RSM Danmark
Statsautoriseret
Revisionspartnerselskab
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# simonsen a/s

**Møgelvangs Plads 7, 7900 Nykøbing Mors**

**Company reg. no. 12 64 63 72**

# Annual report

# 1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 18 April 2024.

Anders Borg
Chairman of the meeting

# Contents



Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's statement

Today, the board of directors and the managing director have presented the annual report of simonsen a/s for the financial year 1 January - 31 December 2023.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2023 and of the company's results of activities in the financial year 1 January – 31 December 2023.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Nykøbing Mors, 18 April 2024

**Managing Director**

Morten Simonsen

**Board of directors**

| | | |
|---|---|---|
| Anders Borg<br>Chairman | Morten Simonsen | Klaus Simonsen |
| Morten Breum-Leer | Jens Søndergaard Broberg | |

# Independent auditor's report

**To the Shareholders of simonsen a/s**

**Opinion**

We have audited the financial statements of simonsen a/s for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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.

**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.

**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.

**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 judgment and maintain professional skepticism 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.

**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.

## Independent auditor's report

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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Nykøbing Mors, 18 April 2024

**RSM Danmark**
Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 49 21 45

Søren Yde
State Authorised Public Accountant
mne34101

## Company information

| | | |
|---|---|---|
| **The company** | simonsen a/s<br>Møgelvangs Plads 7<br>7900 Nykøbing Mors | |
| | Phone | 96691300 |
| | Fax | 96691301 |
| | Web site | www.simonsen.eu |
| | Company reg. no. | 12 64 63 72 |
| | Financial year: | 1 January - 31 December |
| **Board of directors** | Anders Borg, Chairman<br>Morten Simonsen<br>Klaus Simonsen<br>Morten Breum-Leer<br>Jens Søndergaard Broberg | |
| **Managing Director** | Morten Simonsen | |
| **Auditors** | RSM Danmark Statsautoriseret Revisionspartnerselskab<br>Limfjordsvej 42<br>7900 Nykøbing Mors | |
| **Bankers** | Danske Bank, Jægersgårdsgade 101B, 8000 Aarhus C<br>Sydbank, Dalgasgade 22, 7400 Herning | |
| **Parent company** | Familien M. Simonsen Holding ApS | |
| **Subsidiaries** | Simonsen Recycling ApS, Nykøbing Mors<br>Simonsen Refractory Service (Shanghai) Co., Ltd., Shanghai | |

## Financial highlights

| DKK in thousands. | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Revenue | 316.162 | 328.687 | 243.259 | 225.669 | 263.523 |
| Gross profit | 53.243 | 45.409 | 27.773 | 28.195 | 31.530 |
| Profit from operating activities | 31.284 | 26.520 | 12.292 | 11.879 | 13.867 |
| Net financials | 4 | 713 | -107 | -35 | 61 |
| Net profit or loss for the year | 24.341 | 21.208 | 9.486 | 9.193 | 10.827 |
| **Statement of financial position:** | | | | | |
| Balance sheet total | 85.242 | 81.355 | 67.225 | 61.123 | 61.616 |
| Investments in property, plant and equipment | 401 | 87 | 489 | 270 | 765 |
| Equity | 40.171 | 39.804 | 26.596 | 26.110 | 22.917 |
| **Employees:** | | | | | |
| Average number of full-time employees | 16 | 16 | 16 | 15 | 15 |
| **Key figures in %:** | | | | | |
| Gross margin ratio | 16,8 | 13,8 | 11,4 | 12,5 | 12,0 |
| Profit margin (EBIT-margin) | 9,9 | 8,1 | 5,1 | 5,3 | 5,3 |
| Solvency ratio | 47,1 | 48,9 | 39,6 | 42,7 | 37,2 |
| Return on equity | 60,9 | 63,9 | 36,0 | 37,5 | 53,9 |

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

**Gross margin ratio**
$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

**Profit margin (EBIT margin)**
$$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$$

**Solvency ratio**
$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

**Return on equity**
$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

## The principal activities of the company

The company was established on the 1st. December 1984 by the late Mr. Jørgen Simonsen, who passed away in 2011. The company is managed and 100% owned by Morten Simonsen – MD and Klaus Simonsen – Technical Director.

The company is an exclusive supplier to the;
a. Global Primary Aluminum Industry
b. Global Waste to Energy Industry

The company is the exclusive representative and sales office for the largest production companies for the range of materials being;
- Insulation materials
- Refractory materials
- Carbon Materials
introduced and distributed by the company to the global customers.

## Development in activities and financial matters

The company realised a satisfactory result for the fiscal year. In line with budget and EBITDA but lower than expected in underlying profit. The latter due to an unexpected fluctuation in energy surcharges due to escalation of energy cost in mainland Europe. Leading to an extraordinary extra cost of significance and had impact on final result and profit for the fiscal year.

Development per sector:
Primary Aluminium Industry:
2023 was a strong year for the aluminium industry, with strong production figures despite a significant lower LME. The company supplies 95% of the company business to the sector globally to all major aluminium smelters and groups. Despite energy challenges in Europe and subsequent reduction in capacity, the major market globally has still been positive, with production increasing in energy positive markets outside Europe.
After 2 years of very uncertain raw material prices, the general situation has stabilised to a considerably lower level, and much in line with the general level of the LME and all major material indices.

Waste to Energy:
Has been recovering and the company is seeing more activity and more focus for the recyclable and sustainable effect of waste recycling. This leading to a bigger market share and new projects.

## Comparison of result versus expected outlined

The result is in line with budget and forecast.

**Expected developments**

The company expects a lower turnover due to decrease of raw materials and material prices but a stronger profit margin and an overall EBITDA in comparison with the fiscal year of 2023. The demand for aluminium is expected to be increasing, as the world increases use of EV, focuses on sustainability and recyclable/reuse ways for the world.

The company is fully digital and will be launched at a new platform, both for access to key business data but also inclusive ESG data.

**Environmental issues**

The company follows all guidelines for sustainability and have full focus on ESG, related and managed by the key production partner. This will be following the global tendencies and development.

**Events occurring after the end of the financial year**

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

The annual report for simonsen a/s has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, with the exception of a few reclassifications, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of simonsen a/s and its group enterprises are included in the consolidated financial statements for Familien M. Simonsen Holding ApS, Nykøbing Mors, CVR nr. 10 15 50 10.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Familien M. Simonsen Holding ApS.

**Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

### Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

## Income statement

**Revenue**
The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

**Distribution costs**
Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

**Administration costs**
Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

**Cost of sales**
Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

**Other operating income**
Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

### Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency as well as surcharges and reimbursements under the advance tax scheme, etc.

### Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

### Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

## Statement of financial position

### Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

Useful life

| | |
|---|---|
| Other fixtures and fittings, tools and equipment | 3-10 years |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

**Leases**

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

**Impairment loss relating to non-current assets**

The carrying amount of tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

**Investments**

**Investments in group enterprises**

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

**Other financial instruments and equity investments**

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

**Inventories**

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

**Prepayments**

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

**Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

**Equity**

**Reserve for net revaluation according to the equity method**

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

**Reserve for foreign currency translation**

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

**Income tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, simonsen a/s is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

**Liabilities other than provisions**

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

## Income statement 1 January - 31 December

All amounts in DKK.

| Note | | 2023 | 2022 |
|---|---|---|---|
| | Revenue | 316.161.558 | 328.686.605 |
| | Production costs | -262.918.966 | -283.278.090 |
| | **Gross profit** | **53.242.592** | **45.408.515** |
| | Distribution costs | -6.183.176 | -3.655.448 |
| | Administration expenses | -15.991.384 | -15.432.378 |
| | Other operating income | 216.012 | 199.525 |
| | **Operating profit** | **31.284.044** | **26.520.214** |
| | Income from investments in group enterprises | 14.107 | 14.159 |
| | Other financial income from subsidiaries | 0 | 18.287 |
| | Other financial income | 1.021.116 | 807.893 |
| 2 | Other financial expenses | -1.031.395 | -127.767 |
| | Financing, net | 3.828 | 712.572 |
| | **Pre-tax net profit or loss** | **31.287.872** | **27.232.786** |
| 3 | Tax on net profit or loss for the year | -6.946.868 | -6.025.036 |
| **4** | **Net profit or loss for the year** | **24.341.004** | **21.207.750** |

## Balance sheet at 31 December

All amounts in DKK.

| Note | Assets | 2023 | 2022 |
|---|---|---|---|
| | **Non-current assets** | | |
| 5 | Other fixtures, fittings, tools and equipment | 1.531.142 | 1.382.810 |
| | Total property, plant, and equipment | 1.531.142 | 1.382.810 |
| 6 | Investments in group enterprises | 1.637.793 | 1.597.406 |
| 7 | Other financial instruments and equity investments | 382.637 | 399.303 |
| | Total investments | 2.020.430 | 1.996.709 |
| | **Total non-current assets** | **3.551.572** | **3.379.519** |
| | **Current assets** | | |
| | Manufactured goods and goods for resale | 1.621.445 | 4.223.959 |
| | Prepayments for goods | 6.031.823 | 8.432.834 |
| | Total inventories | 7.653.268 | 12.656.793 |
| | Trade receivables | 33.041.713 | 44.275.179 |
| | Receivables from subsidiaries | 0 | 361 |
| | Income tax receivables | 53.368 | 1.048.984 |
| | Other receivables | 975.228 | 691.702 |
| 8 | Prepayments | 613.891 | 368.666 |
| | Total receivables | 34.684.200 | 46.384.892 |
| | Cash and cash equivalents | 39.352.656 | 18.933.753 |
| | **Total current assets** | **81.690.124** | **77.975.438** |
| | **Total assets** | **85.241.696** | **81.354.957** |

## Balance sheet at 31 December

All amounts in DKK.

| Note | Equity and liabilities | 2023 | 2022 |
| --- | --- | --- | --- |
| | **Equity** | | |
| | Contributed capital | 500.000 | 500.000 |
| | Reserve for net revaluation according to the equity method | 157.412 | 117.024 |
| | Reserve for foreign currency translation | 26.281 | 0 |
| | Retained earnings | 39.487.148 | 39.186.532 |
| | **Total equity** | **40.170.841** | **39.803.556** |
| | **Provisions** | | |
| 9 | Provisions for deferred tax | 162.909 | 162.673 |
| | **Total provisions** | **162.909** | **162.673** |
| | **Liabilities other than provisions** | | |
| | Bank loans | 67.133 | 0 |
| | Trade payables | 29.797.743 | 37.704.406 |
| | Payables to subsidiaries | 8.970.624 | 1.121.864 |
| | Payables to shareholders and management | 5.777.449 | 2.142.076 |
| | Other payables | 294.997 | 420.382 |
| | Total short term liabilities other than provisions | 44.907.946 | 41.388.728 |
| | **Total liabilities other than provisions** | **44.907.946** | **41.388.728** |
| | **Total equity and liabilities** | **85.241.696** | **81.354.957** |

**1 Employee issues**

**10 Disclosures on fair value**

**11 Contingencies**

**12 Related parties**

## Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Reserve for net revalua-tion according to the eq-uity method | Reserve for foreign currency translation | Retained earnings | Total |
|---|---|---|---|---|---|
| Equity 1 January 2022 | 500.000 | 102.865 | 0 | 25.992.941 | 26.595.806 |
| Share of profit or loss | 0 | 14.159 | 0 | 13.193.591 | 13.207.750 |
| Extraordinary dividend adopted during the financial year | 0 | 0 | 0 | 8.000.000 | 8.000.000 |
| Distributed extraordinary dividend adopted during the financial year | 0 | 0 | 0 | -8.000.000 | -8.000.000 |
| Equity 1 January 2022 | 500.000 | 117.024 | 0 | 39.186.532 | 39.803.556 |
| Share of profit or loss | 0 | 40.388 | 0 | 300.616 | 341.004 |
| Extraordinary dividend adopted during the financial year | 0 | 0 | 0 | 24.000.000 | 24.000.000 |
| Distributed extraordinary dividend adopted during the financial year | 0 | 0 | 0 | -24.000.000 | -24.000.000 |
| Foreign currency translation adjustments | 0 | 0 | 26.281 | 0 | 26.281 |
| | **500.000** | **157.412** | **26.281** | **39.487.148** | **40.170.841** |

## Notes

All amounts in DKK.

| | | 2023 | 2022 |
|---|---|---|---|
| **1.** | **Employee issues** | | |
| | Salaries and wages | 8.456.945 | 8.472.300 |
| | Pension costs | 2.363.363 | 2.332.615 |
| | Other costs for social security | 135.469 | 137.882 |
| | | **10.955.777** | **10.942.797** |
| | Staff costs are recognised as follows in the income statement: | | |
| | Administration expenses | 10.955.777 | 10.942.727 |
| | | **10.955.777** | **10.942.727** |
| | Executive board and board of directors | 3.856.235 | 3.735.686 |
| | Average number of employees | 16 | 16 |
| **2.** | **Other financial expenses** | | |
| | Financial costs, group enterprises | 219.839 | 27.619 |
| | Other financial costs | 811.556 | 100.148 |
| | | **1.031.395** | **127.767** |
| **3.** | **Tax on net profit or loss for the year** | | |
| | Tax on net profit or loss for the year | 6.946.632 | 6.011.016 |
| | Adjustment of deferred tax for the year | 236 | 14.020 |
| | | **6.946.868** | **6.025.036** |
| **4.** | **Proposed distribution of net profit** | | |
| | Extraordinary dividend distributed during the financial year | 24.000.000 | 8.000.000 |
| | Reserves for net revaluation according to the equity method | 40.388 | 14.159 |
| | Transferred to retained earnings | 300.616 | 13.193.591 |
| | **Total allocations and transfers** | **24.341.004** | **21.207.750** |

All amounts in DKK.

| | | 31/12 2023 | 31/12 2022 |
|---|---|---|---|
| **5.** | **Other fixtures, fittings, tools and equipment** | | |
| | Cost 1 January 2023 | 4.141.936 | 4.159.025 |
| | Additions during the year | 400.609 | 86.511 |
| | Disposals during the year | 0 | -103.600 |
| | Transfers | -11.376 | 0 |
| | **Cost 31 December 2023** | **4.531.169** | **4.141.936** |
| | Depreciation and write-down 1 January 2023 | -2.759.126 | -2.586.926 |
| | Amortisation and depreciation for the year | -252.277 | -275.800 |
| | Reversal of depreciation, amortisation and impairment loss, assets disposed of | 0 | 103.600 |
| | Transfers | 11.376 | 0 |
| | **Depreciation and write-down 31 December 2023** | **-3.000.027** | **-2.759.126** |
| | **Carrying amount, 31 December 2023** | **1.531.142** | **1.382.810** |

| | | | |
|---|---|---|---|
| **6.** | **Investments in group enterprises** | | |
| | Cost 1 January 2023 | 1.480.382 | 1.480.382 |
| | **Cost 31 December 2023** | **1.480.382** | **1.480.382** |
| | Revaluations, opening balance 1 January 2023 | 117.024 | 102.865 |
| | Translation at the exchange rate at the balance sheet date | 26.280 | 0 |
| | Net profit or loss for the year before amortisation of goodwill | 14.107 | 14.159 |
| | **Revaluations 31 December 2023** | **157.411** | **117.024** |
| | **Carrying amount, 31 December 2023** | **1.637.793** | **1.597.406** |

**Group enterprises:**

| | Domicile | Equity interest |
|---|---|---|
| Simonsen Recycling ApS | Nykøbing Mors | 100 % |
| Simonsen Refractory Service (Shanghai) Co., Ltd. | Shanghai | 100 % |

## Notes

All amounts in DKK.

| | | 31/12 2023 | 31/12 2022 |
|---|---|---|---|
| **7.** | **Other financial instruments and equity investments** | | |
| | Cost 1 January 2023 | 399.303 | 415.970 |
| | Disposals during the year | -16.666 | -16.667 |
| | **Cost 31 December 2023** | **382.637** | **399.303** |
| | **Carrying amount, 31 December 2023** | **382.637** | **399.303** |
| **8.** | **Prepayments** | | |
| | Deferred insurance and other prepayments | 613.891 | 368.666 |
| | | **613.891** | **368.666** |
| **9.** | **Provisions for deferred tax** | | |
| | Provisions for deferred tax 1 January 2023 | 162.673 | 148.653 |
| | Deferred tax relating to the net profit or loss for the year | 236 | 14.020 |
| | | **162.909** | **162.673** |

**10. Disclosures on fair value**

| | **Financial instruments** |
|---|---|
| Fair value at 31 December 2023 | 201.180 |
| Unrealised change in fair value of the year recognised in the statement of financial activity | 134.802 |

**11. Contingencies**

**Contingent liabilities**

| | DKK in thousands |
|---|---|
| Lease liabilities | 666 |
| Warranty commitments | 5.538 |
| **Total contingent liabilities** | **6.204** |

All amounts in DKK.

**11. Contingencies (continued)**

**Joint taxation**

With Familien M. Simonsen Holding ApS, company reg. no 10155010 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

**12. Related parties**

**Controlling interest**

| | |
|---|---|
| Familien M. Simonsen Holding ApS | Majority shareholder |
| Møgelvangs Plads 7 | |
| DK-7900 Nykøbing Mors | |
| Denmark | |

**Transactions**

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year (in accordance with ÅRL §98c point 7)

**Consolidated financial statements**

The company is included in the consolidated financial statements of Familien M. Simonsen Holding ApS, Møgelvangs Plads 7, DK-7900 Nykøbing Mors, Denmark.