

RÖCHLING INDUSTRIAL ALLINGAABRO A/S

TØJSTRUPVEJ 31, 8961 ALLINGÅBRO

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2021

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 4 April 2022**

Martin Busk Jensen

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COMPANY DETAILS

Company	RÖCHLING INDUSTRIAL ALLINGAABRO A/S Tøjstrupvej 31 8961 Allingåbro
	CVR No.: 19 27 03 35 Established: 9 May 1996 Municipality: Norddjurs Financial Year: 1 January - 31 December
Board of Directors	Peter Eckerstorfer, chairman Dirk Johannes Aikes Martin Busk Jensen
Executive Board	Martin Busk Jensen
Auditor	EY Godkendt Revisionspartnerselskab Værkmestergade 25, Postboks 330 8100 Aarhus C

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of RÖCHLING INDUSTRIAL ALLINGAABRO A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2021 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

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

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

Allingåbro, 4 April 2022

Executive Board

Martin Busk Jensen

Board of Directors

Peter Eckerstorfer
Chairman

Dirk Johannes Aikes

Martin Busk Jensen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of RÖCHLING INDUSTRIAL ALLINGAABRO A/S

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of RÖCHLING INDUSTRIAL ALLINGAABRO A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2021 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

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

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

Management is responsible for Management Commentary.

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

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

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Aarhus C, 4 April 2022

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

FINANCIAL HIGHLIGHTS OF THE GROUP

	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000
Income statement					
Gross profit/loss.....	33.926	27.751	32.954	30.695	29.043
Operating profit/loss of main activities...	7.666	3.856	7.563	6.471	6.811
Financial income and expenses, net.....	-73	-48	-15	-10	9
Profit/loss for the year.....	6.603	3.290	6.448	5.908	5.880
Balance sheet					
Total assets.....	83.264	73.847	69.198	61.493	56.033
Equity.....	69.765	63.000	59.747	53.297	47.389
Cash flows					
Investment in property, plant and equipment.....	-4.567	-3.603	-3.509	-5.089	-5.535
Average number of full-time employees.....	76	75	76	68	72
Key ratios					
Return on invested capital.....	20,8	11,6	11,0	13,2	12,0
Equity ratio.....	83,8	85,3	86,3	86,7	84,6
Return on equity.....	9,9	5,4	11,4	11,7	13,2

The ratios stated in the list of key figures and ratios have been calculated as follows:

<i>Invested capital:</i>	<i>NWC + intangible and tangible assets (ex goodwill) - provisions - other operating liabilities, non-current</i>
<i>Return on invested capital:</i>	<i>$\frac{\text{Operating Profit/loss adjusted for goodwill amortisation} \times 100}{\text{Average invested capital}}$</i>
<i>Equity ratio:</i>	<i>$\frac{\text{Equity (ex. minorities), at year-end} \times 100}{\text{Total assets, at year-end}}$</i>
<i>Return on equity:</i>	<i>$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$</i>

MANAGEMENT COMMENTARY

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 and economic position

Despite the current situation with the COVID-19 virus and its impact on global business, the Group has increased its activities and profits. The Group's financial position is considered satisfactory given the circumstances.

Profit/loss for the year compared to the expected development

The Group reported a profit of DKK 6,603 thousand for 2021, (2020: DKK 3,290 thousand), and at 31 December 2021, Group equity amounted to DKK 69,765 thousand (2020: DKK 63,000 thousand).

Management expected the profit for 2021 to be higher than 2020 primarily due to the fact that activities are now back at the expected level following the outbreak of Covid-19. The reported results for 2021 is on line with the expectations.

Significant events after the end of the financial year

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

Environmental situation

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.

Future expectations

Overall, the group expects increased activities and increased profit for the coming financial year. But uncertain factors as the length of the Russian aggression and aftermath of COVID-19 could impact the result.

The availability and price of raw materials is under pressure which, together with rising energy prices, is leading to an increase in production costs. Our organization is prepared to meet the challenges and will do our utmost to deliver quality products on time to our customers.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
GROSS PROFIT		33.926.037	27.751.019	23.286.978	19.516.652
Staff costs.....	1	-22.299.372	-20.033.590	-16.273.823	-14.690.925
Depreciation, amortisation and impairment losses.....		-3.953.654	-3.861.233	-2.363.435	-2.427.577
Other operating expenses.....		-6.650	0	-6.650	0
OPERATING PROFIT		7.666.361	3.856.196	4.643.070	2.398.150
Result of equity investments in group enterprises.....		0	0	3.019.915	1.457.503
Other financial income.....	2	35.581	21.558	35.581	21.558
Other financial expenses.....		-108.726	-69.768	-108.726	-69.768
PROFIT BEFORE TAX		7.593.216	3.807.986	7.589.840	3.807.443
Tax on profit/loss for the year.....	3	-989.738	-517.606	-986.362	-517.063
PROFIT FOR THE YEAR	4	6.603.478	3.290.380	6.603.478	3.290.380

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Intangible fixed assets acquired....		306.552	358.499	0	0
Intangible assets.....	5	306.552	358.499	0	0
Production plant and machinery....		18.023.693	16.517.579	12.516.254	12.200.680
Other plant, machinery tools and equipment.....		628.835	918.644	494.477	644.062
Leasehold improvements.....		71.528	181.490	71.528	181.490
Tangible fixed assets in progress and prepayment.....		0	642.157	0	0
Property, plant and equipment...	6	18.724.056	18.259.870	13.082.259	13.026.232
Equity investments in group enterprises.....		0	0	9.949.182	6.767.318
Rent deposit and other receivables.....		522.000	522.000	522.000	522.000
Financial non-current assets.....	7	522.000	522.000	10.471.182	7.289.318
NON-CURRENT ASSETS.....		19.552.608	19.140.369	23.553.441	20.315.550
Raw materials and consumables....		7.628.992	4.530.470	5.731.074	3.635.939
Work in progress.....		349.149	133.812	349.149	133.812
Finished goods and goods for resale.....		4.784.944	3.860.022	4.100.081	3.390.788
Inventories.....		12.763.085	8.524.304	10.180.304	7.160.539
Trade receivables.....		14.021.176	12.428.007	12.106.794	11.686.434
Receivables from group enterprises.....		24.700.662	24.488.929	24.826.744	26.323.912
Other receivables.....		183.839	443.381	137.852	137.852
Corporation tax receivable.....		0	134.298	0	134.298
Prepayments.....	8	152.848	136.387	65.247	57.120
Receivables.....		39.058.525	37.631.002	37.136.637	38.339.616
Cash and cash equivalents.....		11.890.043	8.551.649	11.196.413	8.337.921
CURRENT ASSETS.....		63.711.653	54.706.955	58.513.354	53.838.076
ASSETS.....		83.264.261	73.847.324	82.066.795	74.153.626

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Share capital.....	9	3.800.000	3.800.000	3.800.000	3.800.000
Reserve for net revaluation under the equity method.....		0	0	9.927.522	6.745.657
Retained earnings.....		65.965.079	59.199.651	56.037.557	52.453.994
EQUITY.....		69.765.079	62.999.651	69.765.079	62.999.651
Provision for deferred tax.....	10	1.358.700	1.349.600	1.358.700	1.349.600
PROVISIONS.....		1.358.700	1.349.600	1.358.700	1.349.600
Other non-current liabilities.....		666.045	743.775	666.045	691.400
Non-current liabilities.....	11	666.045	743.775	666.045	691.400
Short part of non-current liabilities.....		100.194	52.375	47.819	0
Trade payables.....		3.897.279	2.347.311	2.217.907	1.921.483
Debt to Group companies.....		4.702.182	3.369.058	5.800.434	4.614.019
Corporation tax payable.....		647.261	0	647.261	0
Other liabilities.....		2.127.521	2.985.554	1.563.550	2.577.473
Current liabilities.....		11.474.437	8.754.298	10.276.971	9.112.975
LIABILITIES.....		12.140.482	9.498.073	10.943.016	9.804.375
EQUITY AND LIABILITIES.....		83.264.261	73.847.324	82.066.795	74.153.626
Contingencies etc.	12				
Related parties	13				

EQUITY

	Group		
	Share capital	Retained earnings	Total
Equity at 1 January 2021.....	3.800.000	59.199.651	62.999.651
Proposed profit allocation, cf. note 4.....		6.603.478	6.603.478
Other legal bindings			
Foreign exchange adjustments.....		161.950	161.950
Equity at 31 December 2021	3.800.000	65.965.079	69.765.079

	Parent Company			
	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2021.....	3.800.000	6.745.657	52.453.994	62.999.651
Proposed profit allocation, cf. note 4.....		3.019.915	3.583.563	6.603.478
Other legal bindings				
Foreign exchange adjustments.....		161.950		161.950
Equity at 31 December 2021	3.800.000	9.927.522	56.037.557	69.765.079

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	<u>Group</u>	
	2021 DKK	2020 DKK
Profit/loss for the year.....	6.603.478	3.290.380
Depreciation and amortisation, reversed.....	3.953.654	3.861.233
Reversed realization gains.....	-88.500	-235.877
Tax on profit/loss, reversed.....	989.738	517.606
Corporation tax paid.....	-199.079	-424.578
Change in inventories.....	-4.238.781	1.040.485
Change in receivables (ex tax).....	-1.561.821	-9.210.099
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	1.947.329	1.100.189
Exchange rate adjustments.....	67.273	0
CASH FLOWS FROM OPERATING ACTIVITY.....	7.473.291	-60.661
Purchase of intangible assets.....	-3.577	-146.344
Purchase of property, plant and equipment.....	-4.566.628	-3.362.802
Sale of property, plant and equipment.....	435.308	470.760
CASH FLOWS FROM INVESTING ACTIVITY.....	-4.134.897	-3.038.386
CHANGE IN CASH AND CASH EQUIVALENTS.....	3.338.394	-3.099.047
Cash and cash equivalents at 1. januar.....	8.551.649	11.650.696
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	11.890.043	8.551.649
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	11.890.043	8.551.649
CASH AND CASH EQUIVALENTS.....	11.890.043	8.551.649

NOTES

	Group		Parent Company		Note
	2021 DKK	2020 DKK	2021 DKK	2020 DKK	
Staff costs					1
Average number of employees	76	75	38	36	
Wages and salaries.....	19.650.120	17.458.682	14.820.099	13.363.689	
Pensions.....	1.170.780	1.094.308	1.170.780	1.094.308	
Social security costs.....	1.470.207	1.440.229	274.679	212.828	
Other staff costs.....	8.265	40.371	8.265	20.100	
	22.299.372	20.033.590	16.273.823	14.690.925	
Pursuant to section 98b (3) of the Danish Financial Statements Act, remuneration of Management and the Board of Directors is not disclosed.					
Other financial income					2
Group enterprises.....	35.581	20.793	35.581	20.793	
Other interest income.....	0	765	0	765	
	35.581	21.558	35.581	21.558	
Tax on profit/loss for the year					3
Calculated tax on taxable income of the year.....	980.638	494.245	977.262	493.702	
Adjustment of tax in previous years.....	0	-1.341	0	-1.341	
Adjustment of deferred tax.....	9.100	24.702	9.100	24.702	
	989.738	517.606	986.362	517.063	
Proposed distribution of profit					4
Allocation to reserve for net revaluation under the equity method.....	0	0	3.019.915	1.457.503	
Retained earnings.....	6.603.478	3.290.380	3.583.563	1.832.877	
	6.603.478	3.290.380	6.603.478	3.290.380	
Intangible assets					5
			Group		
			<u>Intangible fixed assets acquired</u>		
Cost at 1 January 2021.....			639.756		
Additions.....			3.577		
Disposals.....			-148.794		
Cost at 31 December 2021.....			494.539		
Amortisation at 1 January 2021.....			281.257		
Reversal of amortisation of assets disposed of			-138.256		
Amortisation for the year.....			44.986		
Amortisation at 31 December 2021.....			187.987		
Carrying amount at 31 December 2021.....			306.552		

NOTES

Note

Property, plant and equipment

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	Group		
	Production plant and machinery	Other plant, machinery tools and equipment	
Cost at 1 January 2021.....	41.220.255	4.305.125	
Transferred.....	642.157	0	
Additions.....	4.339.321	227.307	
Disposals.....	-2.088.449	-352.320	
Cost at 31 December 2021.....	44.113.284	4.180.112	
Depreciation and impairment losses at 1 January 2021.....	24.702.677	3.386.481	
Reversal of depreciation of assets disposed of.....	-1.893.270	-353.726	
Depreciation for the year.....	3.280.184	518.522	
Depreciation and impairment losses at 31 December 2021....	26.089.591	3.551.277	
Carrying amount at 31 December 2021.....	18.023.693	628.835	
	Group		
	Leasehold improvements	Tangible fixed assets in progress and prepayment	
Cost at 1 January 2021.....	1.729.156	642.157	
Disposals.....	0	-642.157	
Cost at 31 December 2021.....	1.729.156	0	
Depreciation and impairment losses at 1 January 2021.....	1.547.666		
Depreciation for the year.....	109.962		
Depreciation and impairment losses at 31 December 2021....	1.657.628		
Carrying amount at 31 December 2021.....	71.528	0	
	Parent Company		
	Production plant and machinery	Other plant, machinery tools and equipment	Leasehold improvements
Cost at 1 January 2021.....	28.284.576	3.175.560	1.729.156
Additions.....	2.590.610	198.000	0
Disposals.....	-1.628.737	-76.000	0
Cost at 31 December 2021.....	29.246.449	3.297.560	1.729.156
Depreciation and impairment losses at 1 January 2021.....	16.083.897	2.531.498	1.547.666
Reversal of depreciation of assets disposed of..	-1.278.590	-57.000	0
Depreciation for the year.....	1.924.888	328.585	109.962
Depreciation and impairment losses at 31 December 2021.....	16.730.195	2.803.083	1.657.628
Carrying amount at 31 December 2021.....	12.516.254	494.477	71.528

NOTES

Note

Financial non-current assets

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	<u>Group</u>
	Rent deposit and other receivables
Cost at 1 January 2021.....	522.000
Cost at 31 December 2021.....	522.000
Carrying amount at 31 December 2021.....	522.000

	<u>Parent Company</u>	
	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2021.....	21.660	522.000
Cost at 31 December 2021.....	21.660	522.000
Revaluation at 1 January 2021.....	6.745.657	0
Exchange adjustment.....	161.950	0
Profit/loss for the year.....	3.019.915	0
Revaluation at 31 December 2021.....	9.927.522	0
Carrying amount at 31 December 2021.....	9.949.182	522.000

Investments in subsidiaries

Name and domicil	Ownership
Meta-Plast LSEZ Ltd, Latvia.....	100 %

Prepayments

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

	2021 DKK	2020 DKK
Share capital - Parent company		
Allocation of share capital:		
A share, 1 unit in the denomination of 3.800.000 DKK.....	3.800.000	3.800.000
	3.800.000	3.800.000

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NOTES

Note

Provision for deferred tax

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Deferred tax is provided for on production property, plant and equipment.

	<u>Group</u>		<u>Parent Company</u>	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
Deferred tax, beginning of year.....	1.349.600	1.324.898	1.349.600	1.324.898
Deferred tax of the year, income statement.....	9.100	24.702	9.100	24.702
Provision for deferred tax 31 December 2021.....	1.358.700	1.349.600	1.358.700	1.349.600

Long-term liabilities

11

	<u>Group</u>			
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Other non-current liabilities.....	766.239	100.194	608.731	796.150
	766.239	100.194	608.731	796.150
	<u>Parent Company</u>			
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Other non-current liabilities.....	713.864	47.819	608.731	691.400
	713.864	47.819	608.731	691.400

Contingencies etc.

12

Contingent liabilities

Rent and lease liabilities include a rent obligation totalling T.DKK 3.271 in interminable rent agreements with remaining contract terms of 3 years. Furthermore, the Company has liabilities under operating leases for cars, totalling T.DKK 31, with remaining contract terms of 10 months.

NOTES

Note

Related parties

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The Company's related parties include:

Controlling interest

Röchling Engineering Plastics SE & Co KG, Röchlingstrasse 1, 49733 Haren, Germany

Röchling Engineering Plastics SE & Co KG holds the majority of the contributed capital in the Company.

Röchling Meta-Plast A/S is part of the consolidated financial statements of Röchling Engineering Plastics SE & Co KG, Haren, Germany, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Röchling Engineering Plastics SE & Co KG can be obtained by contacting the company at the above adress.

Transactions with related parties

DKK'000

Group	2021	2020
Sale of goods and services	4.341	4.294
Purchase of goods and services	31.996	28.409
Interest income	36	21

Receivables and payables to group entities ae disclosed in the balance sheet and interest income is disclosed in note 2.

Pursuant to section 98c (3) of the Danish Financial Act, related party transactions with fully owned subsidiaries in Röchling Meta-Plast A/S group are not disclosed.

ACCOUNTING POLICIES

The Annual Report of RÖCHLING INDUSTRIAL ALLINGAABRO A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

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

Consolidated Financial Statements

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

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

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Sold or wound up enterprises are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not adjusted for newly acquired, sold or wound up enterprises.

The date of acquisition is the date at which the Group gains actual control over the acquired enterprises.

Acquired enterprises are recognised in the Consolidated Financial Statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Deferred tax on the taken over reassessments is recognised with the exception of goodwill.

At calculation of the fair value of investment properties, a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, using an overall assessment of the production equipment.

Positive differences (goodwill) between the acquisition value and fair value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the Income Statement under an individual assessment of the useful life.

Negative differences are recognised in the Income Statement at the date of acquisition. The difference from acquired enterprises is DKK ('000) 0.

Transaction costs, incurred in connection with acquisition of enterprises, are recognised in the Income Statement in the year in which the costs are incurred.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts and operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay, pensions, and other costs for social security etc., for the company's employees. Repayments from public authorities are deducted from staff costs.

Income from equity interests in subsidiaries

The Income Statement of the Parent Company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities, as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the Income Statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis, not exceeding 3 years.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery.....	5-10 years	0 %
Other plant, fixtures and equipment.....	3-7 years	0 %
Leasehold improvements.....	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Acquired enterprises are recognised in the consolidated Financial Statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods.

At calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Consolidated goodwill is amortised over the expected useful life determined based on Management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation, which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

ACCOUNTING POLICIES

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

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

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Equity

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in associates in proportion to cost.

Reserves may be eliminated in connection with loss, realisation of equity investments or changes in accounting estimates. Reserves cannot be recognised at a negative amount.

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

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

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the Balance Sheet date. Non-monetary items are translated at the rate at the time of acquisition or at the time of subsequent revaluation or writedown of the asset. The items of the income statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the Groups cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and 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 term of three months or less that are subject to only minor risks of changes in value.