Röchling Industrial Allingaabro A/S

Tøjstrupvej 31
8961 Allingaabro
CVR no. 19 27 03 35

Annual report 2023

Approved at the Company's annual general meeting on 21 June 2024

Chair of the meeting:

Martin Busk Jensen

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Röchling Industrial Allingaabro A/S for the financial year 1 January – 31 December 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Allingåbro, 14 June 2024
Executive Board:

Martin Busk Jensen

Board of Directors:

Peter Eckerstorfer
Chair

Daniel Benjamin Fritz	Florian Johannes Martin Helmich	Martin Busk Jensen

Independent auditor's report

To the shareholders of Röchling Industrial Allingaabro A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Röchling Industrial Allingaabro 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 accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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 the Danish Financial Statements Act. Moreover, Management is responsible 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.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 the Danish Financial Statements Act. Moreover, Management is responsible 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 in preparing the financial statements 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 timates 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 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 and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Aarhus, 14 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen State Authorised Public Accountant MNE no. mne24820	Christian Jøker State Authorised Public Accountant MNE no. mne31471

Management's review

Company details

Name	Röchling Industrial Allingaabro A/S
Address, postal code, city	Tøjstrupvej 31, DK-8961 Allingåbro
CVR no.	19 27 03 35
Established	9 May 1996
Registered office	Norddjurs
Financial year	1 January – 31 December
Website	www.roechling.com/dk/industrial/allingaabro
Telephone	+45 86 48 17 11
Board of Directors	Peter Eckerstorfer, chair Daniel Benjamin Fritz Florian Johannes Martin Helmich Martin Busk Jensen
Executive Board	Martin Busk Jensen
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, Postboks 330, DK-8100 Aarhus C

Management's review

Financial highlights for the Group

DKK'000	2023	2022	2021	2020	2019
Key figures					
Gross profit/loss	37.467	38.474	33.926	27.751	32.954
Operating profit/loss	6.771	9.818	7.666	3.856	7.563
Net financials	1.100	151	-73	-48	-15
Profit/loss for the year	6.825	8.518	6.603	3.290	6.448
Balance sheet total	95.106	89.694	83.264	73.847	69.198
Investments in property, plant and equipment	4.053	3.452	4.567	3.595	3.511
Equity	85.137	78.282	69.765	63.000	59.747
Financial ratios					
Equity ratio	89,5	87,3	83,8	85,3	86,3
Return on equity	8,4	11,5	9,9	5,4	11,4
Return on invested capital	15,4	23,7	22,5	13,5	20,9

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio $$\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Return on equity $$\frac{\text{Profit/loss for the year after tax ex. non-controlling interests x 100}}{\text{Average equity ex non-controlling interests}}$$

Return on invested capital $$\frac{\text{Operating profit/loss x 100}}{\text{Average invested capital}}$$

Invested capital: Operating intangible assets and property, plant and equipment plus net working capital

Management's review

Operating review

Principal activities

The Company's and the Group's principal activities comprise the production and sale of metal and plastic components.

Development in activities and financial matters

Despite the current situation with the war in Ukraine and its impact on global business, the Group has increased its activities but realized a decrease in profits. The decrease in profit is mainly related to activities preparing the group to future growth, such as implementation of new cloud based ERP system. The Group's financial position is considered satisfactory given the circumstances.

The Group reported a profit of DKK 6.825 thousand for 2023, (2022: DKK 8.518 thousand), and at 31 December 2023 Group equity amounted to DKK 85.137 thousand (2022: DKK 78.282 thousand).

Outlook

Overall, the group expects activities at the same level as in 2023 and increased profit. But general uncertainty globally due to various factors may influence our local market negatively and could impact the result negatively.

For 2024, the result before tax is expected to be in the interval DKK 8.000 thousand to DKK 10.000 thousand.

Financial risks and use of financial instruments

The group have no major financial risks and do not use financial instruments.

Environment

It is company policy to observe environmental legislation and generally accepted legal frameworks.
The Company and the Group do not carry out any production with a major impact on the environment.

Research and development activities

The Company's and the Group's products undergo continuous development. The products are continuously developed and customized in line with the customers' and the markets, requirements and development. All costs are expensed as incurred.

Financial statements 1 January – 31 December

Income statement

		Group		Parent company	
DKK	Note	2023	2022	2023	2022
Gross profit		37.467.297	38.474.296	25.874.079	26.890.655
Staff costs	3	-27.084.074	-24.755.557	-20.019.835	-18.003.974
Depreciation, amortisation and impairment losses		-3.595.526	-3.832.753	-2.163.338	-2.328.578
Other operating expenses		-17.000	-67.552	-17.000	-67.552
Operating Profit		6.770.697	9.818.434	3.673.906	6.490.551
Income from equity investments in group entities		0	0	3.068.772	3.326.023
Other financial income	4	1.102.178	226.097	1.129.101	227.881
Financial expenses		-2.544	-75.233	-2.544	-77.018
Profit before tax		7.870.331	9.969.297	7.869.235	9.967.437
Tax for the year	5	-1.045.383	-1.451.139	-1.044.288	-1.449.279
Profit for the year		6.824.948	8.518.158	6.824.947	8.518.158

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
ASSETS					
Non-current assets					
Intangible assets	6				
Acquired intangible assets		183.904	244.680	0	0
		183.904	244.680	0	0
Property, plant and equipment	7				
Plant and machinery		17.668.769	17.428.976	9.515.592	10.815.093
Fixtures and fittings, tools and equipment		602.149	544.766	522.817	519.890
Leasehold improvements		457.857	222.478	457.857	222.478
		18.728.774	18.196.220	10.496.266	11.557.461
Financial assets					
Equity investments in group entities	8	0	0	16.373.254	13.273.841
Deposits		522.000	522.000	522.000	522.000
		522.000	522.000	16.895.254	13.795.841
Total non-current assets		19.434.678	18.962.900	27.391.520	25.353.302
Current assets					
Inventories					
Raw materials and consumables		9.287.682	12.154.814	6.365.637	8.426.812
Work in progress		882.331	2.263.124	882.331	2.263.124
Finished goods and goods for resale		6.610.051	7.032.354	4.932.318	5.514.479
		16.780.064	21.450.292	12.180.286	16.204.415
Receivables					
Trade receivables		13.442.975	15.558.746	11.543.420	14.131.900
Receivables from group entities		24.252.400	24.580.356	24.299.354	24.634.926
Corporation tax receivable		69.212	48.522	69.212	48.522
Other receivables		18.750	20.833	18.750	20.833
Prepayments	9	93.708	134.005	0	47.752
		37.877.045	40.342.462	35.930.736	38.883.933
Cash		21.014.384	8.938.454	19.508.690	8.881.396
Total current assets		75.671.493	70.731.208	67.619.712	63.969.744
TOTAL ASSETS		95.106.171	89.694.107	95.011.232	89.323.046

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
EQUITY AND LIABILITIES					
Equity					
Share capital	10	3.800.000	3.800.000	3.800.000	3.800.000
Net revaluation reserve		0	0	16.351.594	13.252.181
Retained earnings		81.337.461	74.481.873	64.985.867	61.229.692
Total equity		85.137.461	78.281.873	85.137.461	78.281.873
Provisions					
Deferred tax	11	1.140.000	1.258.500	1.140.000	1.258.500
Total provisions		1.140.000	1.258.500	1.140.000	1.258.500
Liabilities other than provisions					
Non-current liabilities					
Employee obligations	12	703.833	680.032	703.833	680.032
		703.833	680.032	703.833	680.032
Current liabilities					
Trade payables		1.727.153	2.169.452	1.581.228	1.649.415
Payables to group entities		3.606.040	4.897.928	4.434.042	5.965.913
Other payables		2.791.684	2.406.322	2.014.668	1.487.313
		8.124.877	9.473.702	8.029.938	9.102.641
Total liabilities		8.828.710	10.153.734	8.733.771	9.782.673
TOTAL EQUITY AND LIABILITIES		95.106.171	89.694.107	95.011.232	89.323.046

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Financial statements 1 January – 31 December

Statement of changes in equity

	Group		
	Share capital	Retained earnings	Total
Equity at 1 January 2023	3.800.000	74.481.873	78.281.873
Foreign exchange adjustments	0	30.641	30.641
Proposed distribution of profit	0	6.824.947	6.824.947
	3.800.000	81.337.461	85.137.461

		Parent Company			
	Note	Share capital	Net revaluation reserve	Retained earnings	Total
Equity at 1 January 2023		3.800.000	13.252.181	61.229.692	78.281.873
Foreign exchange adjustments		0	30.641	0	30.641
Proposed distribution of profit	15	0	3.068.772	3.756.175	6.824.947
		3.800.000	16.351.594	64.985.867	85.137.461

Financial statements 1 January – 31 December

Cash flow statement

		Group	
DKK	Note	2023	2022
Profit/loss for the year		6.824.948	8.518.158
Adjustments	16	4.680.813	5.260.897
Changes in working capital	17	5.807.510	-11.175.902
Corporation tax paid		-1.184.573	-2.245.262
Cash flows from operating activities		16.128.698	357.891
Acquisition of property, plant and equipment		-4.052.768	-3.452.480
Disposal of property, plant and equipment		0	143.000
Cash flows from investing activities		-4.052.768	-3.309.480
Change of operating credits in banks		0	0
Distributed dividend		0	0
Cash flows from financing activities		0	0
Cash flows for the year		12.075.930	-2.951.589
Cash and cash equivalents, beginning of year		8.938.454	11.890.043
Cash and cash equivalents, year end		21.014.384	8.938.454

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Röchling Industrial Allingaabro A/S for 2023 has been prepared in accordance with the provisions applying to medium-sized reporting class C entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Presentation currency
The financial statements are presented in Danish Kroner (DKK).

Consolidated financial statements

Control
The consolidated financial statements comprise the Parent Company Röchling Industrial Allingaabro A/S and group entities controlled by Röchling Industrial Allingaabro A/S.

Control means the power to exercise decisive influence over a group entity's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

Preparation of consolidated financial statements
The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual group entities' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates and equity interests are eliminated in proportion to the Group's ownership interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

The group entities' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign group entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods for resale and finished goods, including, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020. Where goods sold are supplied on an ongoing basis and integrated with the purchaser's property, the income is recognised in revenue as the goods are supplied, meaning that revenue corresponds to the selling price of work performed during the year.

Other operating income

Other operating income comprise items secondary to the principal activities of the Company, including rental income from the temporary lease out of production facilities.

Raw materials and consumables, etc.

Raw materials and consumables include the costs of raw materials and consumables incurred to generate revenue for the year.

Other external expenses

Other external expenses comprise expenses relating to distribution, sale, advertising, administration, premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Profit/loss from equity investments in group entities

The proportionate share of the results of the underlying entities is recognised in the income statement after elimination of intra-group profit/loss and after tax. Group entities are subject to full elimination of intra-group profit/loss and ownership interests are not considered.

The proportionate share of the results after tax of the individual group entities is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. The items comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Amortisation is made over the estimated economic life without the determination of a residual value.

Acquired intangible assets is subsequently measured at cost less accumulated amortisation. Acquired intangible assets is amortised on a straight-line basis over the estimated useful life, which is 3 years.

Intangible assets are written down to the lower of the recoverable amount and the carrying amount. Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment.

Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

On initial recognition, items of property, plant and equipment are measured at cost.

Plant and machinery as well as fixtures and fittings, tools and equipment are subsequently measured at cost less accumulated depreciation.

Depreciation is based on the residual value of the asset after the end of the useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Production overheads and borrowing costs are not included in cost.

Individual components of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Plant and machiney	5-10 years
Fixtures and fittings, tools and equipment	3-7 years
Leasehold improvenments	5 years

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Equity investments in group entities

Income statement

The proportionate share of the results of the underlying entities is recognised in the income statement after elimination of intra-group profit/loss and after tax. Group entities are subject to full elimination of intra-group profit/loss and ownership interests are not considered. Participating interests and associates are subject only to proportionate elimination of profit/loss taking into consideration ownership interests.

Balance sheet

Equity investments in group entities are measured according to the equity method. The Parent Company has chosen to consider the equity method a measurement method.

On initial recognition, equity investments in group entities and associates and participating interests are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in group entities and associates and participating interests measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Net revaluation of equity investments is recognised under equity in the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Gains or losses on disposal of group entities, equity interests and associates are made up as the difference between the net selling price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill. The gains and losses are recognised in the income statement as financial income or financial expenses.

Acquisitions of new group entities, equity interests and associates are accounted for using the purchase method according to which the acquired entities' assets and liabilities are measured at fair value at the date of acquisition. The tax effect of revaluations made is taken into account.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognised in the income statement.

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1 Accounting policies (continued)

Any excess of the cost over the fair value of identifiable assets and liabilities, including restructuring provisions, is recognised as equity investments in group entities and depreciated over the estimated useful life determined on the basis of Management's experiences of the individual business areas. The maximum depreciation period is 10 years, longest for strategically acquired entities with strong market positions and long-term earnings profiles. The carrying amount of goodwill is tested for impairment and any impairment losses are taken to the income statement in cases where the carrying amount exceeds the expected future net income from the business or the activity to which the goodwill relates.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in group entities and associates and participating interests is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production overheads. Production overheads comprise costs of material and labour as well as maintenance of and depreciation on production machinery, buildings and equipment as well as costs relating to plant administration and management. Borrowing costs are not recognised in the cost.

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

Receivables

Receivables are measured at amortised cost.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments
Prepayments comprise costs incurred concerning subsequent financial years.

Equity
Net revaluation reserve according to the equity method
The net revaluation reserve according to the equity method comprises net revaluations of equity investments in group entities compared to cost comprising recognised shares of profit/loss and foreign exchange adjustments less dividends.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates.

Dividend
Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax
Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Liabilities other than provisions
Financial liabilities comprising amounts payable to credit institutions, trade payables and payables to group entities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Freeze liability, which comprises frozen holiday funds, is measured at net realisable value, including indexation. Indexation is recognised in the income statement as interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flow statement

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

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities
Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital, interest received and paid as well as corporation tax paid. Interest received is classified as cash flows from operating activities. Furthermore, dividends received are classified as operating activity.

Cash flows from investing activities
Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments. Dividends received regarding securities are also considered investing activities.

Cash flows from financing activities
Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term marketable securities with a remaining term of three months or less that are subject to only minor risks of changes in value.

2 Events after the balance sheet date
No events have occurred after the end of the financial year of material importance for the Company's financial position.

Financial statements 1 January – 31 December

Notes

	DKK	Group 2023	Group 2022	Parent company 2023	Parent company 2022
3	**Staff costs**				
	Wages and salaries	23.760.596	21.794.920	18.045.441	16.332.010
	Pensions	1.651.040	1.312.605	1.651.040	1.312.605
	Other social security costs	1.628.405	1.611.532	279.321	322.859
	Other staff costs	44.033	36.500	44.033	36.500
		27.084.074	24.755.557	20.019.835	18.003.974
	Average number of employees	74	74	37	37

Pursuant to section 98b (3) of the Danish Financial Statements Act, remuneration of Management and the Board of Directors is not disclosed.

	DKK	Group 2023	Group 2022	Parent company 2023	Parent company 2022
4	**Other financial income**				
	Interest income from group entities	948.090	216.192	975.013	217.976
	Other interest income	154.088	9.905	154.088	9.905
		1.102.178	226.097	1.129.101	227.881
5	**Tax for the year**				
	Current tax for the year	1.163.883	1.551.339	1.162.788	1.549.479
	Deferred tax adjustment for the year	-118.500	-100.200	-118.500	-100.200
		1.045.383	1.451.139	1.044.288	1.449.279

6 Intangible assets

DKK	Group: Acquired intangible assets	Group: Total
Costs at 1 January 2023	494.546	494.546
Foreign currency adjustments	1.090	1.090
Cost at 31 December 2023	495.636	495.636
Amortisation and impairment losses at 1 January 2023	249.866	249.866
Foreign currency adjustments	578	578
Depreciation and amortisation	61.288	61.288
Amortisation and impairment losses at 31 December 2023	311.732	311.732
Carrying amount at 31 December 2023	183.904	183.904

Financial statements 1 January – 31 December

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7 Property, plant and equipment

	Group			
DKK	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Costs at 1 January 2023	45.897.287	4.376.211	1.952.866	52.226.364
Foreign currency adjustments	37.975	2.121	0	40.095
Additions	3.358.065	355.576	339.128	4.052.768
Cost at 31 December 2023	49.293.327	4.733.907	2.291.994	56.319.228
Depreciation and impairment losses at 1 January 2023	28.468.311	3.831.445	1.730.388	34.030.144
Foreign currency adjustments	23.945	2.126	0	26.070
Depreciation	3.132.303	298.187	103.749	3.534.239
Depreciation and impairment losses at 31 December 2023	31.624.558	4.131.758	1.834.137	37.590.453
Carrying amount at 31 December 2023	17.668.769	602.149	457.857	18.728.774

	Parent Company			
	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Costs at 1 January 2023	28.670.973	3.414.278	1.952.866	34.038.117
Additions	584.975	178.040	339.128	1.102.143
Cost at 31 December 2023	29.255.948	3.592.318	2.291.994	35.140.260
Depreciation and impairment losses at 1 January 2023	17.855.880	2.894.388	1.730.388	22.480.656
Depreciation	1.884.476	175.113	103.749	2.163.338
Depreciation and impairment losses at 31 December 2023	19.740.356	3.069.501	1.834.137	24.643.994
Carrying amount at 31 December 2023	9.515.592	522.817	457.857	10.496.266

Financial statements 1 January – 31 December

Notes

DKK	Parent company 2023	Parent company 2022
8 Equity investments in group entities		
Cost at 1 January	21.660	21.660
Cost at 31 December	21.660	21.660
Value adjustments at 1 January	13.252.181	9.927.522
Foreign exchange adjustment	30.641	-1.364
Profit/loss for the year	3.068.772	3.326.023
Value adjustments at 31 December	16.351.594	13.252.181
Carrying amount at 31 December	16.373.254	13.273.841

Name and registered office	Voting rights and ownership
Röchling Industrial Liepaja LSEZ SIA, Latvia	100%

9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, software licenses, etc.

10 Share capital

The share capital comprises:
1 class A share of DKK 3.800.000.

DKK	Group 2023	Group 2022	Parent company 2023	Parent company 2022
11 Deferred tax				
Deferred tax at 1 January	1.258.500	1.358.700	1.258.500	1.358.700
Deferred tax adjustment for the year	-118.500	-100.200	-118.500	-100.200
Deferred tax at 31 December	1.140.000	1.258.500	1.140.000	1.258.500

Deferred tax comprises property, plant and equipment.

Financial statements 1 January – 31 December

Notes

12 Financial liabilities

	Group and parent company		
	Total liabilities at 31/12 2023	Repayment first year	Outstanding debt after 5 years
Employee obligations	703.833	0	643.268
	703.833	0	643.268

	Parent company		
	Total liabilities at 31/12 2022	Repayment first year	Outstanding debt after 5 years
Employee obligations	703.833	0	643.268
	703.833	0	643.268

13 Contingencies etc.

Parent Company

Rent and lease liabilities in interminable rent and lease agreements with remaining contract terms of 10 years amount to DKK 12.093 thousand.

Leases liabilities for car with remaining contract terms of 10 months amount to DKK 35 thousand.

Rent liabilities for car with remaining contract terms of 39 months amount to DKK 98 thousand.

14 Related parties

Röchling Industrial Allingaabro A/S' related parties comprise the following:

Control

Röchling Engineering Plastics SE & Co KG, Röchlingstrasse 1, 49733 Haren, Germany
Röchling Engineering Plastics SE & Co KG holds the majority of the share capital in the Company.

Related party transactions	Group		Parent company	
DKK'000	2023	2022	2023	2022
Sale of goods and services to group entities	2.011	3.170	2.369	3.942
Purchase of goods and services from group entities	51.455	50.894	65.498	64.295
Interest income from group entities	948	218	975	218
Receivables from group entities	24.252	24.580	24.299	24.635
Payables to group entities	3.606	4.898	4.434	5.966

	Parent company	
DKK	2023	2022
15 Distribution of profit		
Net revaluation reserve	3.068.772	3.326.023
Retained earnings	3.756.175	5.192.135
	6.824.947	8.518.158

Financial statements 1 January – 31 December

Notes

	DKK	Group 2023	Group 2022
16	**Cash flow statement – adjustments**		
	Amortisation of intangible assets and depreciation on property, plant and equipment	3.595.526	3.832.753
	Gain/loss on the sale of assets	0	67.052
	Tax on profit/loss for the year	1.045.383	1.451.139
	Foreign exchange adjustments etc.	39.904	-90.047
		4.680.813	5.260.897
17	**Cash flow statement – changes in working capital**		
	Changes in inventories	4.670.228	-8.687.207
	Changes in receivables	2.486.107	-1.235.415
	Changes in current liabilities	-1.348.825	-1.253.280
		5.807.510	-11.175.902

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"By my signature I confirm all dates and content in this document."

Martin Busk Jensen
Executive Board
On behalf of: Röchling Industrial Allingaabro A/S
Serial number: 27e2ab03-ff00-4790-8633-b12ec775d123
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Chairman of the Board
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Board of Directors
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Christian Lindegaard Jøker
EY Godkendt Revisionspartnerselskab CVR: 30700228
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
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Tom Barreth Lassen
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: e750e22d-62f4-4efb-aa30-fe83e9d6e62b
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2024-06-18 10:58:36 UTC

MitID

Martin Busk Jensen
Chairman
On behalf of: Röchling Industrial Allingaabro A/S
Serial number: 27e2ab03-ff00-4790-8633-b12ec775d123
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2024-06-21 06:33:59 UTC

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