurdle rate	0%	5%
Strike price per share	55,6	90,39
Expected volatility*	33,5%	43,96%
Expected dividends**	4,1%	0
Cost of equity	7,00%	
Risk-free interest rate		-0,56%
Number of shares allocated	150,000	100,000
Fair value per warrant, DKK	16,90	18,84
Total fair value, DKK thousands	2,535	1,884

* The expected volatility is based on the historical volatility of SKAKO shares in the preceding 36 months for the 2017 programme. For the 2021 programme, the preceding 48 months have been used

** The expected future dividend at the time of granting

6. Fee to parent company auditors appointed at the annual general meeting

In addition to the statutory audit, PwC, the Group auditors appointed at the Annual General Meeting, provides other assurance engagements and other consultancy services to the Group.

DKK Thousands	2022	2021
PwC		
Statutory audit	1,442	687
Other assurance engagements	39	0
Tax and indirect taxes consultancy	119	13
Other services	298	107
	1,898	**806**
Other audit firms		
Statutory audit	290	199
Other assurance engagements	0	0
Tax and indirect taxes consultancy	290	139
Other services	177	40
	757	**379**

A few Group enterprises are not audited by the Parent's appointed auditors (PwC) or the auditors' foreign affiliates.

The fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group amounts to DKK 0.4m (2021: DKK 0.1m) and consists of tax, VAT and accounting advisory.

7. Special items

Accounting policy

Special items include significant expenses of a special nature that relates to the dismissal of the former Group CFO in SKAKO Group and that cannot be attributed directly to the Group's ordinary operating activities.

Special items include significant non-recurring items including staff costs.

Special items are shown separately from the Group's ordinary operations as this gives a truer and fairer view of the Group's operating profit.

Special items consists of salaries and other remuneration for the dismissal of the former Group CFO amounting to DKK 1.65m (2021: DKK 0m)

8. Net financial items

Accounting policy

Net financial items mainly consist of interest income and interest expenses and also include interest on lease debt as well as realized and unrealized foreign exchange gains and losses. Interest income and interest expenses are accrued based on the principal amount and the effective interest rate.

The effective interest rate is the discount rate used for discounting expected future payments attaching to the financial asset or financial liability in order for the present value to match the carrying amount of such asset or liability.

DKK Thousands	2022	2021
Interest on cash and bank deposits	772	210
Financial income from financial assets not measured at fair value in the income statement	**772**	**210**
Foreign exchange gains, net	144	511
Financial income	**916**	**721**
Interest on bank debt	(1,433)	(1,205)
Interest on lease debt	(117)	(161)
Financial expenses on financial liabilities not measured at fair value in the income statement	**(1,550)**	**(1,366)**
Foreign exchange losses, net	(1,647)	(239)
Other financial expenses	(2,681)	(4,022)
Financial expenses	**(5,878)**	**(5,627)**
Net financial items	**(4,962)**	**(4,906)**

9. Tax on profit for the year

Accounting policy

Tax for the year comprises current tax and changes in deferred tax and is recognized in the Income Statement with the share attributable to the profit for the year, and in the other comprehensive income with the share attributable to items recognized in other comprehensive income. Exchange rate adjustments of deferred tax are included as part of the year's adjustments of deferred tax.

Current tax comprises tax calculated on the basis of the expected taxable income for the year using the applicable tax rates for the financial year and any adjustments of taxes for previous years.

DKK Thousands	2022	2021
Current tax on the profit for the year	(4,161)	(1,698)
Adjustment of current tax, prior years	-	(147)
Change in deferred tax	4,390	(1,370)
Adjustment of deferred tax, prior years	-	987
Impact on changes in corporate tax rates	615	-
Tax for the period, net income	**844**	**(2,228)**
Tax using the Danish corporate tax rates	(5,330)	(3,857)
Effect of tax rates in foreign jurisdictions	118	(79)
Impact in changes in corporate tax rates	-	-
Tax assets not capitalized	-	-
Tax assets not previously capitalized	6,371	2,234
Permanent and temporary differences and other items	(315)	(526)
	844	(2,228)

10. Earnings per share (EPS)

Accounting policy

Earnings per share (EPS) and diluted earnings per share (EPS, diluted) are measured according to IAS 33. Non-diluted earnings per share are calculated as the profit for the year divided by the total average number of shares outstanding during the year (shares issued adjusted for treasury shares).

Diluted earnings per share are calculated as the profit for the year divided by the average number of shares outstanding less share options in-the-money (shares issued adjusted for treasury shares).

DKK Thousands	2022	2021
Earnings		
Profit for the year	25,074	13,189
Number of shares, average		
Number of shares issued	3,106,418	3,106,418
Adjustment for treasury share	(22,567)	(22,567)
Average number of shares	3,083,851	3,083,851
Earnings per share (EPS)	8.13	4.28
Earnings per share, diluted	7.83	4.28

As of 31 December 2022, SKAKO's nominal share capital was 31,064,180 DKK divided into 3,106,418 shares of 10 DKK each. All shares are of the same class and carry one vote each.

Treasury shares represent 0.73% of number of shares issued.

11. Intangible

Accounting policy

On initial recognition, goodwill is recognized and measured as the difference between the purchase price – including the value of non-controlling interests in the acquired enterprise and the fair value of any existing investment in the acquired enterprise – and the fair values of the acquired assets, liabilities and contingent liabilities. Please refer to Accounting policies in Note 25.

On recognition, goodwill is allocated to corporate activities that generate independent payments (cash generating units). The definition of a cash-generating unit is in line with the Group's managerial structure as well as the internal financial management reporting.

Intangible assets with a finite useful life are measured at cost less accumulated amortization and impairment losses. Goodwill is not amortized but is tested for impairment at least once a year. If the recoverable amount of a cash-generating unit is lower than the carrying amounts of property, plant and equipment and intangible assets including goodwill, attributable to the particular cash generating unit, the particular assets will be written down.

Development projects for which the technical rate of utilization, sufficient resources and a potential future market or application in the Group can be demonstrated and which are intended to be manufactured, marketed or used are recognized as completed development projects. This requires that the cost can be determined, and it is sufficiently certain that the future earnings or the net selling price will cover production, sales and administrative costs plus the development costs. Other development costs are recognized in the income statement when the costs are incurred. Development costs consist of salaries and other costs that are directly attributable to development activities.

Amortization of completed development projects is charged on a straight-line basis during their estimated useful life. Development projects are written down for impairment to recoverable amount, if lower. Development projects in progress are tested for impairment once a year.

The amortization profile is systematically based on the expected useful life of the assets, taking into account the remaining agreement period and consumption (unit of production method) at the time of implementation. The basis of amortization is reduced by impairment, if any.

Amortization takes place systematically over the estimated useful life of the assets which is as follows:

- Development costs, 2-10 years
- Software systems, 2-10 years
- Other intangible assets, 3-5 years

11. Intangible assets CONTINUED

Significant estimate by Management

Impairment testing is carried out annually on preparation of the annual report or on indication of impairment in which discounted values of future cash flows are compared with carrying amounts. The calculations use cash flow projections based on financial budgets approved by Management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using growth rates estimated by Management.

DKK Thousands

	Goodwill	Other intangible assets	Intangible assets under development	Development projects	Software	Total
Cost at 1 January 2022	25,440	4,426	3,112	1,458	28,671	63,107
Foreign exchange adjustments	-	-	-	-	-	-
Investments	-	-	2,726	-	1,427	4,153
Disposals	-	-	(1,201)	-	-	(1,201)
Transferred between categories	-	-	(400)	-	-	(400)
Cost at 31 December 2022	**25,440**	**4,426**	**4,237**	**1,458**	**30,098**	**65,659**
Amortisation and impairment 1 January 2022	-	1,771	-	293	18,863	20,927
Foreign exchange adjustment	-	-	-	9	-	9
Disposals	-	-	-	-	605	605
Amortisation	-	1,097	-	167	2,429	3,693
Amortisation and impairment 31 December 2022	**-**	**2,868**	**-**	**469**	**21,897**	**25,234**
Carrying amount 31 December 2022	**25,440**	**1,558**	**4,237**	**989**	**8,201**	**40,425**

11. Intangible assets CONTINUED

DKK Thousands

	Goodwill	Other intangible Assets	Intangible assets under development	Development Projects	Software	Total
Cost at 1 January 2021	25,440	4,426	2,226	808	27,331	60,231
Foreign exchange adjustments	-	-	-	10	(3)	7
Investments	-	-	2,441	150	882	3,473
Disposals	-	-	-	-	(603)	(603)
Transferred between categories	-	-	(1,554)	490	1,064	-
Cost at 31 December 2021	**25,440**	**4,426**	**3,113**	**1,458**	**28,671**	**63,108**
Amortisation and impairment at 1 January 2021	-	674	-	178	18,192	19,044
Foreign exchange adjustment	-	-	-	-	(61)	(61)
Disposals	-	-	-	-	(603)	(603)
Amortisation	-	1,097	-	115	1,335	2,547
Amortisation and impairment at 31 December 2021	**-**	**1,771**	**-**	**293**	**18,863**	**20,927**
Carrying amount at 31 December 2021	**25,440**	**2,655**	**3,113**	**1,165**	**9,808**	**42,181**

11. Intangible assets CONTINUED

DKK Thousands	2022	2021
Depreciation is included in the items:		
Production costs	2,585	1,782
Distribution costs	923	636
Administrative costs	185	129
	3,693	**2,547**

Impairment test of goodwill:

The carrying amount of goodwill related to Dartek, DKK 22,294k, and Conparts ApS, DKK 3,145k.

Dartek

Goodwill for Dartek have been tested for impairment on 31 December 2022 based on value in use. Net cash flows for the years 2023-2027 are determined on the basis of key assumptions and estimates based on growth and profit margin expectations in accordance with SKAKO's business plans. The discount rate used amounts to 10.0% before tax and estimates for future revenue growth (2021: 8.0% before tax). The uncertainties associated with these expectations are reflected in the cash flow. The valuation method is based on annual revenue growth of 2% in 2023 to 2027 as well as in the terminal period. The test did not result in any impairment of the carrying amounts related to the cash generating units Dartek.

A sensitivity analysis has not been carried out, as negative changes in the fundamental assumption, which will result in impairment of goodwill, are considered unlikely to become a reality.

Conparts

Goodwill for Conparts have been tested for impairment on 31 December 2022 based on value in use. Net cash flows for the years 2023-2027 are determined on the basis of key assumptions and estimates based on growth and profit margin expectations in accordance with SKAKO's business plans. The discount rate used amounts to 10.0% before tax and estimates for future revenue growth (2021: 8.0% before tax). The uncertainties associated with these expectations are reflected in the cash flow. The valuation method is based on annual revenue growth of 2% in 2023 to 2027 as well as in the terminal period. The test did not result in any impairment of the carrying amounts related to the cash generating units Conparts.

A sensitivity analysis has not been carried out, as negative changes in the fundamental assumption, which will result in impairment of goodwill, are considered unlikely to become a reality.

12. Tangible assets

Accounting policy

Land and buildings, plant and machinery and other facilities, operating equipment and tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful life of the assets until they reach the estimated residual value.

Estimated useful life is as follows:

- Buildings, 10-40 years
- Plant and machinery, 3-10 years
- Operating equipment and other tools and equipment, 3-10 years
- Leasehold improvements, 3-10 years
- Land not depreciated

Newly acquired assets are depreciated from the time they are available for use.

12. Tangible assets CONTINUED

DKK Thousands

	Land & buildings	Plant & machinery	Operating equipment, fixtures and fittings	Leasehold improvements	Tangible assets in course of construction	Total
Cost 1 January 2022	8,147	12,558	17,130	5,930	97	43,862
Foreign exchange adjustments	22	(24)	-	-	-	(2)
Investments	253	636	1,061	1,110	119	3,179
Disposals	-	(2,083)	(1,402)	-	(60)	(3,545)
Transferred between categories	-	(260)	260	400	-	400
Cost at 31 December 2022	**8,422**	**10,827**	**17,049**	**7,440**	**156**	**43,894**
Depreciation and impairment 1 January 2022	2,315	11,505	14,071	4,300	-	32,191
Foreign exchange adjustments	-	(46)	-	-	-	(46)
Disposals	-	(2,083)	32	-	-	(2,051)
Depreciation	286	213	488	234	-	1,221
Depreciation and impairment 31 December 2022	**2,601**	**9,589**	**14,591**	**4,534**	**-**	**31,315**
Carrying amount 31 December 2022	**5,821**	**1,238**	**2,458**	**2,906**	**156**	**12,579**

12. Tangible assets CONTINUED

DKK Thousands

	Land & buildings	Plant & machinery	Operating equipment, fixtures and fittings	Leasehold improvements	Tangible assets in course of construction	Total
Cost 1 January 2021	8,023	12,151	15,945	4,766	454	41,339
Foreign exchange adjustments	(2)	72	(43)	2	-	29
Investments	126	439	1,231	1,162	37	2,995
Disposals	-	(104)	(3)	-	(394)	(501)
Cost 31 December 2021	**8,147**	**12,558**	**17,130**	**5,930**	**97**	**43,862**
Depreciation and impairment 1 January 2021	2,035	11,344	13,036	4,238	-	30,653
Foreign exchange adjustments	-	65	391	2	-	458
Disposals	-	(104)	-	-	-	(104)
Amortization	280	200	644	60	-	1,184
Depreciation and impairment 31 December 2021	**2,315**	**11,505**	**14,071**	**4,300**	**-**	**32,191**
Carrying amount 31 December 2021	**5,832**	**1,053**	**3,059**	**1,630**	**97**	**11,671**

DKK Thousands	**2022**	**2021**
Depreciation is included in the items:		
Production costs	855	829
Distribution costs	305	296
Administrative costs	61	59
	1,221	**1,184**

13. Leases – right-of-use assets

Accounting policy

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable.
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as the commencement date.
- Amounts expected to be payable by the Group under residual value guarantees.
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate for implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group., the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct cost and restoration cost.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leased with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

13. Leases – right-of-use assets CONTINUED

DKK Thousands

Lease assets	Rental of promises	Equipment	Company cars	Total
Costs 1 January 2022	8,413	809	7,914	17,136
Additions	-	52	1,698	1,750
Disposals	-	(179)	(511)	(690)
Reclassification	2,148	-	389	2,537
Exchange rate adjustment	-	-	-	-
Costs 31 December 2022	**10,561**	**682**	**9,490**	**20,733**
Depreciation and impairment loss 1 January 2022	3,257	164	5,680	9,101
Depreciation	1,287	290	1,514	3,091
Depreciation reversed on disposals	-	(179)	(266)	(445)
Exchange rate adjustment	-	200	-	200
Depreciation and impairment loss 31 December 2022	**4,544**	**475**	**6,928**	**11,947**
Carrying amount 31 December 2022	**6,017**	**207**	**2,562**	**8,786**

DKK Thousands

Lease assets	Rental of promises	Equipment	Company cars	Total
Costs 1 January 2021	8,418	809	6,291	15,518
Additions	-	-	3,172	3,172
Transferred between categories	-	-	-	-
Disposals	-	-	(1,545)	(1,545)
Exchange rate adjustment	(5)	-	(4)	(9)
Costs 31 December 2021	**8,413**	**809**	**7,914**	**17,136**
Depreciation and impairment loss 1 January 2021	1,673	105	3,866	5,644
Depreciation	1,584	59	2,048	3,691
Depreciation reversed on disposals	-	-	(233)	(233)
Exchange rate adjustment	-	-	(1)	(1)
Depreciation and impairment loss 31 December 2021	**3,257**	**164**	**5,680**	**9,101**
Carrying amount 31 December 2021	**5,156**	**645**	**2,234**	**8,035**

13. Leases – right-of-use assets CONTINUED

Lease liabilities – DKK Thousands	2022	2021
Lease liabilities are recognized in the balance sheet as follows:		
Non-current liabilities	5,416	5,611
Current liabilities	3,626	2,845
Total lease liabilities	**9,042**	**8,456**
Recognized in the profit and loss statement:		
Interest expenses related to lease liabilities	221	177
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	3,734	1,893
Expense relating to leases of low-value assets that are not shown above as short-term leases	7	-
Expense relation to variable lease payments not included in lease liabilities	-	-

Cash flow from leasing – DKK Thousands	2022	2021
Interests	(221)	(177)
Liabilities payment	(3,736)	(3,289)
Adjustments in total according to leases	**(3,957)**	**(3,466)**

14. Deferred tax

Accounting policy

Deferred tax is calculated using the balance sheet liability method on temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated based on the applicable tax rates for the individual financial years. The effect of changes in the tax rates is stated in the income statement unless they are items previously entered in the statement of other comprehensive income.

A deferred tax provision is made to cover re-taxation of losses in foreign enterprises if shares in the enterprises concerned are likely to be sold and to cover expected additional future tax liabilities related to financial year or previous years. No deferred tax liabilities regarding investments in subsidiaries are recognized if the shares are unlikely to be sold in the short term.

The tax value of losses that are expected with adequate certainty to be available for utilization against future taxable income in the

same legal tax unit and jurisdiction is included in the measurement of deferred tax.

SKAKO A/S is jointly taxed with all Danish subsidiaries, SKAKO A/S being the administrator of the Danish joint taxation.

All the Danish subsidiaries provide for the Danish tax based on the current rules with full distribution. Recognition of deferred tax assets and tax liabilities is made in the individual Danish enterprises based on the principles described above. The jointly taxed Danish enterprises are included in the Danish tax payable on account scheme.

If companies in the Group have deferred tax liabilities, they are valued independently of the time when the tax, if any, becomes payable.

Significant estimate by Management

Deferred tax assets, including the tax value of tax losses allowed for carry forward, are recognized in the balance sheet at the estimated realisable value of such assets, either by a set-off against a deferred tax liability or by a net asset to be set off against future positive taxable income. At the balance sheet date, an assessment is made as to whether it is probable that sufficient taxable income will be available in the future against which the deferred tax asset can be utilized. Deferred tax on temporary differences between the carrying amounts and the tax values of investments in subsidiaries is recognized unless the Parent is able to control the time of realization of such deferred tax, and it is probable that such deferred tax will not be realized as current tax in the foreseeable future. Deferred tax is recognized in respect of eliminations of intra-Group profits and losses.

14. Deferred tax CONTINUED

DKK Thousands	2022	2021
Deferred tax recognized in the balance sheet:		
Deferred tax assets	25,575	21,057
Deferred tax, net 31 December	**25,575**	**21,057**
Deferred tax, net 1 January	21,057	20,997
Foreign currency translation adjustments	-	-
Changes in deferred tax	4,516	60
Deferred tax, net 31 December	**25,575**	**21,057**
Deferred tax:		
Intangible assets	(1,498)	(1,094)
Property, plants and equipment	8,140	9,587
Inventories	388	(273)
Provisions	781	1,971
Tax losses	19,375	13,333
Other items	(1,611)	(2,467)
	25,575	**21,057**
Deferred tax assets not recognized:		
Intangible assets	-	-
Property, plants and equipment	205	205
Inventories	-	-
Other items	121	121
Tax losses	19,498	26,324
	19,824	**26,650**

Tax losses carried forward are not subject to time limitation. All recognized deferred tax assets are expected to be offset against positive taxable income within a five-year period. Recognition is based on current results and Management's expectations for the future. The deferred tax assets are evaluated in each joint taxation in the SKAKO Group, consisting of joint taxations in respectively Denmark, France, Germany, Spain, the USA and the UK.

Management has performed a sensitivity analysis on expectations for the future. This shows that a 10 % decrease compared to expectations will result in a decrease of DKK 2.2m in the recognized deferred tax assets. Because the deferred tax assets are evaluated in each joint taxation, the sensitivity cannot be applied on a linear basis.

15. Inventory

Accounting policy

Raw materials, work-in-progress and goods for resale are measured at cost according to the FIFO principle (according to which the most recently purchased items are considered to be in stock) or at their net realizable value, whichever is lower.

Group-manufactured products and work in progress are measured at the value of direct cost, direct payroll costs, consumables and a proportionate share of indirect production costs (IPC), which are allocated on the basis of the normal capacity of the production facility. IPC include the proportionate share of capacity costs directly relating to Group-manufactured products and work in progress.

Inventory – DKK Thousands	**2022**	**2021**
Raw materials and consumables	17,684	14,854
Work-in-progress	7,958	7,111
Finished goods and goods for resale	47,098	42,115
Inventories net of write-downs at 31 December	72,740	64,080
Included in Income Statement under production costs:		
Write-down of inventories for the year, net	692	(391)
Costs of goods sold during the year	193,746	169,446

Write-downs for the year are shown net as breakdown into reversed write-downs, and new write-downs are not possible.

16. Contract assets and liabilities

Accounting policy

Revenue is recognized based on the value of the work completed at the balance sheet date. The revenue corresponds to the sales value of the year's completed work based on costs incurred as a percentage of the total estimated costs (percentage of completion method).

The stage of completion for the individual project is calculated as the ratio between the cost incurred at the balance sheet date and the total estimated cost to complete the project. In some projects, where cost estimates cannot be used as a basis, the ratio between completed sub-activities and the total project is used instead. All direct and indirect costs that relate to the completion of the contract are included in the calculation.

When invoicing on account exceeds the value of the work completed, the liability is recognized as a contract liability under short-term liabilities.

If projects are expected to be loss-making, the loss is recognized immediately in the income statement. Costs not yet incurred are provided for as other provisions. Provisions are based on individual assessment of the estimated loss until the projects have been completed.

Significant assessment by Management

Total expected costs related to work-in-progress for third parties are partly based on estimates as they include provisions for unforeseen cost deviations in future supplies of raw materials, subcontractor products and services plus construction and handing over. Provisions for warranties on work-in-progress for third parties are based on Management estimates for each project while taking contract obligations into account.

16. Contract assets and liabilities CONTINUED

DKK Thousands	2022	2021
Total costs incurred	145,419	133,466
Valuation after IFRS 9 (note 18)	(139)	(134)
Profit recognized as income, net	40,445	32,237
Contract assets	185,725	165,569
Contract liabilities	(168,678)	(132,294)
Net contract assets and liabilities	17,047	33,275
Of which contract assets are stated under assets	63,876	53,037
and contract liabilities	(46,829)	(19,762)
Net contract assets and liabilities	17,047	33,275

Contract assets and liabilities consist of all open projects on 31 December including cost and profit recognized in prior years. The majority of all contract assets and liabilities on 31 December are expected to be revenue recognized in 2023.

17. Bank loans and credit facilities

Accounting policy

Debt to credit institutions is recognized at the date of borrowing at the proceeds received less transaction costs. For subsequent periods, financial liabilities are measured at amortized cost for the difference between proceeds and the nominal value to be recognized as a financial expense over the term of the loan.

DKK Thousands

2022	0-1 year	1-5 years	More than 5 years	Total	Carrying amount	Weighted average effective interest rate
Cash and cash equivalents	45,142	-	-	45,142	45,142	0.0%
Assets	**45,142**			**45,142**	**45,142**	**0.0%**
Lease debt	(3,626)	(5,416)	-	(9,042)	(9,042)	2.4%
Other debt	(9,828)	-	-	(9,828)	(9,828)	0.0%
Debt to credit institutions	-	(9,150)	-	(9,150)	(9,150)	0.4%
Short term bank facilities	(38,119)	-	-	(38,119)	(38,119)	3.9%
Liabilities	**(51,573)**	**(14,566)**	**-**	**(66,139)**	**(66,139)**	**1.4%**
Net debt	**(6,431)**	**(14,566)**	**-**	**(20,997)**	**(20,997)**	**1.4%**

17. Bank loans and credit facilities CONTINUED

DKK Thousands

2021	0-1 year	1-5 years	More than 5 Years	Total	Carrying amount	Weighted average effective interest rate
Cash and cash equivalents	39,075	-	-	39,075	39,075	0.0%
Assets	**39,075**	**-**	**-**	**39,075**	**39,075**	**0.0%**
Lease debt	(2,845)	(5,611)	-	(8,456)	(8,456)	2.4%
Other debt	(9,849)	-	-	(9,849)	(9,849)	0.0%
Debt to credit institutions	-	(11,787)	-	(11,787)	(11,787)	0.4%
Short term bank facilities	(35,970)	-	-	(35,970)	(35,970)	2.3%
Liabilities	**(48,664)**	**(17,398)**	**-**	**(66,062)**	**(66,062)**	**1.1%**
Net debt	**(9,589)**	**(17,398)**	**-**	**(26,987)**	**(26,987)**	**1.1%**

Based on the Group's net debt at the end of the 2022 financial year, a rise of 1 percentage point in the general interest rate level will cause a decrease in consolidated annual earnings after tax and equity of approx. DKK 270k (DKK 266k in 2021).

Cash management

SKAKO is committed to maintaining a flexible capital structure. On 31 December 2022, SKAKO had undrawn committed credit facilities in the amount of DKK 61,274k (2021: DKK 12,342k). On 31 December 2022, SKAKO had 'cash and cash equivalents' and 'bank overdraft', net of DKK 7,023k (2021: DKK 3,105k).

Capital management

SKAKO monitors capital on the basis of the net debt relative to EBITDA. At the end of the year, the net debt to EBITDA ratio was equity ratio was 0.5 (2021: 1.0). SKAKO has a medium-term goal of a net debt to EBITDA ratio below 2.5.

18. Provisions

Accounting policy

Provisions are recognized when the Group, due to an event occurring before or at the balance sheet date, has a legal or constructive obligation and it is probable that financial benefits must be waived to settle the obligation. Provisions are measured according to Management's best estimate of the amount whereby the obligation is expected to be settled.

Provisions for warranty claims are estimated on a project-by-project basis based on historically realized cost related to claims in the past. The provision covers estimated own costs of completion, subsequent warranty supplies and unsettled claims from customers or subcontractors.

Provisions regarding disputes and lawsuits are based on Management's assessment of the likely outcome settling the cases based on the information at hand at the balance sheet date.

Significant assessment by Management

Management assesses provisions and the likely outcome of pending and probable lawsuits, etc. on an on-going basis. The outcome depends on future events, which are uncertain by nature. In assessing the likely outcome of lawsuits, etc., Management bases its assessment on internal and external legal assistance and established precedents.

Warranties and other provisions are measured on the basis of empirical information covering several years. Together with estimates by Management of future trends, this forms the basis for warranty provisions and other provisions. Long-term warranties and other provisions discounted to net present value takes place based on the future cash flow and discount rate expected by Management.

18. Provisions CONTINUED

DKK Thousands	2022		
	Warranties	Other provisions	Total
Provisions at 1 January	3,027	4,142	7,169
Foreign exchange adjustments	4	2	6
Additions	3,454	4,351	7,805
Used	(1,361)	(4,144)	(5,505)
Reversals	(1,600)	-	(1,600)
Provisions at 31 December	3,524	4,351	7,875
The maturity of provisions is specified as follows: Current liabilities	2,214	1,316	3,530
Non-current liabilities	1,310	3,035	4,345
	3,524	4,351	7,875

DKK Thousands	2021		
	Warranties	Other provisions	Total
Provisions at 1 January	3,439	1,861	5,300
Foreign exchange adjustments	5	(3)	2
Additions	1,426	4,143	5,569
Used	(1,143)	(1,859)	(3,002)
Reversals	(700)	-	(700)
Provisions at 31 December	3,027	4,142	7,169
The maturity of provisions is specified as follows: Current liabilities	2,034	1,695	3,729
Non-current liabilities	993	2,447	3,440
	3,027	4,142	7,169

Provisions for warranty covers a 1-3-year warranty period.

Other provisions relate to provisions for disputes, etc. and are essentially expected to be applied within the next five years.

19. Adjustments, consolidated cash flow statement

Adjustments

DKK Thousands	2022	2021
Amortisation and depriciation	10,196	7,421
Change in provisions	(84)	1,869
Financial items received and paid	4,637	4,906
Other	507	506
	15,256	14,702

Change in borrowings and short-term credit facilities

DKK Thousands	2022	2021
Borrowings 1 January	66,062	73,607
Repayments	(4,507)	(13,725)
Other adjustments	-	-
New borrowings	4,583	6,423
Currency adjustments	-	(243)
Borrowings 31 December	66,138	66,062

20. Exchange rate, liquidity and credit risks

Accounting policy

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written down when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of longer than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written down are credited against the same line item.

Risk management activities in the SKAKO Group mainly focus on financial risks to which the Company is fairly likely to be exposed. In connection with the preparation of the Group's strategic, budgetary and annual plans, the Board of Directors considers the risks identified in these activities.

Financial risks

Financial risk management concentrates on identifying risks in respect of exchange rates, credit and liquidity with a view to protecting the Group against potential losses and ensuring that Management's forecasts for the current year are only to a limited extent affected by changes or events in the surrounding world – be the changes in exchange rates or in interest rates. It is Group policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature.

Exchange rate risks

With more than 90% of the Group's sales being invoiced in foreign currencies, primarily EUR, reported revenue is affected by movements in the Group's trading currencies. The Group does not hedge (systematic) currency risks with financial instruments but seeks to minimize such exchange rate risks by matching positive and negative cash flows in the main currencies as much as possible. The Group conducts ongoing conversion to DKK in connection with the purchase and sale of foreign currency and monitoring of currency exposure.

20. Exchange rate, liquidity and credit risks CONTINUED

Below is a sensitivity analysis in respect of exchange rates, given a positive change of 5% in the currencies with the highest exposures. We do not consider a currency risk on EUR. The estimate has been provided on a non-hedged basis.

DKK Thousands	Net position	Change in currency	2022: Potential impact on P/L and Equity	2021: Potential impact on P/L and equity
EUR	15,243	0%	0	0
USD	12,482	5%	624	362
GBP	6,246	5%	312	102
MAD	32,510	5%	1,626	1,082

Liquidity risk

The Group aims at having sufficient cash resources to be able to take appropriate steps in case of unforeseen fluctuations in cash outflows.
We have access to suitable undrawn credit facilities and the liquidity risk is therefore considered to be low.

Credit risks

The Group's credit risks relate primarily to trade receivables and contract assets. For large projects we have a signed Letter of Credit from the customer's bank before we undertake any work. Our remaining customer base is fragmented so credit risks in general only involve minor losses on individual customers.
Overall, we therefore estimate that we have no major credit exposure on Group level. The maximum credit risk relating to receivables matches the carrying amount of such receivables. All trade receivables are considered to be paid within one year

Trade receivables can be allocated as follows:

DKK Thousands	2022	2021
Europe	64,164	58,283
The USA	9,599	5,988
Africa	5,267	4,402
Other	22,355	18,756
	101,385	87,429

The Group has two types of financial assets that are subject to the expected credit loss model:

- Trade receivables from contracts with customers
- Contract assets from plant sales

20. Exchange rate, liquidity and credit risks CONTINUED

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.
The loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for both trade receivables and contract assets:

31 December 2022 – DKK Thousands

	Not Due	Due 0-30 days	Due 31-120 days	Due 121-365 days	Due more than 1 year	Total
Expected loss rate	0.1%	0.4%	1.0%	1.9%	30.0%	
Gross carrying amount – trade receivables	73,857	21,313	982	850	6,602	103,604
Gross carrying amount – contract assets	63,876	0	0	0	0	63,876
Loss allowance	**138**	**85**	**10**	**16**	**1,969**	**2,218**

31 December 2021 – DKK Thousands

	Not Due	Due 0-30 days	Due 31-120 days	Due 121-365 days	Due more than 1 year	Total
Expected loss rate	0.1%	0.4 %	1.0%	1.9%	100.0%	
Gross carrying amount – trade receivables	81,550	5,889	495	580	2,015	90,530
Gross carrying amount – contract assets	52,897	0	0	0	0	52,897
Loss allowance	**134**	**26**	**5**	**11**	**2,015**	**2,191**

The closing loss allowances for trade receivables and contract assets as at 31 December 2021 reconcile to the opening loss allowances as follows:

DKK Thousands	Contract assets		Trade receivables	
	2022	**2021**	**2022**	**2021**
1 January – calculated under IFRS 9	134	126	2,057	720
Increase in loan loss allowance recognized in profit or loss during the year	138	134	2,080	2,057
Receivables written off during the year as uncollectible	-	0	-	0
Unused amount reversed	(134)	(126)	(2,057)	(720)
At 31 December	**138**	**134**	**2,080**	**2,057**

21. Contractual liabilities, contingent liabilities and securities

The company's financial institutions have provided bank guarantees for consignments and prepayments of a total of DKK 30.0m (2021: DKK 16.7m).

Towards the company's primary financial institution, a deposit of DKK 50m (2021: DKK 50m) has been provided with deposit in unsecured claims, stocks, tangible assets and intangible rights.

There is a 12-month rent commitment related to a building in Denmark. The minimum rent liability amounts to DKK 3.1m (2021: DKK 3.0m).

The Danish subsidiaries of the Group are liable for tax of the jointly taxed income, etc. of the Group. SKAKO A/S is the administrative company of the joint taxation.

22. Related parties

SKAKO A/S has no related parties with a controlling interest. Given its share of ownership, Frederik2 ApS are considered to have significant influence.

The company's related parties comprise the company's Executive Management, Board of Directors and these persons' related family members. Related parties also comprise companies in which the before-mentioned persons have controlling or common control. In addition, related parties comprise the subsidiaries cf. page 127 in which SKAKO A/S has controlling or significant influence.

23. Events after the balance sheet date

There have been no events that materially affect the assessment of this Annual Report 2022 after the balance sheet date and up to today.

24. Approval and publication

At the Board meeting on 15 March 2023, our Board of Directors approved this Annual Report 2022 for publication. The report will be presented to the shareholders of SKAKO A/S at the annual general meeting on 19 April 2023.

25. Group accounting policies

The Group's general accounting policies are described below. In addition to this, specific accounting policies are described in each of the individual notes to the consolidated financial statements.

Generally

The consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports published by reporting class D (listed) companies cf. the Danish executive order on IFRS issued in compliance with the Danish Financial Statements Act. The registered office of SKAKO A/S is in Faaborg, Denmark.

The consolidated financial statements are presented in Danish kroner (DKK), which is the presentation currency for Group activities and the functional currency for the Parent. The consolidated financial statements are presented on the basis of historical cost except for share-based remuneration which are measured at their fair value.

The financial statements for the Parent as well as the Parent's accounting policies are presented from the consolidated financial statements and are shown on the last part of this Annual Report 2022.

The accounting policies remain unchanged for the consolidated financial statements compared to 2021.

Effect of new accounting standards

Amendments to IFRS 4, 7, 9 and 16, as well as IAS 39 have no impact on the Group's accounting policies, due to immateriality to SKAKO.

Changes in accounting policies and classification for 2022

No new standards are expected to be implemented in 2022.

Effect of new accounting standards not yet in force

Revised and new standards and interpretations issued, but not yet effective or approved by the EU at the time of publication of this Annual Report 2022 have not been incorporated into this report.

Definition of materiality

IFRS contain extensive disclosure requirements. The Group discloses the information required according to IFRS unless such information is deemed immaterial.

Consolidated financial statements

The consolidated financial statements comprise SKAKO A/S (the Parent) and the enterprises in which the Parent can or actually does exercise control by either directly or indirectly holding more than 50% of the voting rights.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements for the Parent and its subsidiaries by aggregating uniform items. The financial statements included in the consolidated financial statements are prepared in accordance with the Group's accounting policies. Intra-Group income, expenses, shareholdings, balances and dividends as well as unrealized intra-Group profits on inventories are eliminated. The accounting items of subsidiaries are recognized 100% in the consolidated financial statements.

Income statement

Income and costs are recognized on an accrual basis. The income statement is broken down by function, and all costs including depreciation, amortization and impairment losses are then charged to production, distribution and administration.

Distribution costs

Distribution costs include costs relating to training, sales, marketing, promotion materials, distribution, bad debts as well as depreciation, amortisation and impairment losses on assets used for distribution purposes.

Administrative expenses

Administrative expenses include administrative staff costs, office expenses as well as depreciation, amortisation and impairment losses on assets used for administrative purposes.

25. Group accounting policies CONTINUED

Prepaid expenses

Prepaid expenses recognized under assets include costs relating to the subsequent financial years. Prepaid expenses are measured at cost.

Deferred income

Deferred income includes income received relating to the subsequent financial year. Deferred income is measured at cost.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and certain overdrafts, and other liquid assets.

Equity

Foreign currency translation reserve includes foreign currency translation adjustments on the translation of financial statements of foreign subsidiaries from their respective functional currencies into Danish kroner. Foreign currency translation adjustments are recognized in the income statement on realization of the net investment. Hedging reserves include fair value adjustments of derivatives satisfying the criteria for hedging of future transactions. The amounts are recognized in the income statement or the balance sheet in step with recognition of the hedged transactions.

Treasury shares

On the sales of treasury shares, the purchase price or selling price, respectively, is recognized directly in equity under other reserves (retained earnings).

Cash flow statement

The cash flow statement is prepared according to the indirect method and reflects the consolidated net cash flow broken down into operating, investing and financing activities.

Cash flow from operating activities includes inflows from the year's operations adjusted for non-cash operating items, changes in working capital, financial income received and expenses paid, realized foreign currency translation gains and losses and income tax paid. Cash flow from investing activities includes the purchase, development, improvement or sale of intangible assets and property, plant and equipment.

Cash flow from investing activities comprises cash flows from the purchase and sale of intangible, tangible and financial non-current assets.

Cash flow from financing activities comprises cash flows from raising and repaying long-term debt, instalments on lease liabilities and bank overdraft.

Estimates and judgements

On the preparation of the consolidated financial statements, Management makes a number of accounting estimates and judgements. These relate to the recognition, measurement and classification of assets and liabilities. Many items can only be estimated rather than accurately measured. Such estimates are based on the most recent information available on preparation of the financial statements. Estimates and assumptions are therefore reassessed on an ongoing basis. Actual figures may, however, deviate from these estimates. Any changes in accounting estimates will be recognized in the reporting period in which such changes are made. See list of significant estimates and assessments in chapter 5.4

Financial ratios

Financial ratios are calculated as follows:

- Gross profit margin = Gross profit x 100 / Revenue
- Profit margin = EBIT x 100 / Revenue
- Liquidity ratio = Total current assets x 100 / Total current liabilities
- Equity ratio = Total equity x 100 / Total assets
- Return on equity = Profit for the period x 100 / (Equity this year + equity prior year) / 2
- Financial leverage = Net interest-bearing debt x 100 / Equity
- Net debt to EBITDA = Net debt / EBITDA (EBIT less depreciations)
- NWC/Revenue = Net working capital x 100 / Revenue
- Earnings per share = Profit for the period / Shares in free flow
- Equity value per share = Equity / Total shares
- Share price = Share price at end of period
- Price-book ratio = Share price / Equity per share
- Market capitalization = Total number of share x Share price
- ROIC = NOPAT / (Invested capital this year + invested capital prior year) / 2
- NOPAT = Profit for the period +/- net financial income
- Invested capital = Total assets - net cash and credits - deferred tax assets – non-interest-bearing current liabilities

5.5 PARENT COMPANY FINANCIAL STATEMENTS

Parent company income statement

DKK Thousands

Notes		2022	2021
	Revenue		0
	Other income		900
1,2	Administrative expenses	(4,025)	(4,061)
	Operating profit before special items (EBIT)	**(4,025)**	**(3,161)**
3	Special items	(1,650)	-
	Operating profit (EBIT)	**(5,675)**	**(3,161)**
4,8	Financial income	1,051	148
4	Financial expenses	(1,889)	(868)
	Profit before tax	**(6,513)**	**(3,881)**
5	Tax on profit for the year	1,784	1,381
	Profit for the year	**(4,729)**	**(2,500)**

Parent company statement of comprehensive income

DKK Thousands		2022	2021
Notes			
	Profit for the year	(4,729)	(2,500)
	Other comprehensive income	-	0
	Comprehensive income	(4,729)	(2,500)
	Comprehensive income attributable to SKAKO A/S shareholders	(4,729)	(2,500)

Parent company balance sheet - 31 December

Notes	DKK Thousands	2022	2021
	Other intangible assets	-	-
6	**Intangible assets**	**-**	**-**
	Operating equipment, fixtures and fittings	-	-
	Leasehold improvements	-	-
	Tangible assets under construction	-	-
7	**Tangible assets**	**-**	**-**
8	Investments in subsidiaries	164,159	164,159
	Other receivables	-	-
9	Deferred tax assets	1,020	687
	Other non-current assets	**165,179**	**164,846**
	Total non-current assets	**165,179**	**164,846**
	Receivables from subsidiaries	232	13,960
	Trade receivables	-	-
	Income tax	2,304	1,305
	Other receivables	59	194
	Prepaid expenses	231	-
	Other investments	-	-
	Cash	488	20,182
	Current assets	**3,314**	**35,641**
	Assets	**168,493**	**200,487**

Parent company balance sheet - 31 December

DKK Thousands	2022	2021
Notes		
Share capital	31,064	31,064
Retained earnings	73,222	92,825
Proposed dividends	15,532	12,335
Total equity	**119,818**	**136,224**
Debt to subsidiaries	37,803	27,848
Bank loans and credit facilities	6,738	35,970
Trade payables	868	24
Other liabilities	3,266	421
Current liabilities	**48,675**	**64,263**
Liabilities	**48,675**	**64,263**
EQUITY AND LIABILITIES	**168,493**	**200,487**

Parent company cash flow statement

DKK Thousands		2022	2021
Notes			
	Profit before tax	(6,513)	(3,881)
10	Adjustments	(530)	1,227
	Changes in receivables, etc.	(95)	(975)
	Change in trade payables and other liabilities, etc.	4,074	(1,352)
	Cash flow from operating activities before financial items and tax	**(3,064)**	**(4,981)**
	Financial items received and paid	**(530)**	**(720)**
	Taxes paid and received	1,784	854
	Cash flow from operating activities	**(1,810)**	**(4,847)**
	Change in intra-Group balances	23,683	3,267
	Change in short-term bank facilities	(29,232)	30,988
	Distributed dividends	(12,335)	(9,252)
	Cash flow from financing activities	**(17,884)**	**25,003**
	Change in cash and cash equivalents	(19,694)	20,156
	Cash and cash equivalents 1 January	20,182	26
	Cash and cash equivalents 31 December	**488**	**20,182**
	Breakdown of cash and cash equivalents at the end of the year:		
	Cash	488	20,182
	Other investments		-
	Cash and cash equivalents at the end of the year	**488**	**20,182**

Parent company statement of changes in equity

DKK Thousands	Share capital	Retained earnings	Proposed dividends	Equity
Equity 1 January 2022	31,064	92,825	12,335	136,224
Paid dividends			(12,335)	(12,335)
Comprehensive income in 2022:				
Loss for the year	-	(20,261)	15,532	(4,729)
Other comprehensive income	-	-	-	-
Comprehensive income, year	-	(20,261)	15,532	**(4,729)**
Share-based payment, share warrants	-	658	-	658
Equity 31 December 2022	31,064	73,222	15,532	**119,818**

DKK Thousands	Share capital	Retained earnings	Proposed dividends	Equity
Equity 1 January 2021	31,064	107,152	9,252	147,468
Distributed interim dividends			(9,252)	(9,252)
Comprehensive income in 2021:				
Loss for the year	-	(14,835)	12,335	(2,500)
Other comprehensive income	-	-	-	-
Comprehensive income, year	-	(14,835)	12,335	**(2,500)**
Share-based payment, share warrants	-	508	-	508
Equity 31 December 2021	31,064	92,825	12,335	**136,224**

5.6 PARENT COMPANY NOTES

1. Staff costs

Number of employees in 2022: 0 (2021: 0)

For information regarding Executive Management and Board of Directors remuneration, including share-based warrant plans, please refer to note 3 and note 4 in the consolidated financial statements.

2.Fee to parent company auditors appointed at the Annual General Meeting

DKK Thousands	2022	2021
PWC		
Statutory audit	576	366
Other assurance engagements	-	-
Tax and indirect taxes consultancy	119	-
Other services	159	83
	854	**449**

The fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the parent company amounts to DKK 0.3m (2021: DKK 0.1m) and consists of accounting and tax advisory.

3. Special items

Special items consists of salaries and other remuneration for the dismissal of the former Group CFO amounting to DKK 1.65m (2021: DKK 0m)

4. Net financial income

DKK Thousands	2022	2021
Interest from subsidiaries	631	8
Dividends received from subsidiaries	-	-
Reversal of write-down of shares in subsidiaries	-	-
Financial income from financial assets not measured at fair value in the income statement	**631**	**8**
Other financial income	420	140
Financial income	**1,051**	**148**
Interest to subsidiaries	(626)	(391)
Interest on bank debt	(668)	(221)
Interest on lease debt	-	-
Financial expenses on financial liabilities not measured at fair value in the income statement	**(1,294)**	**(612)**
Other financial expenses	(595)	(256)
Financial expenses	**(1,889)**	**(868)**
Net financial items	**(838)**	**(720)**

5. Tax on profit for the year

DKK Thousands	2022	2021
Current tax on the profit for the year	1,450	854
Adjustment of current tax, prior years	-	-
Change in deferred tax	334	-
Adjustment of deferred tax, prior years	-	527
Impact on changes in corporate tax rates	-	-
Tax for the period	**1,784**	**1,381**
Danish corporate tax rates	1,433	854
Effect of tax rates in foreign jurisdictions	-	-
Impact in changes in corporate tax rates	-	-
Tax assets not capitalized	351	527
Permanent differences and other items	-	-
	1,784	**1,381**

6. Intangible assets

DKK Thousands	2022	2021
	Software	Software
Cost 1 January	907	907
Investments	-	-
Disposals	-	-
Transferred between categories	-	-
Cost 31 December	**907**	**907**
Amortization and impairment 1 January	907	907
Disposals	-	-
Amortisation	-	-
Amortization and impairment 31 December	**907**	**907**
Carrying amount 31 December	**-**	**-**

7. Tangible assets

DKK Thousands	Leasehold improvements	Operating equipment, fixtures and fittings	Total
Cost 1 January 2022	341	2,168	2,509
Investments	-	-	-
Disposals	-	-	-
Transferred between categories	-	-	-
Cost 31 December 2022	**341**	**2,168**	**2,509**
Depreciation and impairment 1 January 2022	341	2,168	2,509
Transferred between categories	-	-	-
Disposals	-	-	-
Depreciation	-	-	-
Depreciation and impairment 31 December 2022	**341**	**2,168**	**2,509**
Carrying amount 31 December 2022	**-**	**-**	**-**

DKK Thousands	Leasehold improvements	Operating equipment, fixtures and fittings	Total
Cost 1 January 2021	341	2,168	2,509
Investments	-	-	-
Disposals	-	-	-
Transferred between categories	-	-	-
Cost 31 December 2021	**341**	**2,168**	**2,509**
Depreciation and impairment 1 January 2021	341	2,168	2,509
Transferred between categories	-	-	-
Disposals	-	-	-
Depreciation	-	-	-
Depreciation and impairment 31 December 2021	**341**	**2,168**	**2,509**
Carrying amount 31 December 2021	**-**	**-**	**-**

8. Investments in subsidiaries

DKK Thousands	2022	2021
Cost 1 January	260,534	260,534
Investments	-	-
Disposals	-	-
Cost 31 December	**260,534**	**260,534**
Write-down 1 January	(96,375)	(96,375)
Reversal of write-down	-	-
Write-down 31 December	**(96,375)**	**(96,375)**
Carrying amount 31 December	**164,159**	**164,159**

Group companies are listed on page 127.

9. Deferred tax

DKK Thousands	2022	2021
Deferred tax recognized in the balance sheet:		
Deferred tax assets	1,020	687
Deferred tax liabilities	-	-
Deferred tax, net 31 December	**1,020**	**687**
Deferred tax, net 1 January	687	159
Changes in deferred tax	333	528
Deferred tax, net 31 December	**1,020**	**687**
Deferred tax assets:		
Tax losses	1,020	687
	1,020	**687**
Deferred tax assets not recognized:		
Property, plants and equipment	205	205
Inventories	-	-
Other items	121	121
Tax losses	3,754	4,088
	4,080	**4,414**

Tax losses carried forward are not subject to time limitation.

10. Adjustments, cash flow statement

Adjustments

DKK Thousands	2022	2021
Dividends received from subsidiaries		-
Depreciations		-
Financial items received and paid	(530)	720
Other		507
	(530)	1,227

Change in borrowings and short-term credit facilities

DKK Thousands	2022	2021
Borrowings 1. January	35,970	4,982
Repayments	(29,232)	-
New borrowings	-	30,988
Currency adjustments	-	-
Borrowings 31. December	6,738	35,970

11. Contracts liabilities, contingent liabilities and securities

Please refer to note 20 in the consolidated financial statements.

As security for SKAKO Concrete A/S' and SKAKO Vibration A/S' outstanding account in relation to its primary financial institution, the company has provided an unlimited, joint and several suretyships.

Towards the company's primary financial institution, a company deposit of DKK 50m (2021: DKK 50m) has been provided with deposit in unsecured claims, stocks, tangible assets and intangible rights.

There is a 12-month rent commitment related to the building in Denmark. The minimum rent liability amounts to DKK 3.1m (2021: DKK 3.0m).

The company is jointly taxed with all Danish subsidiaries. The company is jointly and severally liable with the other companies in the joint taxation for Danish corporate taxes and withholding taxes on dividend, interests and royalties within the joint taxation.

12. Related parties

Please refer to note 22 in the consolidated financial statements.

In 2021, the Parent Company has sold services to subsidiaries for DKK 10,8m (2021: DKK 900k) and paid net interest expenses, cf. note 3.

12. Events after the balance sheet date

Please refer to note 23 in the consolidated financial statements.

13. Accounting policies

The financial statements for 2022 of the parent company, SKAKO A/S has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies under reporting class D. The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of derivative financial instruments at fair value.

The accounting policies for the financial statements of the parent company are unchanged from the last financial year and are the same as for the consolidated financial statements with the following additions.

Supplementary accounting policies for the parent company

Investments in Subsidiaries

Investments in subsidiaries are recognized at cost less impairment losses. Where the recoverable amount is lower than cost, investments are written down to this lower value. Dividends received from investments in subsidiaries and associates are recognized in the income statement in the financial year in which the dividends are declared.

Intra-group transactions in the Parent Company Financial Statements

Intra-group transactions are recognized in the parent company financial statements at the carrying amount. Accordingly, additions to or disposals of investments are recognized at the carrying amount, and any difference between the carrying amount of net assets and the consideration paid is recognized directly in equity. Comparative figures are not restated.

Intercompany balances

Intercompany balances which are expected to be settled as part of the normal operating cycle, or where an unconditional right to defer settlement.

Subsidiaries

Company name	Country	Interest
SKAKO A/S	Denmark	**Parent**
SKAKO Concrete A/S	Denmark	100%
SKAKO GmbH	Germany	100 %
SKAKO Concrete, Inc.	USA	100 %
SKAKO Concrete S.A.	France	100 %
Conparts ApS	Denmark	100 %
SKAKO Vibration A/S	Denmark	100 %
SKAKO Vibration Ltd.	UK	100 %
SKAKO Dartek S.L.	Spain	100 %
SKAKO Vibration S.A.	France	100 %
SKAKO Vibration Succursale Maroc	Morocco	100 %
Aktieselskabet af 01.04.2012	Denmark	100 %

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