Röchling Industrial Allingaabro A/S

Tøjstrupvej 31
8961 Allingaabro
CVR no. 19 27 03 35

Annual report 2022

Approved at the Company's annual general meeting on 3 April 2023

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 2022.

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 2022 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2022.

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, 3 April 2023
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 2022, 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 2021 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 2021 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, 3 April 2023
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	2022	2021	2020	2019	2018
Key figures					
Gross profit/loss	38.474	33.926	27.751	32.954	30.695
Operating profit/loss	9.818	7.666	3.856	7.563	6.471
Net financials	151	-73	-48	-15	-10
Profit/loss for the year	8.518	6.603	3.290	6.448	5.908
Balance sheet total	89.694	83.264	73.847	69.198	61.493
Investments in property, plant and equipment	3.452	4.567	3.595	3.511	5.089
Equity	78.282	69.765	63.000	59.747	53.297
Financial ratios					
Equity ratio	87,3	83,8	85,3	86,3	86,7
Return on equity	11,5	9,9	5,4	11,4	11,7
Return on invested capital	23,7	22,5	13,5	20,9	15,0

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

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

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

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 and profits. The Group's financial position is considered satisfactory given the circumstances.

The Group reported a profit of DKK 8.518 thousand for 2022, (2021: DKK 6.603 thousand), and at 31 December 2022 Group equity amounted to DKK 78.282 thousand (2021: DKK 69.765 thousand).

Management expected the profit for 2022 to be higher than 2021 primarily due to the fact that activities were back at the expected level following the outbreak of Covid-19. The reported results for 2022 is higher than the expectations, mainly due to higher activity than expected, resulting in a higher revenue and gross profit.

Outlook

Overall, the group expects increased activities in 2023 and increased profit for the coming financial year. But uncertain factors as the length of the war in Ukraine are affecting the business environment and could impact the result negatively. The availability and price of raw materials is under pressure which could lead to an increase in production costs.

For 2023, the result before tax is expected to be in the interval DKK 6.000 thousand to DKK 8.500 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	2022	2021	2022	2021
Gross profit		38.474.296	33.926.037	26.890.655	23.286.978
Staff costs	3	-24.755.557	-22.299.372	-18.003.974	-16.273.823
Depreciation, amortisation and impairment losses		-3.832.753	-3.953.654	-2.328.578	-2.363.435
Other operating expenses		-67.552	-6.650	-67.552	-6.650
Operating Profit		9.818.434	7.666.361	6.490.551	4.643.070
Income from equity investments in group entities		0	0	3.326.023	3.019.915
Other financial income	4	226.097	35.581	227.881	35.581
Financial expenses		-75.233	-108.726	-77.018	-108.726
Profit before tax		9.969.297	7.593.216	9.967.437	7.589.840
Tax for the year	5	-1.451.139	-989.738	-1.449.279	-986.362
Profit for the year		8.518.158	6.603.478	8.518.158	6.603.478

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	Group 2022	Group 2021	Parent company 2022	Parent company 2021
ASSETS					
Non-current assets					
Intangible assets	6				
Acquired intangible assets		244.680	306.552	0	0
		244.680	306.552	0	0
Property, plant and equipment	7				
Plant and machinery		17.428.976	18.023.693	10.815.093	12.516.254
Fixtures and fittings, tools and equipment		544.766	628.835	519.890	494.477
Leasehold improvements		222.478	71.528	222.478	71.528
		18.196.220	18.724.056	11.557.461	13.082.259
Financial assets					
Equity investments in group entities	8	0	0	13.273.841	9.949.182
Deposits		522.000	522.000	522.000	522.000
		522.000	522.000	13.795.841	10.471.182
Total non-current assets		18.962.900	19.552.608	25.353.302	23.553.441
Current assets					
Inventories					
Raw materials and consumables		12.154.814	7.628.992	8.426.812	5.731.074
Work in progress		2.263.124	349.149	2.263.124	349.149
Finished goods and goods for resale		7.032.354	4.784.944	5.514.479	4.100.081
		21.450.292	12.763.085	16.204.415	10.180.304
Receivables					
Trade receivables		15.558.746	14.021.176	14.131.900	12.106.794
Receivables from group entities		24.580.356	24.700.662	24.634.926	24.826.744
Corporation tax receivable		48.522	0	48.522	0
Other receivables		20.833	183.839	20.833	137.852
Prepayments	9	134.005	152.848	47.752	65.247
		40.342.462	39.058.525	38.883.933	37.136.637
Cash		8.938.454	11.890.043	8.881.396	11.196.413
Total current assets		70.731.208	63.711.653	63.969.744	58.513.354
TOTAL ASSETS		89.694.107	83.264.261	89.323.046	82.066.795

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	Group 2022	Group 2021	Parent company 2022	Parent company 2021
EQUITY AND LIABILITIES					
Equity					
Share capital	10	3.800.000	3.800.000	3.800.000	3.800.000
Net revaluation reserve		0	0	13.252.181	9.927.522
Retained earnings		74.481.873	65.965.079	61.229.692	56.037.557
Total equity		78.281.873	69.765.079	78.281.873	69.765.079
Provisions					
Deferred tax	11	1.258.500	1.358.700	1.258.500	1.358.700
Total provisions		1.258.500	1.358.700	1.258.500	1.358.700
Liabilities other than provisions					
Non-current liabilities					
Employee obligations	12	680.032	666.045	680.032	666.045
		680.032	666.045	680.032	666.045
Current liabilities					
Short part of non-current Liabilities		0	100.194	0	47.819
Trade payables		2.169.452	3.897.279	1.649.415	2.217.907
Payables to group entities		4.897.928	4.702.182	5.965.913	5.800.434
Corporation tax		0	647.261	0	647.261
Other payables		2.406.322	2.127.521	1.487.313	1.563.550
		9.473.702	11.474.437	9.102.641	10.276.971
Total liabilities		10.153.734	12.140.482	9.782.673	10.943.016
TOTAL EQUITY AND LIABILITIES		89.694.107	83.264.261	89.323.046	82.066.795

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Statement of changes in equity

	Group		
	Share capital	Retained earnings	Total
Equity at 1 January 2022	3.800.000	65.965.079	69.765.079
Foreign exchange adjustments	0	-1.364	-1.364
Proposed distribution of profit	0	8.518.158	8.518.158
	3.800.000	74.481.873	78.281.873

		Parent Company			
	Note	Share capital	Net revaluation reserve	Retained earnings	Total
Equity at 1 January 2022		3.800.000	9.927.522	56.037.557	69.765.079
Foreign exchange adjustments		0	-1.364	0	-1.364
Proposed distribution of profit	15	0	3.326.023	5.192.135	8.518.158
		3.800.000	13.252.181	61.229.692	78.281.873

Financial statements 1 January – 31 December

Cash flow statement

DKK	Note	Group 2022	Group 2021
Profit/loss for the year		8.518.158	6.603.478
Adjustments	16	5.260.897	4.922.165
Changes in working capital	17	-11.175.902	-3.853.273
Corporation tax paid		-2.245.262	-199.079
Cash flows from operating activities		357.891	7.473.291
Acquisition of intangible assets		0	-3.577
Acquisition of property, plant and equipment		-3.452.480	-4.566.628
Disposal of property, plant and equipment		143.000	435.308
Cash flows from investing activities		-3.309.480	-4.134.897
Change of operating credits in banks		0	0
Distributed dividend		0	0
Cash flows from financing activities		0	0
Cash flows for the year		-2.951.589	3.338.394
Cash and cash equivalents, beginning of year		11.890.043	8.551.649
Cash and cash equivalents, year end		8.938.454	11.890.043

Financial statements 1 January – 31 December

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1 **Accounting policies**

The annual report of Röchling Industrial Allingaabro A/S for 2022 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.

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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.

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	DKK	Group 2022	Group 2021	Parent company 2022	Parent company 2021
3	**Staff costs**				
	Wages and salaries	21.794.920	19.650.120	16.332.010	14.820.099
	Pensions	1.312.605	1.170.780	1.312.605	1.170.780
	Other social security costs	1.611.532	1.470.207	322.859	274.679
	Other staff costs	36.500	8.265	36.500	8.265
		24.755.557	22.299.372	18.003.974	16.273.823
	Average number of employees	74	73	37	36

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

	DKK	Group 2022	Group 2021	Parent company 2022	Parent company 2021
4	**Other financial income**				
	Interest income from group entities	216.192	35.581	217.976	35.581
	Other interest income	9.905	0	9.905	0
		226.097	35.581	227.881	35.581
5	**Tax for the year**				
	Current tax for the year	1.551.339	980.638	1.549.479	977.262
	Deferred tax adjustment for the year	-100.200	9.100	-100.200	9.100
	Prior year adjustments	0	0	0	0
		1.451.139	989.738	1.449.279	986.362

6 Intangible assets

DKK	Group: Acquired intangible assets	Group: Total
Costs at 1 January 2022	494.539	494.539
Foreign currency adjustments	7	7
Additions	0	0
Disposals	0	0
Cost at 31 December 2022	494.546	494.546
Amortisation and impairment losses at 1 January 2022	187.987	187.987
Foreign currency adjustments	3	3
Reversed amortisation of disposals	0	0
Depreciation and amortisation	61.876	61.876
Amortisation and impairment losses at 31 December 2022	249.866	249.866
Carrying amount at 31 December 2022	244.680	244.680

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7 Property, plant and equipment

DKK	Group			
	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Costs at 1 January 2022	44.113.284	4.180.112	1.729.156	50.022.552
Foreign currency adjustments	200	12	0	212
Additions	2.748.803	479.967	223.710	3.452.480
Disposals	-965.000	-283.880	0	-1.248.880
Cost at 31 December 2022	45.897.287	4.376.211	1.952.866	52.226.364
Depreciation and impairment losses at 1 January 2022	26.089.591	3.551.277	1.657.628	31.298.496
Foreign currency adjustments	126	10	0	136
Disposals	-868.500	-170.328	0	-1.038.828
Depreciation	3.247.094	450.486	72.760	3.770.340
Depreciation and impairment losses at 31 December 2022	28.468.311	3.831.445	1.730.388	34.030.144
Carrying amount at 31 December 2022	17.428.976	544.766	222.478	18.196.220

	Parent Company			
	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Costs at 1 January 2022	29.246.449	3.297.560	1.729.156	34.273.165
Foreign exchange adjustment	0	0	0	0
Additions	389.524	400.598	223.710	1.013.832
Disposals	-965.000	-283.880	0	-1.248.880
Cost at 31 December 2022	28.670.973	3.414.278	1.952.866	34.038.117
Depreciation and impairment losses at 1 January 2022	16.730.195	2.803.083	1.657.628	21.190.906
Foreign exchange adjustment	0	0	0	0
Disposals	-868.500	-170.328	0	-1.038.828
Depreciation	1.994.185	261.633	72.760	2.328.578
Depreciation and impairment losses at 31 December 2022	17.855.880	2.894.388	1.730.388	22.480.656
Carrying amount at 31 December 2022	10.815.093	519.890	222.478	11.557.461

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DKK	Parent company 2022	Parent company 2021
8 Equity investments in group entities		
Cost at 1 January	21.660	21.660
Additions	0	0
Cost at 31 December	21.660	21.660
Value adjustments at 1 January	9.927.522	6.745.657
Foreign exchange adjustment	-1.364	161.950
Profit/loss for the year	3.326.023	3.019.915
Value adjustments at 31 December	13.252.181	9.927.522
Carrying amount at 31 December	13.273.841	9.949.182

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 2022	Group 2021	Parent company 2022	Parent company 2021
11 Deferred tax				
Deferred tax at 1 January	1.358.700	1.349.600	1.358.700	1.349.600
Deferred tax adjustment for the year	-100.200	9.100	-100.200	9.100
Deferred tax at 31 December	1.258.500	1.358.700	1.258.500	1.358.700

Deferred tax comprises property, plant and equipment.

Financial statements 1 January – 31 December

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12 Financial liabilities

	Group and parent company		
	Total liabilities at 31/12 2022	Repayment first year	Outstanding debt after 5 years
Employee obligations	680.032	0	621.514
	680.032	0	621.514

13 Contingencies etc.

Parent Company

Rent and lease liabilities in interminable rent and lease agreements with remaining contract terms of 11 years amount to DKK 13.041 thousand.

Leases liabilities for car with remaining contract terms of 10 months amount to DKK 36 thousand.

Rent liabilities for car with remaining contract terms of 51 months amount to DKK 128 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	
DKK'000	2022	2021
Sale of goods and services to group entities	3.942	4.341
Purchase of goods and services from group entities	64.295	31.996
Interest income from group entities	218	36

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

	Parent company	
DKK	2022	2021
15 Distribution of profit		
Net revaluation reserve	3.326.023	3.019.915
Retained earnings	5.192.135	3.583.563
	8.518.158	6.603.478

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	DKK	Group 2022	Group 2021
16	**Cash flow statement – adjustments**		
	Amortisation of intangible assets and depreciation on property, plant and equipment	3.832.753	3.953.654
	Gain/loss on the sale of assets	67.052	-88.500
	Tax on profit/loss for the year	1.451.139	989.738
	Foreign exchange adjustments etc.	-90.047	67.273
		5.260.897	4.922.165
17	**Cash flow statement – changes in working capital**		
	Changes in inventories	-8.687.207	-4.238.781
	Changes in receivables	-1.235.415	-1.561.821
	Changes in current liabilities	-1.253.280	1.947.329
		-11.175.902	-3.853.273

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

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

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