
KLÜBER LUBRICATION NORDIC A/S

Literbuen 9, DK-2740 Skovlunde

Annual Report for 2023

CVR No. 10 86 53 28

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 26/6 2024

Ari-Pekka Holm
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Management's Review	5
Financial Statements	
Income Statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of KLÜBER LUBRICATION NORDIC A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

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

Skovlunde, 26 June 2024

Executive Board

Lars Erik Robert Karlmark

Board of Directors

Ari-Pekka Holm
Chairman

Lars Erik Robert Karlmark

Christian Berner

Independent Auditor's report

To the shareholder of KLÜBER LUBRICATION NORDIC A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of KLÜBER LUBRICATION NORDIC A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the 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 financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

Trekantområdet, 26 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen

State Authorised Public Accountant

mne30224

Company information

The Company	KLÜBER LUBRICATION NORDIC A/S Literbuen 9 2740 Skovlunde CVR No: 10 86 53 28 Financial period: 1 January - 31 December Incorporated: 7 February 1969 Municipality of reg. office: Ballerup
Board of Directors	Ari-Pekka Holm, chairman Lars Erik Robert Karlmark Christian Berner
Executive Board	Lars Erik Robert Karlmark
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Management's review

Key activities

The objective of the Company is to carry out trade, industry and related activities.

The Company's key activities consist of sales of special lubricants in Denmark, Norway, Sweden and Finland.

Development in the year

The income statement of the Company for 2023 shows a profit of TDKK 21,082, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 23,693.

The past business year was marked by decreasing market volumes for lubricants and notably different dynamics in different regions.

The past year and follow-up on development expectations from last year

The final impact of the downturn in economic factors in 2023 impacted more than anticipated by management. However despite this and the factors mentioned above, our company managed to achieve a satisfying result on the Nordic market. The expectations for 2023 was a result and revenue in line with what was achieved in 2022. Therefore management considers the expectations for 2023 to have been met.

Targets and expectations for the year ahead

The world is currently geopolitically unstable, and with many upcoming elections in 2024 this adds to uncertainty and potential turbulence that also the Nordic markets are subject to. However, the sediments for our business are expected to improve slightly again in the coming year after falling in 2023. The outlook of lower inflation, falling interest rates, and decreasing downside risks gives the hope of increased economic activity in the Nordics. The overall market for specialty lubricants remains strong and is predicted to further strengthen with the expected positive economic development around the second half of 2024.

Because of the factors mentioned above, management expects a profit for 2024 in the range of DKK 27 - 30 mio.

Branches abroad

The Company has branches in Norway, Sweden and Finland.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Gross profit		49,100	52,082
Staff expenses	1	-20,219	-21,678
Depreciation and impairment losses of property, plant and equipment		-2,570	-2,413
Profit/loss before financial income and expenses		26,311	27,991
Financial income	2	820	159
Financial expenses	3	-444	-350
Profit/loss before tax		26,687	27,800
Tax on profit/loss for the year	4	-5,605	-5,808
Net profit/loss for the year		21,082	21,992
 Distribution of profit			
		2023	2022
		TDKK	TDKK
Proposed distribution of profit			
Proposed dividend for the year		21,000	22,400
Retained earnings		82	-408
		21,082	21,992

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Acquired concessions		0	0
Intangible assets	5	0	0
Land and buildings		4,180	4,287
Other fixtures and fittings, tools and equipment		1,999	2,048
Prepayments for property, plant and equipment		0	0
Property, plant and equipment	6	6,179	6,335
Deposits	7	241	241
Fixed asset investments		241	241
Fixed assets		6,420	6,576
Finished goods and goods for resale		4,214	4,788
Inventories		4,214	4,788
Trade receivables		14,997	11,508
Receivables from group enterprises	8	20,234	25,276
Other receivables		645	656
Deferred tax asset	10	1	43
Prepayments		857	469
Receivables		36,734	37,952
Current assets		40,948	42,740
Assets		47,368	49,316

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital	9	2,600	2,600
Retained earnings		93	11
Proposed dividend for the year		21,000	22,400
Equity		23,693	25,011
Provision for deferred tax	10	49	0
Provisions		49	0
Lease obligations		3,363	3,776
Long-term debt	11	3,363	3,776
Lease obligations	11	2,704	2,575
Trade payables		2,788	1,388
Payables to group enterprises		5,629	7,460
Corporation tax		1,650	2,111
Other payables		7,492	6,995
Short-term debt		20,263	20,529
Debt		23,626	24,305
Liabilities and equity		47,368	49,316
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	2,600	11	22,400	25,011
Ordinary dividend paid	0	0	-22,400	-22,400
Net profit/loss for the year	0	82	21,000	21,082
Equity at 31 December	2,600	93	21,000	23,693

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
1. Staff Expenses		
Wages and salaries	15,105	16,735
Pensions	2,829	2,443
Other social security expenses	2,285	2,500
	<u>20,219</u>	<u>21,678</u>
Average number of employees	<u>25</u>	<u>26</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
2. Financial income		
Interest received from group enterprises	818	159
Other financial income	2	0
	<u>820</u>	<u>159</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
3. Financial expenses		
Interest paid to group enterprises	92	14
Other financial expenses	169	151
Exchange loss	183	185
	<u>444</u>	<u>350</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
4. Income tax expense		
Current tax for the year	5,588	5,811
Deferred tax for the year	17	-3
	<u>5,605</u>	<u>5,808</u>

Notes to the Financial Statements

5. Intangible fixed assets

	Acquired concessions
	TDKK
Cost at 1 January	109
Cost at 31 December	109
Impairment losses and amortisation at 1 January	109
Impairment losses and amortisation at 31 December	109
Carrying amount at 31 December	0

6. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment
	TDKK	TDKK	TDKK
Cost at 1 January	9,956	4,925	64
Additions for the year	1,252	1,194	0
Disposals for the year	0	-1,153	0
Transfers for the year	0	64	-64
Cost at 31 December	11,208	5,030	0
Impairment losses and depreciation at 1 January	5,609	2,895	24
Depreciation for the year	1,419	1,150	0
Reversal of impairment and depreciation of sold assets	0	-1,038	0
Transfers for the year	0	24	-24
Impairment losses and depreciation at 31 December	7,028	3,031	0
Carrying amount at 31 December	4,180	1,999	0
Including assets under finance leases amounting to	4,180	1,824	0

Notes to the Financial Statements

7. Other fixed asset investments

	Deposits	
	TDKK	
Cost at 1 January		241
Cost at 31 December		241
Carrying amount at 31 December		241

8. Receivables from group enterprises

	2023	2022
	TDKK	TDKK
Cash pool arrangement	19,185	22,217
Other receivables	1,049	3,059
	20,234	25,276

Klüber Lubrication München SE & Co. KG has entered into a cash pool arrangement agreement with SEB AG, in which Klüber München SE & Co. KG is the account holder and Klüber Lubrication Nordic A/S is the sub-account holder together with the Group's other affiliated companies. The terms of the cash pool scheme grant SEB AG the right to settle withdrawals and deposits with each other, whereby only the net balance of the total cash pool accounts constitute Klüber Lubrication München SE & Co. KG's balance with SEB AG. Klüber Lubrication Nordic A/S's accounts in the cash pool scheme.

9. Share capital

The share capital consists of 2,600 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

The Company's share capital has remained DKK 2.600.000 over the past 5 years.

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
10. Provision for deferred tax		
Deferred tax liabilities at 1 January	-43	-40
Currency adjustment	75	0
Amounts recognised in the income statement for the year	17	-3
Amounts recognised in equity for the year	-1	0
Deferred tax liabilities at 31 December	48	-43
Recognised in the balance sheet as follows:		
Assets	1	43
Provisions	-49	0
	48	-43

	2023	2022
	TDKK	TDKK
11. Long-term debt		

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

The debt falls due for payment as specified below:

Lease obligations		
After 5 years	0	0
Between 1 and 5 years	3,363	3,776
Long-term part	3,363	3,776
Within 1 year	2,704	2,575
	6,067	6,351

12. Contingent assets, liabilities and other financial obligations

Guarantee obligations

The company has a guarantee obligation with the Norwegian tax administration as beneficiary. The obligation amounts to TDKK 199.

Notes to the Financial Statements

12. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Eagleburgmann KE A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

13. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Freudenberg & Co. KG	Hoehnerweg 2-4, D-69469 Weinheim, Germany

The Group Annual Report of Freudenberg & Co. KG may be obtained at the following address:
www.freudenberg.com

Notes to the Financial Statements

14. Accounting policies

The Annual Report of KLÜBER LUBRICATION NORDIC A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2023 are presented in TDKK.

Changes in accounting policies

The company no longer exceeds the limits applying to enterprises of reporting class B. Therefore the company has changed accounting class from reporting class C-medium to reporting class B. This has no effect on the figures in the annual report.

Recognition and measurement

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

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

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

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

Leases

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

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

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

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

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

Notes to the Financial Statements

Income statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish group entities of the Freudenberg Group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Intangible assets consist of software.

Software is measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Property, plant and equipment

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

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

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

Buildings	5 years
Other fixtures and fittings, tools and equipment	3-5 years
Land	0 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

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

Prepayments

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

Notes to the Financial Statements

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

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

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

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

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

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

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

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