

ALUNITED Denmark A/S

Kærgårdsvej 5
DK-6270 Tønder

CVR no. 32 57 11 90

Annual report 2021

The annual report was presented and approved at
the Company's annual general meeting on

12 July 2022


Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board	2
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 January – 31 December	12
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Notes	16

ALUNITED Denmark A/S
Annual report 2021
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of ALUNITED Denmark A/S for the financial year 1 January – 31 December 2021.


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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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

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

Tønder, 12 July 2022
Executive Board:



Gerl Peter Ludwig

Board of Directors:



Erfurth Friedrich Heinz
Heinrich
Chairman



Markus Wermers



Hangran Loic Daniel



Independent auditor's report

To the shareholders of ALUNITED Denmark A/S

Opinion

We have audited the financial statements of ALUNITED Denmark A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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.

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on 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.

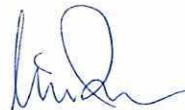
Fredericia, 12 July 2022

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220



Michael E. K. Rasmussen
State Authorised
Public Accountant
mne41364

ALUNITED Denmark A/S
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CVR no. 32 57 11 90

Management's review

Company details

ALUNITED Denmark A/S
Kærgårdsvej 5
DK-6270 Tønder

CVR no.:	32 57 11 90
Established:	1 November 2009
Registered office:	Tønder
Financial year:	1 January – 31 December

Board of Directors

Erfurth Friedrich Heinz Heinrich, Chairman
Markus Wermers
Hangran Loïc Daniel

Executive Board

Gerl Peter Ludwig

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Vesterballevej 27, 2.
DK-7000 Fredericia
CVR no. 25 57 81 98

Annual general meeting

The annual general meeting will be held on 12 July 2022.

Management's review

Financial highlights

DKKkm	2021	2021*	2020	2019	2018	2017
Revenue	497	496	420	534	543	443
Gross profit	119	136	115	125	138	134
Profit/loss from financial income and expenses	-2	-2	-1	-1	-1	-1
Profit/loss for the year	-10	5	3	6	8	2
Fixed assets	62	62	75	97	107	86
Current assets	109	109	116	108	117	128
Total assets	170	170	192	205	224	214
Contributed capital	1	1	1	1	1	1
Equity	77	75	39	62	63	55
Provisions	1	4	8	5	5	6
Non-current liabilities other than provisions	0	0	0	3	20	20
Current liabilities other than provisions	92	92	144	135	136	133
Investments in property, plant and equipment	0		6	21	37	9
Gross margin	23.9%	27.4%	27.4%	23.4%	25.4%	30.2%
Operating margin	4.2%	7.4%	1.0%	1.7%	2.0%	0.7%
Return on invested capital	1.2%	2.2%	0.1%	4.4%	4.9%	1.7%
Current ratio	118.1%	118.1%	80.6%	78.6%	74.9%	83.9%
Return on equity	-21.1%	-21.1%	5.9%	9.6%	13.6%	3.0%
Solvency ratio	44.1%	44.1%	20.3%	30.2%	28.1%	25.7%

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Invested capital	Operational intangible assets and property, plant and equipment as well as net working capital
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests year end} \times 100}{\text{Total equity and liabilities at year end}}$

* 2021 is the book result is adjusted for the extraordinary write-downs made as a result of changed valuation principles for the spare parts and tool stock

Management's review

Operating review

Principal activities

ALUNITED Denmark is primarily engaged in the production and sale of aluminium parts for the car industry.

Events after the balance sheet date

The first half of the year 2022 has started according to plan in relation to budget, however, with significant price increases on raw materials and costs, which should be passed through to customers through price increases.

The outbreak of the Ukraine War was leading to a significant temporary decline in turnover in the first two months of the war, as a result of supply problems in the rest of the automotive industry, which prevented our customers from calling of expected volumes. Revenue since May is back at a stable level at budget level and is expected to continue the year out.

Despite the lost revenue, which is not fully recovered in the year 2022, a positive result is still expected for the financial year as well as the target EBITDA rate of 7%.

Besides from the above no events after the balance sheet date has occurred.

Development in activities and financial position

The first part of fiscal year 2021 was still impacted by the COVID pandemic, with revenue levels below potential although still 5% above expectations measured in value as the metal price has increased 11%, while revenue measured in volume is 6% below expectations. Despite the reduced turnover in terms of volumes and the consequent reduced contribution margin, we have managed to keep the expected earnings due to cost savings. Both revenue and gross profit in financial year 2021 was thus at a satisfactory level despite difficult market conditions.

The book result for the financial year 2021 was largely marked by the transition from Benteler to ALUNITED. Following the new ownership, the principles for the calculation of the spare parts inventory value have been changed. ALUNITED has chosen to write down the value of the stock to be in line with the market value for parts with a high turnover rate and in accordance with an estimated value for materials with low turnover. This, in combination with a general extraordinary clean-up of the warehouses, has resulted in a write-down of the inventory values for spare parts and tools by approximately DKK 17 million in 2021. Due to these changes in principles the end result was a loss after tax of DKK 12.5 million, where, under unchanged principles, the result would have been DKK 5.2 million.

Investments

The main planned investment in the year 2022 is the replacement of the ERP system, which is expected to be completed by the end of September. In addition, ongoing replacement investments in the production are expected at the level of last year depreciation.

Capital resources

During the Change of Ownership process, an additional equity of DKK 50 mio. Was set up. At the same time, debtor management and risk are hedged with factoring agreement that has increased the cash and cash equivalents by DKK 15-20 mio.

In the first half of the year 2022, new agreements have been entered into with suppliers and customers on payment terms that ensure that ALUNITED has a good liquidity stock and a solid buffer that can withstand even major liquidity fluctuations.

Management's review

Operating review

Outlook

The focus in 2022 will be to build an efficient organization as an independent entity with its own ERP system and staff functions. At the same time, a number of optimisation initiatives have been launched to further increase the profitability.

The turnover in 2022 will increase despite a slight volume reduction of 5% due to rising metal prices. The profitability measured at EBIT level is targeted at 7% with a positive final result of DKK 10-20 million. A more forward-looking objective is taking up new production orders by taking advantage of our excellent reputation in the field of highly complex forming processes for the production of a wide variety of aluminium shapes reflected in long-standing relationships with customers.

ALUNITED is well positioned to meet the future demand for lightweight components resulting from increasingly stringent environmental and safety regulations and the growing trend towards e-mobility.

Financial instruments

In connection with the transition from BENTELER to ALUNITED, the share capital was increased by DKK 50 million which is a consequent increase. At the same time, the payment terms for a large part of important customers have been significantly reduced. For creditworthy customers, a factoring scheme has been introduced, thus reducing significantly the debtor outstanding. A three parties agreement with an important customer and an important supplier has been set up to ensure sustainable working capital safety. ALUNITED thus stands with solid capital preparedness well equipped for liquidity fluctuations and the possibility of future investments in the production apparatus.

The Company's goals and policies for management of financial risks

To counter financial risks, ALUNITED has built up a solid liquidity buffer in 2021 by including Factoring as a financial instrument that has contributed an extra DKK 15-20 million in cash and cash equivalents. In the first half of the year 2022, new agreements have been entered into with suppliers and customers on payment terms that ensure that ALUNITED has a good liquidity stock and a solid buffer that can withstand even major liquidity fluctuations.

As a tool for cash management, a rolling 13-week forecast of liquidity in- and out-flows is in place. This ensures early warning – should unexpected challenges arise that allow us to secure additional cash through potential funding sources.

Having become an autonomous company, the team is working on adjusting and improve former procedures to prevent from financial risks.

The Company's risk exposure

The most important financial risks the company is exposed to are fluctuations in turnover, which are based on a long-term agreement. Our turnover is generally determined several years into the future on the basis of lifetime contracts with our customers with guaranteed quantities within a certain margin. In the medium and short term, turnover is determined by our customers' call off's, which are made available for between half a year and a full year into the future.

Price fluctuations of raw materials do not pose a risk as they can be inherently passed into the sales prices according to price agreements with our customers

The rising general inflation, in particular energy, is an important matter in 2022 and is currently being addressed with our customers

Management's review

Operating review

Corporate social responsibility

The financial success of the ALUNITED Denmark A/S is directly tied to corporate responsibility for employees, the environment and society. We address global challenges such as climate change and urbanisation through value-based governance, technical innovation, and social engagement. We actively involve our employees in this process, with the constant aim of promoting sustainable thinking and action. Bimonthly meetings are established with employee's representative, where the management shares the Company's strategy and answer employees' questions.

The success of ALUNITED Denmark A/S is based on active, long-term relationships with customers, employees, suppliers, works council and the local community at our plant.

Human resources, human rights and compliance

All these topics in 2021 were mostly covered by BENTELER Code of Conduct. All the employees have a training regarding these topics during onboarding process and refreshment on regular basis.

The result of these processes is quite successful – we have no incidents reported for our plant in 2021.

The Human Rights Policy includes sections on promoting diversity and inclusion, respect for human rights (in line with the Universal Declaration of Human Rights), prohibition of child labour, working time, pay and benefits in line with applicable collective agreements, respect for freedom of association and collective bargaining, promotion of health and safety at work.

Our expectations for 2022 is to establish these processes on the local level. The Human right policy was created and share with employees in April 2022, the Anti-Corruption and Bribery topics are part of Code of Conduct, which is under construction. In addition, we expect to implement in 2022 whistleblowing solution for the company

The main risks during the implementation period are the facts, that some compliance issues cannot tracked by the company. But we believe that our open corporate culture (where everybody can openly and easily reach every manager in organisation) helps us to handle these possible issues.

Successful collaboration relies on trust-based dialog. Clearly communicated objectives, combined with innovative spirit and a willingness to change, help us to meet our stakeholders' expectations, continuously improve our work and thereby strengthen our competitiveness.

In addition to fierce competition, the current challenges include increased internationalisation of the business, changing market conditions and an increasingly changeable economic environment.

In order to achieve our ambitions targets, we worked in 2021 on the further development of our team. Our objective remains to fill as many positions as possible internally. We offer our employees competitive rates of pay. In addition to basic salary, this includes the usual market bonuses and benefits. We regulate the evaluation and grading of core tasks, pay and fringe benefits globally with a uniform system. In August 2021 we signed a new local agreement with our hourly-paid employees for the next 2 years.

Significant impact to our HR strategy was done by the fact of changing the ownership and structural changes. As of 01.11.2021 we started to switch from an entity of a global company to independent mid-size company. This requests the fast implementation of new functions and employees, including new members in the management team. We continue to use all the rules, procedures, templates as in BENTELER, but we are actively working on adjusting and/or reduce unnecessary reporting workflow.

The way we treat all employees is based on respect. Nobody should be personally discriminated against – neither because of national origin, skin colour, gender, religion, handicap nor lifestyle. We also respect the need to achieve a better work-life balance for all employees. ALUNITED therefore supports flexible working hours and the possibility of part-time employment. We guarantee equal opportunities by applying a gender-neutral assessment system and fair remuneration.

Management's review

Operating review

The global market is characterised by increasing competitive pressure and a changing economic environment. We are convinced that we can only meet these and future challenges successfully with excellently trained employees. In order to develop necessary training and further education measures, employees and managers conduct appropriate feedback discussions as part of their annual performance assessments.

In 2021 year, 33 employees have left the company voluntarily, which is significantly higher than in 2019-2020. This was due to the information about the change of ownership, some employees were not confident in the future stability. However, the Company was able to re-fill all vacancies

All employees of ALUNITED commit to follow the guidelines to prevent bribery and corruption, which state that: ALUNITED Denmark A/S dealings with its business partners shall be characterised by fairness. The employees could under no circumstances tolerate giving or receiving of money, gifts or favours to influence improperly the behaviour of another individual, organization, politician, government employee or body in furtherance of a commercial or personal advantage or otherwise act in violation with law.

ALUNITED Denmark A/S has not to engage in any act that could possibly be construed as giving or taking a bribe or in any other kind of corruption.

All employees should always follow the Company's limitations and conditions on accepting or giving gifts or favours from individuals or organisations that do business with the Company, or that are actively seeking to do business with the Company.

An offer or a promise in itself can be considered to be a bribe. The main risk in this area is that individuals violate the above guidelines, to counter this there is generally a 4 eyes principle regarding all material transactions and contracts.

Goals and policies for the underrepresented gender

The automotive industry has historically been a male-dominated environment. ALUNITED's policy is to recruit the best candidate for the role while at the same time putting an effort into ensuring that potential candidates of both genders with relevant experience are considered in the recruitment process. ALUNITED wants the best candidate to an open position without preferring specific gender, age, nationality etc., and it is essential for ALUNITED that there is no discrimination whatsoever.

The Board of Directors and top management of ALUNITED is a two-month-old organization by the end of 2021 and the final composition structure are still under development. (3 out of 3 members of board were men and the objective of a more equal distribution was thus not achieved for the above reasons) and ALUNITED's target for the underrepresented gender in the board is 25% before end of 2025. In 2021 after change of control, the board was constituted of interim members, starting 2022, we concentrated on having the right and permanent people in the board. Once the structure is stabilized, the target is to increase diversity before 2025.

However, the new management team in year 2021 shows good diversity based on the term of gender, age, nationality. We have already 27% of underrepresented gender at the management team. The management team consist also of four different nationalities.

ALUNITED will continue to look for the best candidate to an open position without preferring specific gender, age, nationality, etc., and it is essential for ALUNITED that there is no discrimination. The principal risks here are the lack of qualified candidates in the area

Management's review

Operating review

Environment and climate impact

In the past the company was covered under a multiple site certificate by BENTELER for environment, health and safety. Following the acquisition by Fidelium, ALUNITED is undergoing new audits to achieve own certifications. As external certification body the company has chosen Det Norske Veritas, Denmark. Two audits; ISO 14001 (set out the criteria for an environmental management system) and ISO 45001 (standard for management systems of occupational health and safety).

The company has no significant risks of environmental impacts other than CO₂ emissions. The most important parameter in the optimisation of resource consumption (and thus CO₂ consumption) in the production is the minimisation of scrap.

The target for year 2021 was to remain at a scrap rate of 0,5% despite production reorganisations. The average scrap rate ended at 0.62%. However, focus on the area through daily measured performance and attention at daily production manager meetings the scrap rate went from an average of 0.72% in the first half of the year to 0.46% in the second half.

The target for 2022 is a scrap rate of less than 0.5%. With constant focus on the area, the risk of production processes not running optimally over a longer period, is minimised.

The plant has purchased 100% certified green power throughout 2021. This will continue in 2022, while a power purchase agreement for two-thirds of the power consumption over a ten-year period offered via an agent to a project owner who may wish to build a green energy production plan, has been signed. The entry into force of the agreement depends on the commercial start-up of the eventual plant, which must be in the period 1/1 2023 to 32/12 2023.

Reporting on data ethics

Data ethics is an ethical dimension of the relationship between technology and the citizen as to fundamental rights, legal certainty, and fundamental social values that technological development gives rise to.

ALUNITED has not implemented a policy for data ethics due to the limited usage of data toward citizens.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Revenue	3	496,545	419,747
Changes in inventories of finished goods and work in progress		-335,376	-287,383
Other operating income	4	1,013	13,334
Other external costs		<u>-42,940</u>	<u>-30,525</u>
Gross profit		119,242	115,173
Staff costs	5	-83,624	-81,261
Depreciation, amortisation and impairment losses		-14,256	-27,818
Other operating costs		<u>-31,981</u>	<u>-1,676</u>
Profit/loss before financial income and expenses		-10,619	4,418
Other financial income	6	183	5,993
Other financial expenses	7	<u>-2,226</u>	<u>-7,376</u>
Profit/loss before tax		-12,662	3,035
Tax on profit/loss for the year	8	<u>2,377</u>	<u>-456</u>
Profit/loss for the year	9	<u><u>-10,285</u></u>	<u><u>2,579</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Intangible assets	10		
Acquired patents and licenses		<u>0</u>	<u>46</u>
Property, plant and equipment	11		
Land and buildings		9,293	11,817
Property, plant and equipment under construction		4,624	7,558
Plant and machinery		33,069	41,780
Fixtures and fittings, tools and equipment		<u>11,145</u>	<u>13,943</u>
		<u>58,131</u>	<u>75,098</u>
Investments			
Other receivables		<u>3,615</u>	<u>0</u>
Total fixed assets		<u>61,746</u>	<u>75,144</u>
Current assets			
Inventories			
Raw materials and consumables		27,364	39,491
Work in progress		8,496	7,877
Finished goods and goods for resale		<u>13,966</u>	<u>5,770</u>
		<u>49,826</u>	<u>53,138</u>
Receivables			
Trade receivables		13,384	17,568
Receivables from participating interests		18,289	15,943
Other receivables		5,854	25,545
Corporation tax		0	1,404
Prepayments		<u>859</u>	<u>0</u>
		<u>38,386</u>	<u>60,460</u>
Cash at bank and in hand		<u>20,356</u>	<u>0</u>
Total current assets		<u>108,568</u>	<u>113,598</u>
TOTAL ASSETS		<u><u>170,314</u></u>	<u><u>188,742</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	12	501	500
Retained earnings		<u>76,545</u>	<u>38,831</u>
Total equity		<u>77,046</u>	<u>39,331</u>
Provisions			
Provisions for deferred tax	13	896	4,611
Other provisions		<u>450</u>	<u>450</u>
Total provisions		<u>1,346</u>	<u>5,061</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments received from customers		0	252
Trade payables		79,549	71,228
Payables to group entities		4	35,943
Payables to participating interests		104	3,424
Other payables		<u>12,265</u>	<u>33,503</u>
		<u>91,922</u>	<u>144,350</u>
Total liabilities other than provisions		<u>91,922</u>	<u>144,350</u>
TOTAL EQUITY AND LIABILITIES		<u><u>170,314</u></u>	<u><u>188,742</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2021	500	38,831	39,331
Cash capital increase	1	47,999	48,000
Transferred over the distribution of loss	0	-10,285	-10,285
Equity at 31 December 2021	501	76,545	77,046

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of ALUNITED Denmark A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C large 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.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of BENTELER International Aktiesengesellschaft, Salzburg, Austria.

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.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to the inventory of goods for resale.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise costs of distribution, sales and advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs. Refunds from public authorities are deducted from staff costs.

Staff costs also include costs for recruitment agencies relating to the use of temporary workers.

Other operating costs

Other operating costs comprise items secondary to the activities of the Company, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, 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 on profit/loss for the year

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

Balance sheet

Intangible assets

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 5 years.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	20 years
Plant and machinery	10-14 years
Fixtures and fittings, tools and equipment	5-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated 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 costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for 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 value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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 as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Warranties comprise obligations to make good any defects within the warranty period of ## years. Provisions are recognised based on the Company's experience with warranties. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting risk and the due date for payment.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Segment information

Information is provided on geographical markets only, as the Company operates within the same business segment. Segment information is based on the Company's accounting.

Financial statements 1 January – 31 December

Notes

2 Going concern

The first part of the 2021 financial year was still impacted by the COVID pandemic, with revenue levels below potential although still 5% above expectations measured in value as the metal price has increased 11%, while revenue measured in volume is 6% below expectations. Despite the reduced revenue in terms of volumes and the consequent reduced contribution margin, we have managed to maintain expected earnings due to cost savings. Accordingly, both revenue and gross profit in the 2021 financial year were at a satisfactory level despite difficult market conditions. In connection with the transition from Benteler to ALUNITED, contributed capital was increased by DKK 50 million with consequent increase in equity. At the same time, significantly shorter terms of payment for the largest part of customers in terms of turnover have been introduced, while for the rest, factoring has been introduced, which has significantly reduced debtor outstanding and risk. On the creditor side, a corresponding shortened credit period has been introduced for a transitional period, which, after the first half of 2022, was restored to the original level. Accordingly, ALUNITED has solid capital resources and is well equipped for liquidity fluctuations and possible future investments in the production apparatus.

3 Segment information

Activities – primary segment

DKK'000	<u>Germany</u>	<u>Other European countries</u>	<u>North America</u>	<u>Mexico</u>	<u>Other countries</u>
2021					
Revenue	383,892,112	97,292,427	1,621,408	12,853,864	884,906

4 Other operating income

DKK'000	<u>2021</u>	<u>2020</u>
Income from governmental relief packages	0	9,543
Income from impaired receivables	0	1,673
Other operating income	<u>1,013</u>	<u>2,118</u>
	<u>1,013</u>	<u>13,334</u>

Financial statements 1 January – 31 December

Notes

5 Staff costs

DKK'000	2021	2020
Wages and salaries	76,639	74,174
Pensions	6,144	6,229
Other social security costs	841	858
	83,624	81,261
Average number of full-time employees	149	162

Wages and salaries for 2021 include an amount of DKK # thousand regarding cost of recruitment agencies arising from the use of temporary workers (2020: DKK 3,420 thousand).

In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is presented as an aggregate single amount.

DKK'000	2021	2020
6 Other financial income		
Other financial income	1	7
Exchange gains	104	5,986
Other adjustments of financial income	78	0
	183	5,993
7 Other financial expenses		
Interest expense to group entities	589	669
Foreign exchange losses	3	331
Other financial expenses	1,296	6,376
	2,226	7,376
8 Tax on profit/loss for the year		
Current tax for the year	0	732
Deferred tax for the year	-2,682	-276
Adjustment of deferred tax concerning previous years	305	0
	-2,377	456
9 Proposed profit appropriation/distribution of loss		
Retained earnings	-10,285	2,579

Financial statements 1 January – 31 December

Notes

10 Intangible assets

DKK'000	Acquired patents
Cost at 1 January 2021	8,150
Cost at 31 December 2021	8,150
Amortisation and impairment losses at 1 January 2021	-8,104
Amortisation for the year	-46
Amortisation and impairment losses at 31 December 2021	-8,150
Carrying amount at 31 December 2021	0

11 Property, plant and equipment

DKK'000	Land and buildings	Property, plant and equipment under construction	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	47,561	20,278	145,895	26,550	240,284
Additions for the year	0	3,253	223	0	3,476
Disposals for the year	0	-12,720	-14,663	-1,364	-28,747
Transfers for the year	0	-6,187	0	0	-6,187
Cost at 31 December 2021	47,561	4,624	131,455	25,186	208,826
Depreciation and impairment losses at 1 January 2021	-35,744	-12,720	-104,115	-12,607	-165,186
Depreciation for the year	-2,524	0	-8,907	-2,798	-14,229
Reversed depreciation and impairment losses on assets sold	0	12,720	14,636	1,364	28,720
Depreciation and impairment losses at 31 December 2021	-38,268	0	-98,386	-14,041	-150,695
Carrying amount at 31 December 2021	9,293	4,624	33,069	11,145	58,131

12 Contributed capital

Contributed capital consists of 1 share of a nominal value of DKK 501 thousand.

All shares rank equally.

Financial statements 1 January – 31 December

Notes

13 Provision for deferred tax

DKK'000	31/12 2021	31/12 2020
Deferred tax at 1 January	4,611	4,887
Deferred tax adjustment for the year in the income statement	-3,715	-276
	<u>896</u>	<u>4,611</u>

14 Fees to auditor appointed at the general meeting

DKK'000	2021	2020
Fees for statutory audit services	0	248
Tax advisory	0	50
Other services	0	105
	<u>0</u>	<u>403</u>

15 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 6-24 months and an average monthly lease payment of DKK 50 thousand, totalling DKK 2,571 thousand.

Financial statements 1 January – 31 December

Notes

16 Related party disclosures

ALUNITED Denmark A/S' related parties comprise the following:

Control

FB 15 GmbH, Vordere Seestr. 13 a, 82237 Wörthsee, Germany.

FB 15 GmbH holds the majority of the contributed capital in the Company.

ALUNITED Denmark A/S is part of the consolidated financial statements of FB 15 GmbH, Vordere Seestr. 13 a, 82237 Wörthsee, Germany, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of FB 15 GmbH can be obtained by contacting the companies at the addresses above.

Related party transactions

DKK'000	<u>2021</u>
Benteler	
Sale of goods	206,546
Other operating income	1,339
Purchase of goods	-254
Purchase of other services	-8,266
Contract manufacturer	-24,991
Fidelium	
Contract manufacturer	-620

Receivables from and payables to group entities are disclosed in the balance sheet, and interest expense is disclosed in note 7.