Deloitte.

ACO Nordic Group A/S

Thorsvej 9
4100 Ringsted
CVR No. 20304510

Annual report 2022

The Annual General Meeting adopted the annual report on 23.06.2023

David Sanchez Mendez
Chairman of the General Meeting

Contents

Entity details

Entity

ACO Nordic Group A/S

Thorsvej 9

4100 Ringsted

Business Registration No.: 20304510

Registered office: Ringsted

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Hans-Julius Ahlmann, Chairman

Lene Bryde

Søren Walther Olsen

Hans-Peter Meyer

Jens-Uwe Paasch

Executive Board

Søren Walther Olsen, CEO

David Sanchez Mendez

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ACO Nordic Group A/S for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ringsted, 23.06.2023

Executive Board

Søren Walther Olsen
CEO

David Sanchez Mendez

Board of Directors

Hans-Julius Ahlmann
Chairman

Lene Bryde

Søren Walther Olsen

Hans-Peter Meyer

Jens-Uwe Paasch

Independent auditor's report

To the shareholders of ACO Nordic Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of ACO Nordic Group A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 parent financial statements" section of this auditor’s report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity’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 parent 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 Entity’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 parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the 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 parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

København, 23.06.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jens Jørgensen Baes
State Authorised Public Accountant
Identification No (MNE) mne14956

Christian Sanderhage
State Authorised Public Accountant
Identification No (MNE) mne23347

Management commentary

Financial highlights

	2022 EUR'000	2021 EUR'000	2020 EUR'000	2019 EUR'000	2018 EUR'000
Key figures					
Revenue	103,196	97,389	91,442	84,766	84,709
Gross profit/loss	32,326	31,526	29,197	26,621	27,283
Operating profit/loss	8,172	8,556	7,657	3,897	6,124
Net financials	(188)	98	(71)	222	(402)
Profit/loss for the year	6,408	5,132	5,610	3,281	4,519
Balance sheet total	49,233	48,596	49,932	46,242	46,311
Investments in property, plant and equipment	1,529	637	1,080	2,822	2,447
Equity	31,590	29,284	29,329	26,984	26,726
Cash flows from operating activities	6,973	1,576	11,055	6,940	4,387
Cash flows from investing activities	(1,594)	(1,233)	(1,143)	(2,122)	(2,141)
Cash flows from financing activities	(6,802)	(4,808)	(6,647)	(3,465)	(1,675)
Ratios					
Gross margin (%)	31.32	32.37	31.93	31.41	32.21
Net margin (%)	6.21	5.27	6.14	3.87	5.33
Return on equity (%)	21.05	17.51	19.92	12.22	17.62
Equity ratio (%)	64.16	60.26	58.74	58.35	57.71

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

The ACO Nordic Group operates on the North European market for construction materials, which comprise drainage solutions and different roofing solutions, including roof guttering solutions for private homes and industrial properties. The activities also include windows and doors.

ACO Nordic Group A/S owns three companies in Denmark: ACO Nordic A/S, Plastmo A/S and Hvidbjerg I A/S, as well as several foreign subsidiaries.

The primary activities of ACO Nordic Group A/S are to provide strategic leadership and other shared services (including IT and Finance) to all subsidiaries in the Nordic and Baltic geographical areas.

Development in activities and finances

The Company's income statement for 2022 shows a profit of EUR 6,408 thousand as against EUR 5,132 thousand in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at EUR 31,590 thousand as against EUR 29,404 thousand at 31 December 2021.

Operating risks

The group is affected by fluctuations in the purchase price of raw materials, especially polyvinyl chloride, zinc and stainless steel.

Because of recent years' significant fluctuations in raw material prices, it has become difficult to secure favourable agreements over a longer period of time.

Exchange rate exposure

The group is affected by fluctuations in exchange rates in relations to trading and net investments in foreign currencies. The risk is managed by way of selective hedging.

Interest rate risk

The Group's interest-bearing short-term debt is hedged to avoid any uncertainties regarding future interest rate liabilities. The risk is hedged by way of interest rate swaps.
In general, the Group's interest-bearing short-term debt carries a floating interest rate, which means that the interest rate remains unlocked for 12 months. In return, this means that the Group's interest expenses will decrease when the interest rate declines.

Credit risks

The Group has large, individual customers in several countries. Any changes in the business relationship with the customers will have an impact on the Group's earnings. Credit insurance has been taken in relation to all of these customers.

Profit/loss for the year in relation to expected developments

The expected development descibed in the management commentary in the annual report 2021 was with high level of uncertainty based on the macroevenomic environment. Management consider outcome in 2022 in relation to the expected development as satisfactory.

Uncertainty relating to recognition and measurement

The valuation of assets and liabilities is made in accordance with current accounting policies, and Management believes that no uncertainty is related to recognition and measurement.

Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement in the financial year 2022.

Outlook

The first 4 Months of 2023 has been challenging as the activities in the DIY segment has been decreasing due to high Inflation and interest rates. This has led to consumers holding back their investment decisions, however the infrastructure projects are evolving positively partly driven by military projects.

For the entire year we expect to deliver a result similar or slightly below 2022.

Knowledge resources

The individual core business areas manage their product development in which appropriate experience and business opportunities are shared. Also, the Group offers staff training programmes to strengthen both professional and personal qualifications.

Statutory report on corporate social responsibility

Regarding all information related to corporate social responsibility please refer to the respective report published on the website of the entity:
https://www.aco.dk/aco/aco-csr

Statutory report on the underrepresented gender

Regarding all information related to goals and policies for the underrepresented gender, please refer to the respective report published on the website of the entity:
https://www.aco.dk/aco/aco-csr

Statutory report on data ethics policy

As a result of increased digitization in processes in ACO Nordic Group, IT is a crucial part of our business. In recent years, ACO Nordic Group has worked extensively to increase digitalisation in the business, where data on employees, customers and suppliers is in focus. ACO Nordic Group continuously focuses on data ethics, IT security and GDPR legislation for our employees through campaigns, internal systems and training.

The data ethics policy of ACO Nordic Group is constituted by a comprehensive IT security policies and procedures´ setup, as well as carefully designed GDPR policy.
Highlights of content from our current policies include:
• Global security policy designed by ACO global security experts and continuously revised
• A specified privilege and access policy
• A unified GDPR setup for all ACO Nordic countries
• A yearly revised retention policy process”

IT security
At ACO Nordic Group, we work extensively with our IT security and processing of sensitive personal information concerning our customers, employees and other stakeholders.

We continuously protect important data against unauthorized and illegal storage, processing, access or publication. Thus, we have made an assessment of which employees should have access to which data and adapted the access to data accordingly.

ACO Nordic Group has also in 2022 strengthened the IT security organization and in 2023 we will further raise the level of IT security through work with employees, internal processes and the technological platforms used by ACO Nordic Group.

Data Protection Regulation / GDPR
At ACO Nordic Group, we have a responsible person who ensures that personal data and compliance with the Data Protection Regulation (GDPR) is continuously complied with.
Here, we ensure, that each company are fulfilling their GDPR tasks, as well as data processor agreements are entered into and maintained on an ongoing basis, and that notifications of data breaches are reported to the Danish Data Protection Agency.

Events after the balance sheet date

No events have occured after the balance sheet date to this date, which would influence the evaluation of this report.

Consolidated income statement for 2022

	Notes	2022 EUR'000	2021 EUR'000
Revenue	1	103,196	97,389
Production costs		(70,870)	(65,863)
Gross profit/loss		**32,326**	**31,526**
Distribution costs		(15,911)	(15,177)
Administrative expenses	2	(7,763)	(7,030)
Other operating income		531	229
Other operating expenses		(1,011)	(992)
Operating profit/loss		**8,172**	**8,556**
Other financial income	5	599	501
Other financial expenses	6	(787)	(403)
Profit/loss before tax		**7,984**	**8,654**
Tax on profit/loss for the year	7	(1,576)	(3,522)
Profit/loss for the year	8	**6,408**	**5,132**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 EUR'000	2021 EUR'000
Completed development projects	10	1,064	994
Acquired intangible assets		30	51
Goodwill		734	872
Development projects in progress	10	258	231
Intangible assets	9	**2,086**	**2,148**
Land and buildings		1,981	2,194
Other fixtures and fittings, tools and equipment		4,386	4,709
Property, plant and equipment in progress		446	188
Property, plant and equipment	11	**6,813**	**7,091**
Receivables from group enterprises		5,641	3,255
Investments in associates		14	14
Other receivables		132	156
Financial assets	12	**5,787**	**3,425**
Fixed assets		**14,686**	**12,664**
Raw materials and consumables		4,548	3,332
Work in progress		160	114
Manufactured goods and goods for resale		8,485	9,210
Inventories		**13,193**	**12,656**
Trade receivables		19,548	20,026
Receivables from group enterprises		162	373
Other receivables		935	786
Prepayments	13	250	209
Receivables		**20,895**	**21,394**

Cash	**459**	**1,882**
Current assets	**34,547**	**35,932**
Assets	**49,233**	**48,596**

Equity and liabilities

	Notes	2022 EUR'000	2021 EUR'000
Contributed capital		7,545	7,545
Retained earnings		18,666	17,779
Proposed dividend for the financial year		5,379	3,960
Equity		**31,590**	**29,284**
Deferred tax	14	82	237
Other provisions	15	1,266	1,214
Provisions		**1,348**	**1,451**
Mortgage debt		1,398	1,925
Other payables		0	75
Non-current liabilities other than provisions	16	**1,398**	**2,000**
Current portion of non-current liabilities other than provisions	16	530	555
Bank loans		1,288	640
Prepayments received from customers		7	35
Trade payables		2,294	2,273
Payables to group enterprises		2,639	3,191
Other payables		8,139	9,167
Current liabilities other than provisions		**14,897**	**15,861**
Liabilities other than provisions		**16,295**	**17,861**
Equity and liabilities		**49,233**	**48,596**
Staff costs	3		
Amortisation, depreciation and impairment losses	4		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Group relations	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2022

	Contributed capital EUR'000	Retained earnings EUR'000	Proposed dividend for the financial year EUR'000	Total EUR'000
Equity beginning of year	7,545	17,779	3,960	29,284
Ordinary dividend paid	0	0	(3,960)	(3,960)
Exchange rate adjustments	0	(241)	0	(241)
Fair value adjustments of hedging instruments	0	127	0	127
Tax of entries on equity	0	(28)	0	(28)
Profit/loss for the year	0	1,029	5,379	6,408
Equity end of year	**7,545**	**18,666**	**5,379**	**31,590**

Consolidated cash flow statement for 2022

	Notes	2022 EUR'000	2021 EUR'000
Operating profit/loss		8,172	8,556
Amortisation, depreciation and impairment losses		1,952	2,073
Other provisions		52	0
Working capital changes	17	(1,148)	(7,702)
Other adjustments of non-cash operating items		(164)	150
Cash flow from ordinary operating activities		**8,864**	**3,077**
Financial income received		599	8
Financial expenses paid		(787)	(174)
Taxes refunded/(paid)		(1,703)	(1,335)
Cash flows from operating activities		**6,973**	**1,576**
Acquisition etc. of intangible assets		(364)	(485)
Sale of intangible assets		38	0
Acquisition etc. of property, plant and equipment		(1,529)	(909)
Sale of property, plant and equipment		237	161
Other long term receivables		24	0
Cash flows from investing activities		**(1,594)**	**(1,233)**
Free cash flows generated from operations and investments before financing		**5,379**	**343**
Loans raised		648	568
Repayments of loans etc.		(552)	(555)
Incurrence of debt to group enterprises		0	429
Repayment of debt to group enterprises		(2,938)	0
Dividend paid		(3,960)	(5,250)
Cash flows from financing activities		**(6,802)**	**(4,808)**

Increase/decrease in cash and cash equivalents	**(1,423)**	**(4,465)**
Cash and cash equivalents beginning of year	1,882	6,347
Cash and cash equivalents end of year	**459**	**1,882**
Cash and cash equivalents at year-end are composed of:		
Cash	459	1,882
Cash and cash equivalents end of year	**459**	**1,882**

Notes to consolidated financial statements

1 Revenue

	2022 EUR'000	2021 EUR'000
Denmark	58,539	55,157
Sweden	15,169	14,448
Norway	12,023	11,802
Finland	5,507	5,071
Other countries	11,958	10,911
Total revenue by geographical market	**103,196**	**97,389**

The Group has only one business segment as described in the management commentary.

2 Fees to the auditor appointed by the Annual General Meeting

	2022 EUR'000	2021 EUR'000
Statutory audit services	146	144
Tax services	17	7
Other services	65	16
	228	**167**

3 Staff costs

	2022 EUR'000	2021 EUR'000
Wages and salaries	20,961	21,356
Pension costs	1,785	1,818
Other social security costs	1,283	1,246
	24,029	**24,420**
Average number of full-time employees	**351**	**356**

	Remuneration of Management 2022 EUR'000	Remuneration of Management 2021 EUR'000
Total amount for management categories	617	687
	617	**687**

4 Depreciation, amortisation and impairment losses

	2022 EUR'000	2021 EUR'000
Amortisation of intangible assets	388	469
Depreciation on property, plant and equipment	1,564	1,569
	1,952	**2,038**

5 Other financial income

	2022 EUR'000	2021 EUR'000
Financial income from group enterprises	141	66
Other financial income	458	435
	599	**501**

6 Other financial expenses

	2022 EUR'000	2021 EUR'000
Other financial expenses	787	403
	787	**403**

7 Tax on profit/loss for the year

	2022 EUR'000	2021 EUR'000
Current tax	1,815	1,873
Change in deferred tax	(127)	1,618
Adjustment concerning previous years	(112)	31
	1,576	**3,522**

8 Proposed distribution of profit/loss

	2022 EUR'000	2021 EUR'000
Ordinary dividend for the financial year	5,379	3,960
Retained earnings	1,029	1,172
	6,408	**5,132**

9 Intangible assets

	Completed development projects EUR'000	Acquired intangible assets EUR'000	Goodwill EUR'000	Development projects in progress EUR'000
Cost beginning of year	2,845	657	1,372	231
Exchange rate adjustments	1	(6)	0	0
Transfers	207	0	0	(207)
Additions	130	0	0	234
Disposals	(924)	(192)	0	0
Cost end of year	**2,259**	**459**	**1,372**	**258**
Amortisation and impairment losses beginning of year	(1,851)	(606)	(500)	0
Exchange rate adjustments	(1)	6	0	0
Amortisation for the year	(229)	(21)	(138)	0
Reversal regarding disposals	886	192	0	0
Amortisation and impairment losses end of year	**(1,195)**	**(429)**	**(638)**	**0**
Carrying amount end of year	**1,064**	**30**	**734**	**258**

10 Development projects

Development projects relates to IT-systems that supports the group operations.

11 Property, plant and equipment

	Land and buildings EUR'000	Other fixtures and fittings, tools and equipment EUR'000	Property, plant and equipment in progress EUR'000
Cost beginning of year	11,176	20,674	188
Exchange rate adjustments	(15)	(56)	0
Additions	37	1,048	444
Disposals	0	(664)	(186)
Cost end of year	**11,198**	**21,002**	**446**
Depreciation and impairment losses beginning of year	(8,982)	(15,965)	0
Exchange rate adjustments	15	50	0
Depreciation for the year	(250)	(1,314)	0
Reversal regarding disposals	0	613	0
Depreciation and impairment losses end of year	**(9,217)**	**(16,616)**	**0**
Carrying amount end of year	**1,981**	**4,386**	**446**

12 Financial assets

	Receivables from group enterprises EUR'000	Investments in associates EUR'000	Other receivables EUR'000
Cost beginning of year	3,255	14	156
Additions	2,386	0	0
Disposals	0	0	(24)
Cost end of year	**5,641**	**14**	**132**
Carrying amount end of year	**5,641**	**14**	**132**

Associates	Registered in	Ownership %
Wuppi A/S	Denmark	20.00

13 Prepayments

Prepayments comprise of prepaid expenses, including prepaid expenses regarding remortgaging.

14 Deferred tax

Changes during the year	2022 EUR'000	2021 EUR'000
Beginning of year	(237)	1,368
Recognised in the income statement	127	(1,618)
Recognised directly in equity	28	13
End of year	**(82)**	**(237)**

Deferred tax is partly incumbent on tax loss carryforwards under the Danish national joint taxation in which the tax losses will be offset against future taxable income. Since the group companies participating in the Danish joint taxation are expected to generate taxable income in the next few years, the recognition criteria of tax assets are considered met.

15 Other provisions

Other provisions relates to guarantees and provisions for large repairs expected to be used from 2023 and for the next 25 years

16 Non-current liabilities other than provisions

	Due within 12 months 2022 EUR'000	Due within 12 months 2021 EUR'000	Due after more than 12 months 2022 EUR'000	Outstanding after 5 years 2022 EUR'000
Mortgage debt	530	555	1,398	190
	530	**555**	**1,398**	**190**

17 Changes in working capital

	2022 EUR'000	2021 EUR'000
Increase/decrease in inventories	(537)	(3,794)
Increase/decrease in receivables	499	(2,091)
Increase/decrease in trade payables etc.	(1,110)	(1,817)
	(1,148)	**(7,702)**

18 Unrecognised rental and lease commitments

	2022 EUR'000	2021 EUR'000
Total liabilities under rental or lease agreements until maturity	5,553	3,507

19 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

20 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The carrying amount of mortgaged preperties is EUR 1.617 thousand (2021: EUR 1.812 thousand).

The Group has signed a mutual credit agreement with financial institutions involving a total credit limit of EUR 16,338 thousand. The Company has assumed guarantee of payment of the total credit limit.

The amount drawn from the credit facilities total EUR 1.288 thousand at 31.12.2022 (2021: EUR 640 thousand).

21 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

22 Group relations

ACO Nordic Group A/S is part of the consolidated financial statement of ACO Severin Ahlmann SE & Co. KG, Am Ahlmannkai, 24782 Büdelsdorf, Germany, which is the smallest and largest group, in which the company is included as a subsidiary.

The consolidated financial statements of ACO Severing Ahlmann GmbH & Co. KG can be obtained by contacting the Company at the address above.

23 Subsidiaries

	Registered in	Ownership %
Plastmo A/S	Ringsted, Denmark	100.00
ACO Nordic A/S	Ringsted, Denmark	100.00
ACO Nordic AB	Gothenburg, Sweden	100.00
Plastmo AS	Slemmestad, Norway	100.00
ACO Nordic AS	Lysaker, Norway	100.00
SG Railing AS	Arnatveit, Norway	100.00
ACO Nordic OY	Vesivahmaa, Finland	100.00
ACO Nordic SIA	Riga, Latvia	100.00
ACO Nordic OU	Talinn, Estonia	100.00
ACO Nordic UAB	Vilnius, Lithuania	100.00
Hvidberg I A/S	Thyholm, Denmark	100.00

Parent income statement for 2022

	Notes	2022 EUR'000	2021 EUR'000
Administrative expenses		(982)	(874)
Other operating income		742	719
Other operating expenses		(53)	(56)
Operating profit/loss		**(293)**	**(211)**
Income from investments in group enterprises		6,561	6,953
Other financial income	3	198	81
Other financial expenses	4	(216)	(265)
Profit/loss before tax		**6,250**	**6,558**
Tax on profit/loss for the year	5	158	(1,426)
Profit/loss for the year	6	**6,408**	**5,132**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 EUR'000	2021 EUR'000
Completed development projects	8	451	511
Goodwill		734	872
Development projects in progress	8	223	217
Intangible assets	7	**1,408**	**1,600**
Land and buildings		885	987
Other fixtures and fittings, tools and equipment		193	79
Property, plant and equipment	9	**1,078**	**1,066**
Investments in group enterprises		27,064	24,861
Receivables from group enterprises		5,969	5,090
Investments in associates		14	14
Financial assets	10	**33,047**	**29,965**
Fixed assets		**35,533**	**32,631**
Receivables from group enterprises		779	946
Other receivables		263	98
Prepayments	11	22	34
Receivables		**1,064**	**1,078**
Cash		**0**	**1,757**
Current assets		**1,064**	**2,835**
Assets		**36,597**	**35,466**

Equity and liabilities

	Notes	2022 EUR'000	2021 EUR'000
Contributed capital		7,545	7,545
Reserve for net revaluation according to equity method		11,030	8,823
Reserve for development costs		377	408
Retained earnings		7,259	8,549
Proposed dividend for the financial year		5,379	3,960
Equity		**31,590**	**29,285**
Deferred tax	12	130	176
Provisions		**130**	**176**
Mortgage debt		1,070	1,582
Derivative financial instruments		0	75
Non-current liabilities other than provisions	13	**1,070**	**1,657**
Current portion of non-current liabilities other than provisions	13	499	516
Bank loans		264	0
Trade payables		154	103
Payables to group enterprises		2,413	3,196
Other payables		477	533
Current liabilities other than provisions		**3,807**	**4,348**
Liabilities other than provisions		**4,877**	**6,005**
Equity and liabilities		**36,597**	**35,466**
Staff costs	1		
Amortisation, depreciation and impairment losses	2		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2022

	Contributed capital EUR'000	Reserve for net revaluation according to the equity method EUR'000	Reserve for development costs EUR'000	Retained earnings EUR'000	Proposed dividend for the year EUR'000
Equity beginning of year	7,545	8,823	408	8,549	3,960
Ordinary dividend paid	0	0	0	0	(3,960)
Exchange rate adjustments	0	(242)	0	0	0
Fair value adjustments of hedging instruments	0	0	0	127	0
Tax of entries on equity	0	0	0	(28)	0
Dividends from group enterprises	0	(4,112)	0	4,112	0
Transfer to reserves	0	6,561	(31)	(6,530)	0
Profit/loss for the year	0	0	0	1,029	5,379
Equity end of year	**7,545**	**11,030**	**377**	**7,259**	**5,379**

	Total EUR'000
Equity beginning of year	29,285
Ordinary dividend paid	(3,960)
Exchange rate adjustments	(242)
Fair value adjustments of hedging instruments	127
Tax of entries on equity	(28)
Dividends from group enterprises	0
Transfer to reserves	0
Profit/loss for the year	6,408
Equity end of year	**31,590**

Notes to parent financial statements

1 Staff costs

	2022 EUR'000	2021 EUR'000
Wages and salaries	1,464	2,023
Pension costs	108	130
Other social security costs	12	13
	1,584	**2,166**

Average number of full-time employees	**8**	**12**

	Remuneration of Manage- ment 2022 EUR'000	Remuneration of Manage- ment 2021 EUR'000
Total amount for management categories	617	687
	617	**687**

2 Depreciation, amortisation and impairment losses

	2022 EUR'000	2021 EUR'000
Amortisation of intangible assets	367	431
Depreciation on property, plant and equipment	176	217
	543	**648**

3 Other financial income

	2022 EUR'000	2021 EUR'000
Financial income from group enterprises	198	81
	198	**81**

4 Other financial expenses

	2022 EUR'000	2021 EUR'000
Financial expenses from group enterprises	4	0
Other interest expenses	176	165
Exchange rate adjustments	36	100
	216	**265**

5 Tax on profit/loss for the year

	2022 EUR'000	2021 EUR'000
Change in deferred tax	(74)	1,719
Adjustment concerning previous years	(84)	(293)
	(158)	**1,426**

6 Proposed distribution of profit and loss

	2022 EUR'000	2021 EUR'000
Ordinary dividend for the financial year	5,379	3,960
Retained earnings	1,029	1,172
	6,408	**5,132**

7 Intangible assets

	Completed development projects EUR'000	Goodwill EUR'000	Development projects in progress EUR'000
Cost beginning of year	2,522	1,372	217
Exchange rate adjustments	1	0	0
Transfers	207	0	(207)
Additions	0	0	213
Disposals	(1,083)	0	0
Cost end of year	**1,647**	**1,372**	**223**
Amortisation and impairment losses beginning of year	(2,011)	(500)	0
Amortisation for the year	(229)	(138)	0
Reversal regarding disposals	1,044	0	0
Amortisation and impairment losses end of year	**(1,196)**	**(638)**	**0**
Carrying amount end of year	**451**	**734**	**223**

8 Development projects

Development projects relates to IT-systems that supports the group operations.

9 Property, plant and equipment

	Land and buildings EUR'000	Other fixtures and fittings, tools and equipment EUR'000
Cost beginning of year	5,768	255
Exchange rate adjustments	2	0
Additions	37	149
Disposals	0	(18)
Cost end of year	**5,807**	**386**
Depreciation and impairment losses beginning of year	(4,781)	(176)
Exchange rate adjustments	(1)	1
Depreciation for the year	(140)	(36)
Reversal regarding disposals	0	18
Depreciation and impairment losses end of year	**(4,922)**	**(193)**
Carrying amount end of year	**885**	**193**

10 Financial assets

	Investments in group enterprises EUR'000	Receivables from group enterprises EUR'000	Investments in associates EUR'000
Cost beginning of year	10,277	5,090	14
Additions	0	879	0
Cost end of year	**10,277**	**5,969**	**14**
Revaluations beginning of year	14,584	0	0
Exchange rate adjustments	(246)	0	0
Share of profit/loss for the year	6,561	0	0
Dividend	(4,112)	0	0
Revaluations end of year	**16,787**	**0**	**0**
Carrying amount end of year	**27,064**	**5,969**	**14**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Investments in associates	**Registered in**	**Ownership %**
Wuppi A/S	Denmark	20.00

11 Prepayments

Prepayments comprise of prepaid expenses, including prepaid expenses regarding remortgaging.

12 Deferred tax

Changes during the year	2022 EUR'000	2021 EUR'000
Beginning of year	(176)	1,530
Recognised in the income statement	74	(1,719)
Recognised directly in equity	(28)	13
End of year	**(130)**	**(176)**

Deferred tax is partly incumbent on tax loss carryforwards under the Danish national joint taxation in which the tax losses will be offset against future taxable income. Since the group companies participating in the Danish joint taxation are expected to generate taxable income in the next few years, the recognition criteria of tax assets are considered met.

13 Non-current liabilities other than provisions

	Due within 12 months 2022 EUR'000	Due within 12 months 2021 EUR'000	Due after more than 12 months 2022 EUR'000
Mortgage debt	499	516	1,070
	499	**516**	**1,070**

No outstanding debt after five years.

14 Unrecognised rental and lease commitments

	2022 EUR'000	2021 EUR'000
Total liabilities under rental or lease agreements until maturity	**110**	**82**

15 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

16 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The carrying amount of mortgaged properties is EUR 480 thousand (2021: EUR 770 thousand).

The Company has signed a mutual credit agreement with financial institutions involving a total credit limit of EUR 4,419 thousand. The Company has assumed guarantee of payment of the total credit limit.

The amount drawn from the credit facilities total EUR 794 thousand at 31.12.2022 .

17 Related parties with controlling interest

ACO Severin Ahlmann SE & Co. KG, Am Ahlmannkai, 24782 Büdelsdorf, Germany owns all shares in the Entity, thus exercising control.

18 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and mortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses
Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish subsidaries and sister companies. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is usually five to ten years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives of the assets. The amortisation period is five years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	20-50 years
Other fixtures and fittings, tools and equipment	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is usually five to ten years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in associates.

Associates with negative equity value are measured at DKK 0. Any receivables from these associates are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is usually five to ten years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.