Roth North Europe A/S

Centervej 5, 3600 Frederikssund

CVR no. 34 01 21 13

Annual report 2022

Approved at the Company's annual general meeting on 25 May 2023

Chair of the meeting:

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Jakob Kristensen

Contents

Statement by Management

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Roth North Europe A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January - 31 December 2022.

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

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

Frederikssund, 25 May 2023
Executive Board:

Morten Nyvang Voss	Per Storm Kronil

Board of Directors:

Christin Roth-Jäger Chairman	Anne-Kathrin Roth	Matthias Donges
Morten Nyvang Voss	Per Storm Kronil	

Independent auditor's report

To the shareholder of Roth North Europe A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Roth North Europe A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 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 company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting 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 Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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.

Independent auditor's report

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.

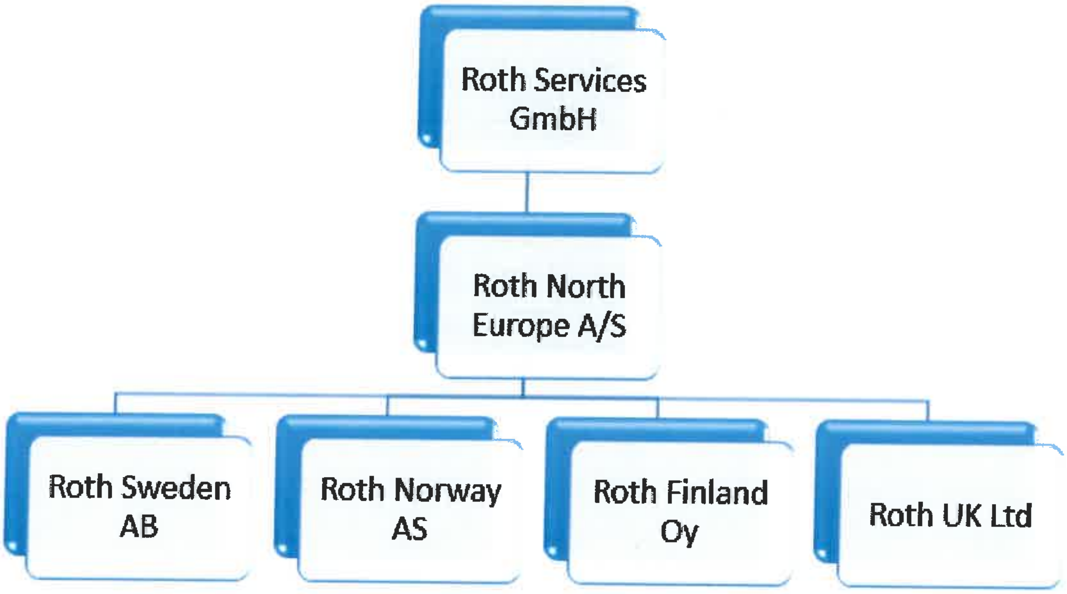
Copenhagen, 25 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Bruun Kofoed
State Authorised
Public Accountant
mne28677

Management's review

Group chart

Roth North Europe A/S is 100% owned by the German family-run company Roth Services GmbH. Roth North Europe A/S has wholly-owned subsidiaries in Sweden, Norway, Finland and the UK. The legal structure of Roth North Europe A/S is shown below:



Financial highlights for the Group

DKK million	2022	2021	2020	2019	2018
Key figures					
Revenue	390.7	379.9	326.7	317.3	304.5
Gross profit	112.4	119.8	95.5	80.9	81.1
Profit from ordinary activities	36.2	46.4	26.1	11.4	15.4
Profit/loss from net financials	-0.6	-1.2	-0.1	0.3	-1.0
Profit for the year	28.6	35.1	20.3	7.5	9.5
Total assets	248.3	234.6	206.5	190.8	180.0
Amount relating to investments in property, plant and equipment	2.3	3.0	2.0	2.0	31.1
Equity	173.5	146.8	109.5	90.6	83.6
Cash flows from operating activities	14.5	22.8	26.9	-7.4	-6.2
Cash flow from investing activities	-2.3	-3.0	-2.0	-1.9	-31.1
Cash flows from financing activities	0	-16.9	-16.6	6.2	27.3
Total cash flows	12.2	2.9	8.3	-3.1	-10
Financial ratios					
Solvency ratio	69.9%	62.6%	53.1%	47.5%	46.4%
Return on equity	17.8%	27.4%	20.3%	8.6%	12.0%
Average number of full-time employees	103	100	106	102	96

Financial ratios are calculated in accordance with the description in accounting policies

Management's review

Company details

Name	Roth North Europe A/S
Address, postal code, city	Centervej 5, DK-3600 Frederikssund
CVR no.	34 01 21 13
Registered office	Frederikssund
Financial year	1 January - 31 December
Website	www.roth-northeurope.com
Telephone	+45 47 33 97 00
Board of Directors	Christin Roth-Jäger, Chairman Anne-Katrin Roth Matthias Donges Morten Nyvang Voss Per Storm Kronil
Executive Board	Morten Nyvang Voss Per Storm Kronil
Auditor	EY Godkendt Revisionspartnerselskab Dirch Passer Allé 36, P O Box 250, DK-2000 Frederiksberg
Bankers	Nordea Danmark

Management's review

Principal Activities

Roth North Europe develops, manufactures and markets complete heating and sanitation systems especially adapted to the Nordic market.

The Group offers complete systems within the fields of energy generation, energy storage and energy distribution in the form of solar systems, tank systems for energy and water storage, water-borne floor heating systems, piping systems for domestic water and heating as well as snow melting systems. Sales take place through heating and sanitation wholesalers.

A Shared Service Centre in Denmark supplies the group entities in the other Nordic countries with logistics, finance, IT, procurement, marketing and administration services.

Development in activities and financial matters

The income statement of the Group for 2022 shows a profit of DKK 28,550 thousand against DKK 35,113 thousand last year, and the Group's and the Parent Company's balance sheet at 31 December 2022 shows equity of DKK 173,531 thousand.

The past years' consolidation process continued in 2022, although to a lesser extent, with additional optimisation of the new operating facilities following previous year's large building extension, and focus will still be on the expansion of the Prefab business and several internal projects for purposes of continued optimisation of business procedures, etc. These positive consolidation measures have thus strengthened the platform even further to ensure further growth in future.

In 2022, group revenue showed a decrease in growth while the number of employees increased by 3 employees and now totals 103 employees. However, results for 2022 are somewhat greater than expected, but are simultaneously considerably lower than in the record-year 2021 showing a decrease this year of approx. 19%. The main reasons for the decreasing profit compared with other years are the general declining market activity due to inflation, increasing interest and the geopolitical uncertainty in Europa, including increasing raw material prices.

Regardless, the results for 2022 are considered very satisfactory. It is also very satisfactory that all companies, as in the two latest years, continue to show positive bottom-line results in 2022 as well.

Although the Group now employs a few more people, revenue in 2023 is expected to be somewhat lower and results of operation are also expected to be somewhat lower than in the record-year 2021 and the handsome results in 2022.

Roth North Europe A/S, Denmark

With a strong sales organisation in a declining market, the Company's revenue has shown a slight decrease compared to last year but succeeded in surpassing expectations for the year. Sales in Denmark are still made through wholesalers with much price competition.

The Company's income statement for 2022 shows a profit of DKK 28,550 thousand, including profits from subsidiaries. The Company's balance sheet at 31 December 2022 shows equity of DKK 173,531 thousand after retained earnings.

Compared with 2021, the Company's results showed a relative marketable decline in 2022, primarily due to decreasing profitability. Overall, results for the year are considered very satisfactory.

Roth Sverige AB

The vast majority of the company's sales are still made through large wholesalers. Due to the termination of cooperation with a major customer mid-year 2022, and due to a general decline in the market, the revenue of 2022 has far from met the expectations for the year. Furthermore, the revenue of 2022 is also below the revenue of 2021.

The continuance of high price pressure and a decreasing unstable SEK have furthermore had a negative impact in 2022 causing decreasing earnings. The general price pressure is expected to continue in 2023.

Despite a declining and unstable market, somewhat higher earnings and a profitability in line with 2022 are expected in 2023. Results of operations for 2023 are also expected to be in line with 2022.

The Company's income statement in 2022 shows a tiny positive result lower than previous year, despite a larger marketing contribution from the Danish parent company. Overall, the results for the year are still not considered satisfactory.

Roth Norge AS

Due to the company's strong sales organisation, revenue showed a handsome increase in 2022 compared with last year and exceeded expectations of the year. In 2022, the company also won additional market shares.

Despite higher revenue and considering that NOK is at the expected level, the lower profitability has primarily implied that profit for the year is slightly below expectations.

Compared to 2021, the results are higher and overall considered satisfactory.

Despite general uncertainty, revenue for 2023 is expected to be in line with 2022, while the profit is expected to increase and exceed the level of 2022, but to a wide extent this will still depend on i.a. the development in the NOK rate.

Roth Finland Oy

Through continued representation at all three large Finnish wholesalers, revenue in 2022 continues to exceed expectations for the year, and revenue for the year is somewhat higher than the 2021-level, corresponding to approx. 25%.

Despite continued pressure on earnings and higher costs, we are pleased to note that the significant increase in revenue implied that profit for the year is quite higher than in 2021. Compared with the expected results in 2022, results are slightly higher, again primarily due to an increase in revenue. Increased profitability is still a focal point in the Finish organisation.

Despite fluctuating results in recent years, the Finnish company has seen very positive developments over time, which are expected to continue in the future in line with the company's ever-increasing market share. Due to the market situation, a slight decrease in revenue is expected in 2023, but because of improved profitability, among other things, an increase in profit is still expected.

Roth UK Limited

Compared to the past 2 years, the UK company showed much better results in 2022, which are based solely on tax corrections regarding previous years. The profit before tax in 2022, is barely on the level of the past two years. In general, there have been considerable improvements in performance over the past 3 years.

Since the acquisition in 2017, the company has experienced financial turmoil in the first years. However, the undertaken restructuring and the future plans for the company still give us reasonable hope that the negative results of previous years, already in the previous three years and onwards are turned into profits.

Although the expected revenue for 2022 was not realised, revenue was a little higher than in 2021, and according to expectations, revenue will increase significantly in 2023 and earnings margins will show a slight increase.

Since the total market, where trade is made with many small customers, is much larger than the total Nordic market and considering the small market share at present, the potential in Great Britain still seems considerable.

Knowledge resources

The Company markets and sells products that are developed and manufactured by other group entities and external suppliers. Other than that, the company does not possess any significant knowledge resources.

Special risks

Roth North Europe A/S is exposed to interest rate and currency risks, which are hedged on a current basis in accordance with the Company's risk management policies.

The current socio-economic situation and development could potentially have an impact on the Company's sales. This is due to increasing prices on purchases and freight as well as delays in deliveries can occur. The potential effect on the Company's profit and financial position will naturally depend on the consequences of the current situation, which is unknown at the time of the financial reporting.

Research and development

The company is part of an international group, therefore some of its research and development activities are handled by the Group's headquarters in Germany. However, the Company also carries on own research and development activities, focusing primarily on innovative high-quality products for the Nordic and English markets.

CSR – Corporate Social Responsibility

Our business activities are geared towards the customer - this focus is an important part of our corporate principles. We are committed to fair competition in our relationships with customers, suppliers and market partners. Our relationship with authorities builds on trust, and we comply with applicable consumer protection standards. Our business activities are based on generally accepted business practices of fairness and honesty.

We are guided by universally accepted ethical values and principles, in particular integrity, honesty and human dignity. We comply with the applicable laws and standards in the countries in which we operate.

As an internationally active company, we attach great importance to free trade in accordance with applicable law. For this reason, we observe the international legal provisions in our export and foreign trade activities, and we carry out the necessary checks for this - for example by the help of individually developed software.

As part of our corporate principles, we strive to be market leader within quality and innovation within our respective markets. The development and growth of our company is closely aligned with living conditions and living spaces. Therefore, social responsibility and integrity are important pillars of our actions.

We have been in the HWS industry for more than 25 years and our business model builds on high-quality water-based floor heating and pipes for drinking water. Our primary customers are HWS wholesalers and plumbing and heating engineers. Our products are developed to protect the environment by using environment-friendly materials that help ensure a long lifetime for our product range.

In 2022, we have incorporated our promise to work for a greener planet in our business strategy, and we have therefore decided to direct our efforts on the four UN Sustainable Development Goals: Clean water and sanitation, Affordable and clean energy, Decent work and economic growth as well as Responsible consumption and production.

Anti-corruption

To ensure the success of our partnerships, we are careful to avoid personal dependencies and obligations towards our business partners. We have zero tolerance for all types of corruption and bribery. We assess the most important risks of corruption relates to interaction with suppliers and cooperative partners. This also includes receipt of gifts, which can affect business decisions or lead to unreasonable advantages.

Roth is committed to fair competition. We observe all applicable competition-protecting laws, particularly antitrust and competition-regulating standards. Unlawful agreements on prices or other conditions, sales territories, or customers as well as abuse of market power contradict our corporate principles.

As an internationally active company, we attach great importance to free trade in accordance with applicable law. For this reason, we observe the international legal provisions in our export and foreign trade activities, and we carry out the necessary checks for this - for example by the help of individually developed software.

In 2022, all new employees were introduced to our policy on this subject as part of their onboarding. We did not experience any breaches of our guidelines for bribery and corruption in 2022 either and we do not expect any breaches of our guidelines in the future.

Human rights

As a family-owned company operating world-wide, we assume global responsibility and observe internationally recognised human rights in accordance with UN's Universal Declaration of Human Rigths. All Roth group's locations are under an obligation to observe global human rights. We have a zero-tolerance policy for child labour and any kind of exploitation of children and young people, and we observe applicable legislation for the area. We have zero tolerance for forced labour. We also expect our suppliers and business partners to recognise global human rights.

Our most significant risks of breach of human rights relate particularly to our suppliers of products manufactured outside the EU. About 50% of our products are manufactured at our own factories in Germany and another 40% are manufactured within the EU, where the level of control of the observance of human rights is high. The last 10% of our products are manufactured outside the EU. However, we are regularly in contact with the factories and when visiting them, we ensure that our business partners also observe human rights. In 2022, we did not experience any violation of our guidelines regarding human rights.

In 2023, we will continue our work on implementing the Company's Code of Conduct with our suppliers to ensure that they live up to applicable guidelines, and we therefore still expect that our suppliers and cooperative partners will observe the global human rights.

Social and staff matters

Company employees must not be forced into employment, either directly or indirectly, through violence or intimidation. Even in the case of disciplinary measures, all company employees must be treated with dignity and respect. Such measures may only be taken in accordance with applicable national and international standards and internationally recognised human rights.

Safe and pleasant working conditions are the basis of our economic success. Our health and safety management creates the conditions, identifies potential hazards at an early stage and takes appropriate countermeasures. In doing so, national and international regulations for ensuring health and safety in the workplace are adhered to. All Roth company employees should pay attention to preventing occupational accidents and work-related illnesses.

All employees receive a fair salary for the work they perform. Remuneration shall be paid in a practical manner and a pay slip shall be provided on an adequate scale. Working hours shall be in accordance with applicable national law, industry standard or relevant ILO conventions.

The most significant risks in relation to social and staff matters are deemed to relate to job dissatisfaction and lack of focus on working conditions, which can lead to sickness absence, occupational accidents as well as loss of competent and qualified employees. We did not register any work-related accidents in 2022.

Therefore, a good and safe work environment with strong focus on well-being is a high priority, and among other things in 2022 there has been educated in well-being and work-life balance.

In 2023, we expect to continue working with providing the best basis for a safe and good working environment.

COVID-19

In the first half of 2022, the COVID-19 pandemic still affected our everyday life and put continued pressure on the physical and mental working environment due to health risks and periodic lay-offs. We have focused greatly on protecting our employees in this period by implementing guidelines and making protective equipment available. Among other things this has ensured our employees' health during the pandemic and at the same time made it possible for us to continue our business activities.

Climate and environment

Active environmental protection is deeply anchored in our company principles. We attach great importance to the conservation of resources in the development, production and use of our products. We thus act in accordance with the principles of the Rio Declaration of the United Nations. In order to increase our focus on sustainability, we therefore employed a full-time resource within sustainability in 2022. Climate-friendly products as well as sustainability in general may be decisive competitive parameter in future, and therefore, we need to focus on developing more sustainable products in 2023 to continue being the leading supplier within floor heating and water for domestic use.

We see an increasing demand from our customers to deliver LCA and EPD on our products. In 2022, we worked systematically on collecting production data to be able to prepare LCAs and EPDs on our products, and thus be transparent to the surrounding world and our customers in relation to our product's carbon footprint.

Our responsibility towards our environment obliges us to ensure that we go beyond the legal requirements to protect the environment. In doing so, we help to reduce CO2 emissions to a considerable extent.

At essential European Roth production sites, we are committed to continuously improving our environmental performance with our own environmental statement and the establishment of an environmental management system in accordance with EMAS (Eco-Management and Audit Scheme of the European Union).

The most significant risks within environment and climate are assessed to relate to energy consumption and general manufacturing.

By using renewable energies, waste heat and purchasing green electricity at major Roth locations, we have halved CO2 emissions since 2014. In terms of locations, we already operate in a climate-neutral manner

Roth product concepts are designed to protect the environment from harm by using environmentally friendly materials. The use of carefully selected materials and the system technologies employed ensure the longevity of our product ranges. We offer product solutions that last for many years.

Through innovative product solutions, we bring about manufacturing processes that require less energy input with the same or even better efficiency By using durable high-tech plastics as the base material for our product systems, we make a significant contribution to improving the eco-balance.

The use of recyclable materials for the manufacture of our product systems is essential for our development.

Our constant commitment to protect the environment is recognised by several awards.

The innovative product concepts of building and industrial technology help to save energy and protect the environment every day. For example, we achieve great energy savings through our pressure storage systems for capital goods, but also through ecological energy generation with heat pumps and solar and through efficient radiant heating and cooling systems for energy use. The European Environment Agency has recognised the sustainability of Roth's building technology product range.

Our focus on sustainable utilisation of resources will continue in 2023 through the continuous optimisation of processes and production facilities as well as the innovation of more green products with a reduced carbon footprint.

Gender composition of Management

We hire the individual best qualified for the job - irrespective of their gender, age and origin. Management wants to give all qualified candidates - irrespective of gender, age and origin - equal opportunities to pursue a career and to obtain a management position in the Company. However, the Company operates in a male-dominated sector, which, when we require a new employee, is also reflected by over representation of male candidates.

We target an equal gender distribution of 60/40 in the Board of Directors. In 2022, the Board of Directors had three men and two women, why our target is considered to have been fulfilled.

For other management levels, including people with personnel responsibility and people who report directly to the Board of Directors, we target a distribution of 75/25. In 2022, the gender distribution was 80/20 - women being the underrepresented gender. In order to support a more equal gender distribution, Management continuously assesses the recruitment process in order to balance the wording and continue its focus on selecting female candidates too for interviews. Management plans performance reviews to ensure that importance is attached to identifying the interest from young female and male employees in management.

Data ethics

All employees are familiar with our IT policy, and new employees are introduced to our IT policy when onboarding. In 2023, all employees are requested to complete a compulsory e-learning course in GDPR.

We handle the data of our business partners, customers and employees responsibly and observe the laws and regulations of data protection. Business secrets of business partners are treated confidentially by the company and its employees. Disclosure of confidential information to third parties or making it publicly available is prohibited. This also applies to company employees after termination of the employment relationship.

In the daily use of our information technology (IT), we expect our employees to protect the computer system and the IT network. Everyone is required to be careful with user data, passwords, files, e-mail attachments and Internet links in order to avoid damage from inside or outside the company.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Outlook

The level of activities in the Group in 2023 did not live up to the Company's expectations, primarily due to declining markets and uncertainty in Europe due to the geopolitical situation. Revenue and profitability below expectations in combination with slightly lower expenses thus implied that we have generated results of operation in the first months of the year which are somewhat below expectations.

Profit before tax is expected to reach a level between DKK 15-20 million.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

		Group		Parent	
Note	DKK'000	2022	2021	2022	2021
2	**Revenue**	390,662	379,888	299,882	296,245
	Cost of goods sold	-245,260	-232,103	-233,763	-222,295
4	Other external costs	-33,040	-27,939	-13,723	-9,491
	Gross profit	112,362	119,846	52,396	64,459
3	Staff costs	-73,218	-70,700	-25,670	-25,267
8	Amortisation and depreciation	-2,919	-2,789	-2,565	-2,461
	Operating profit	36,225	46,357	24,161	36,731
	Share of net profit in subsidiaries	0	0	9,799	7,163
5	Financial income	1,005	36	940	4
6	Financial expenses	-1,605	-1,218	-918	-828
	Profit before tax	35,625	45,175	33,982	43,070
7	Tax for the year	-7,075	-10,062	-5,432	-7,957
	Profit for the year	28,550	35,113	28,550	35,113

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Group 2022	Group 2021	Parent 2022	Parent 2021
	ASSETS				
	Fixed assets				
8	**Property, plant and equipment**				
	Land and buildings	50,582	51,917	50,582	51,917
	Fixtures and fittings, tools and equipment	4,576	4,384	3,896	3,629
	Property, plant and equipment under construction	625	119	625	119
		55,783	56,420	55,103	55,665
	Investments				
9	Equity investments in subsidiaries	0	0	89,151	82,555
		0	0	89,151	82,555
	Total fixed assets	55,783	56,420	144,254	138,220
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	63,969	55,276	63,969	55,276
		63,969	55,276	63,969	55,276
	Receivables				
	Trade receivables	94,468	100,336	48,008	45,945
	Receivables from group entities	22	0	22	0
	Other receivables	1,784	1,115	2,383	1,799
10	Prepayments	1,481	1,736	748	1,172
		97,755	103,187	51,161	48,916
	Cash	30,768	19,737	17,221	11,488
	Total non-fixed assets	192,492	178,200	132,351	115,680
	TOTAL ASSETS	248,275	234,620	276,605	253,900

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2022	Group 2021	Parent 2022	Parent 2021
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	720	720	720	720
14	Hedging reserve	-250	-1,602	-250	-1,602
	Net revaluation reserve according to the equity method	0	0	46,990	40,394
	Retained earnings	173,061	147,714	126,071	107,320
	Total equity	173,531	146,832	173,531	146,832
	Provisions				
12	Deferred tax	3,550	3,354	3,698	3,495
	Total provisions	3,550	3,354	3,698	3,495
	Liabilities other than provisions				
13	**Non-current liabilities other than provisions**				
	Debt to mortgage credit institutions	8,527	9,161	8,527	9,161
		8,527	9,161	8,527	9,161
	Current liabilities other than provisions				
13	Current portion of non-current liabilities other than provisions	651	778	651	778
	Credit institutions	4,600	3,813	4,600	3,813
	Trade payables	24,136	27,216	12,667	13,347
	Payables to group entities	11,534	16,834	62,754	61,899
	Corporation tax	4,621	7,058	4,537	6,710
	Other payables	17,125	19,574	5,640	7,865
		62,667	75,273	90,849	94,412
	Total liabilities other than provisions	71,194	84,434	99,376	103,573
	TOTAL EQUITY AND LIABILITIES	248,275	234,620	276,605	253,900

1 Accounting policies
15 Mortgages and collateral
16 Contractual obligations and contingencies
17 Related parties

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group			
Note	DKK'000	Share capital	Retained earnings	Hedging reserve	Total
	Equity at 1 January 2022	720	147,714	-1,602	146,832
20	Transfer, see "Distribution of profit/loss"	0	28,550	0	28,550
	Foreign exchange adjustment, foreign subsidiary	0	-3,203	0	-3,203
	Value adjustment of hedging instruments, 31 December	0	0	1,734	1,734
	Tax on equity transactions	0	0	-382	-382
	Equity at 31 December 2022	720	173,061	-250	173,531

		Parent				
Note	DKK'000	Share capital	Net revaluation reserve acc. to the equity method	Retained earnings	Hedging reserve	Total
	Equity at 1 January 2022	720	40,394	107,320	-1,602	146,832
20	Transfer, see "Distribution of profit/loss"	0	9,799	18,751	0	28,550
	Foreign exchange adjustments, foreign subsidiary	0	-3,203	0	0	-3,203
	Value adjustments of hedging instruments at 31 December	0	0	0	1,734	1,734
	Tax on equity transactions	0	0	0	-382	-382
	Equity at 31 December 2022	720	46,990	126,071	-250	173,531

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	Group 2022	Group 2021
	Profit/loss for the year	28,550	35,115
18	Adjustments	10,593	14,033
	Cash generated from operations before changes in working capital	39,143	49,148
19	Changes in working capital	-14,089	-19,893
	Cash generated from operations	25,054	29,255
	Interest received	1,005	36
	Interest paid	-1,605	-1,218
	Corporation tax paid	-9,998	-5,239
	Cash flows from operating activities	14,456	22,834
	Acquisition of property, plant and equipment	-2,293	-3,031
	Cash flows from investing activities	-2,293	-3,031
	Loan financing:		
	Mortgage debt	-761	-776
	Debt to credit institutions	787	-16,126
	Cash flows from financing activities	26	-16,902
	Net cash flows	12.189	2,901
	Cash and cash equivalents, beginning of year	19,737	14,959
	Foreign exchange adjustments	-1,158	1,877
	Cash and cash equivalents, year end	30,768	19,737

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The consolidated financial statements have been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities. The financial statements of the parent company have been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Presentation currency

The financial statements are presented in Danish Kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Roth North Europe A/S and subsidiaries controlled by Roth North Europe A/S.

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

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

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Significant influence

Entities over whose financial and operating decisions the Group exercises significant influence are classified as associates. Significant influence is assumed to exist if the Parent Company directly or indirectly holds or controls 20% or more of the voting power of the investee, but does not control the investee.

The existence of potential voting rights that may currently be exercised or converted into voting rights is considered when assessing whether significant influence exists.

Preparation of consolidated financial statements

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

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, but are disclosed separately.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 **Accounting policies (continued)**

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 rate at the transaction date and the rate at 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 closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the year, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries that are integral entities, monetary items are translated at closing rates. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity must be transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Fair value adjustments of derivative financial instruments held to hedge net investments in separate foreign subsidiaries or associates are recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

The Company's revenue is generated from the production and sale of complete heating and sanitation systems as well as related services.

Income from the sale of goods held for sale and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably. VAT, indirect taxes and discounts are excluded from revenue.

Cost of goods sold

Cost of goods sold comprise costs incurred in generating revenue for the year. Such costs include raw materials, consumables as well as finished goods for resale.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security contributions, etc., for the Company's employees. The item is net of refunds made by public authorities.

Depreciation on property, plant and equipment

The item comprises depreciation on property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Land and buildings	10-50 years
Fixtures and fittings, tools and equipment	3-15 years
Property, plant and equipment under construction	0 years

The basis of depreciation is calculated by reference to the residual life of the asset once it is no longer in use and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition and are re-assessed annually. If the residual value exceeds the carrying amount of the asset, the asset is no longer depreciated.

Income from equity investments in group entities

These include the Parent Company's proportionate share of the profit/loss for the year, net of tax and adjustment of intra-group gains/losses.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Financial income and expenses include interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions, amortisation of mortgage loans and surcharges and refunds under the on-account tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to transactions taken to equity is recognised in equity.

Deferred taxes related to items recognised directly in equity are taken directly to equity.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Property, plant and equipment are tested for impairment whenever there is indication that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price (recoverable amount).

Equity investments in group entities

Equity investments in group entities are measured using the equity method at the Parent Company's proportionate share of such entities' equity plus goodwill on consolidation and less intra-group profits and negative goodwill. The proportionate share corresponding to the negative value is set off against receivables, if any. For group entities, amounts in excess thereof are recognised as provisions.

Impairment of fixed assets

Intangible assets, property, plant and equipment and equity investments in subsidiaries and associates are tested annually for indication of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is evidence of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domiciles and credit ratings of the debtors in accordance with the credit risk management policy of the Parent Company and the Group. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities that are subject to insignificant risks of changes in value.

Equity

Net revaluation reserve according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of equity investments in subsidiaries and associates relative to cost. The reserve may be eliminated in case of losses, realisation of equity investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Dividend

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

Corporation tax

Current tax payables and receivables are recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Deferred tax is measured according to the taxation rules and at the tax rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments, including a guaranteed residual value, if any, based on the interest rate implicit in the lease.

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are stated as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid net financials and paid income taxes.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities that are part of investment activities and payments in connection with purchase and sale of businesses and activities.

Segment reporting

Information is disclosed by geographical markets. Segment information is based on the Company's accounting policies, risks and management control.

Assets in the segment comprise the assets that are used directly in the revenue-generating activity of the segment.

Segment liabilities comprise liabilities derived from the operating activities of the segment, including trade and other payables.

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Solvency ratio $\dfrac{\text{Equity at year-end x 100}}{\text{Total equity and liabilities at year-end}}$

Return on equity $\dfrac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

2 **Segment information**

Geographical – secondary segment

DKK'000	Denmark	Sweden	Norway	Finland	Other	Total
2022						
Revenue	131,753	20,606	112,908	112,452	12,943	390,662
Profit before net financials	24,161	920	5,121	5,663	360	36,225
Assets	186,807	6,636	37,358	14,665	2,809	248,275
Liabilities	224,738	2,989	12,722	7,321	505	248,275
2021						
Revenue	134,543	34,646	104,118	91,335	15,246	379,888
Profit before net financials	36,731	1,356	3,978	3,963	329	46,357
Assets	170,273	10,208	37,468	13,764	2,907	234,620
Liabilities	207,763	3,613	11,496	10,879	869	234,620

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

	DKK'000	Group 2022	Group 2021	Parent 2022	Parent 2021
3	**Staff costs**				
	Wages and salaries	59,156	57,933	20,521	20,765
	Pensions	3,878	3,713	2,661	2,482
	Other social security costs	6,304	6,178	468	426
	Other staff costs	3,880	2,876	2,020	1,594
		73,218	70,700	25,670	25,267
	Average number of employees during the year	103	100	49	48
	Remuneration of the Executive Board	5,947	4,713	5,947	4,713

Board of directors does not receive remuneration.

		Group 2022	Group 2021	Parent 2022	Parent 2021
4	**Fees paid to auditor appointed at the annual general meeting**				
	Total fees to EY	431	404	190	180
	Fee for statutory audit	310	285	145	126
	Tax consultancy	50	47	20	18
	Non-audit services	71	72	25	36
		431	404	190	180
5	**Financial income**				
	Interest income from group entities	0	0	0	0
	Other financial income	1,005	36	940	4
		1,005	36	940	4
6	**Financial expenses**				
	Interest expenses, group entities	0	0	0	0
	Other financial expenses	1,605	1,218	918	828
		1,605	1,218	918	828
7	**Tax for the year**				
	Current tax charge for the year	7,261	9,792	5,611	7,622
	Adjustment of the deferred tax charge for the year	196	424	203	489
	Adjustment regarding previous years	0	0	0	0
	Tax on changes in equity	-382	-154	-382	-154
		7,075	10,062	5,432	7,957

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

	Group			
DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2022	61,247	15,137	119	76,503
Exchange rate adjustment	0	-74	0	-74
Additions	0	1,722	571	2,293
Transferred	0	65	-65	0
Disposals	0	-1,281	0	-1,281
Cost at 31 December 2022	61,247	15,569	625	77,441
Depreciation and impairment losses at 1 January 2022	9,331	10,753	0	20,084
Exchange rate adjustment	0	-63	0	-63
Depreciation	1,334	1,584	0	2,918
Disposals	0	-1,281	0	-1,281
Depreciation and impairment losses at 31 December 2022	10,665	10,993	0	21,658
Carrying amount at 31 December 2022	50,582	4,576	625	55,783
Property, plant and equipment include assets held under finance leases with a carrying amount totalling	0	0	0	0
Depreciated over	10-50 years	3-15 years	0 years	

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

8 Property, plant and equipment (continued)

	Parent			
DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2022	61,247	13,066	119	74,432
Additions	0	1,433	571	2,004
Transferred	0	65	-65	0
Disposals	0	-996	0	-996
Cost at 31 December 2022	61,247	13,568	625	75,440
Depreciation and impairment losses at 1 January 2022	9,331	9,437	0	18,768
Depreciation	1,334	1,231	0	2,565
Disposals	0	-996	0	-996
Depreciation and impairment losses at 31 December 2022	10,665	9,672	0	20,337
Carrying amount at 31 December 2022	50,582	3,896	625	55,103
Items of property, plant and equipment include assets held under finance leases with a carrying amount totalling	0	0	0	0
Depreciated over	10-50 years	3-15 years	0 years	

	Parent	
DKK'000	2022	2021
9 Equity investments in subsidiaries		
Cost at 1 January	42,161	42,161
Additions	0	0
Cost at 31 December	42,161	42,161
Value adjustments at 1 January	40,394	31,623
Foreign exchange adjustment	-3,203	1,608
Profit for the year	9,799	7,163
Value adjustments at 31 December	46,990	40,394
Carrying amount at 31 December	89,151	82,555

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Roth Sverige AB	100%	691	13,575
Roth Norge AS	100%	3,795	34,326
Roth Finland Oy	100%	3,958	36,766
Roth UK	100%	1,355	4,484

All subsidiaries are considered separate entities.

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Notes

DKK'000	Group 2022	Group 2021	Parent 2022	Parent 2021
10 Prepayments				
Insurance premiums	543	521	397	343
Purchase of goods	0	687	0	687
Lease costs	36	34	0	0
Property taxes	0	87	0	87
Rent	181	168	0	0
IT-licenses	247	0	231	0
Marketing costs	331	86	73	0
Pension costs	94	0	0	0
Other prepayments	49	153	47	55
	1,481	1,736	748	1,172

11 Share capital

The share capital comprises 720 class A shares of DKK 1,000 each.

DKK'000	Group 2022	Group 2021	Parent 2022	Parent 2021
12 Deferred tax				
Deferred tax at 1 January	3,354	2,930	3,495	3,006
Adjustment of the deferred tax charge for the year	196	424	203	489
Deferred tax at 31 December	3,550	3,354	3,698	3,495

13 Debt to mortgage credit institutions and other credit institutions

Liabilities can be specified as follows:

DKK'000	Group 2022	Group 2021	Parent 2022	Parent 2021
Mortgage credit institutions				
Long-term	8,527	9,161	8,527	9,161
Short-term	651	778	651	778
	9,178	9,939	9,178	9,939
Other payables				
Short-term	0	0	0	0
	0	0	0	0
Total liabilities	9,178	9,939	9,178	9,939
The liabilities are recognised in the balance sheet as follows:				
Non-current liabilities	8,527	9,161	8,527	9,161
Current liabilities	651	778	651	778
	9,178	9,939	9,178	9,939
Non-current liabilities falling due more than five years after the financial year-end (carrying amount)	5,731	6,072	5,731	6,072

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

14 Derivative financial instruments and disclosure of fair values

The Group uses hedging instruments such as forward exchange contracts and interest swaps to hedge recognised and non-recognised transactions.

Forecast transactions

The Group uses forward exchange contracts to hedge expected currency risks relating to sale in the coming year.

DKK'000	Period	Fair value 2022	Gains and losses recognised in equity 2022
Forward exchange contracts	0-6 months	0	-116

Interest rate risks

The Group uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

	2022			
DKK'000	Notional principal	Value adjustment recognised in equity	Fair value	Time to maturity
Interest rate swaps	9,755	1,850	-474	months 72

The hedged cash flows are expected to be realised and will affect results of operations over the term to maturity of the interest rate swap.

Fair value disclosures

The Group has the following liabilities measured at fair value:

DKK'000	Derivative financial instruments
Group	
Fair value at year end	-474
Value adjustments recognised in equity (before tax)	1,734
Fair value level	2

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

15 Mortgages and collateral

Group

The property at Centervej 5, Frederikssund has been provided as security for mortgage debt of DKK 9,178 thousand (2021: DKK 9,939 thousand).

An amount representing DKK 10,000 thousand of the Company's operating equipment, inventories and trade receivables has been provided as security for engagements with Nordea Bank (2021: DKK 10,000 thousand).

An absolute guarantee of DKK 413 thousand has been provided (2021: DKK 450 thousand).

Parent

The property at Centervej 5, Frederikssund has been provided as security for mortgage debt of DKK 9,178 thousand (2021: DKK 9,939 thousand).

An amount representing DKK 10,000 thousand of the Company's operating equipment, inventories and trade receivables has been provided as security for engagements with Nordea Bank (2021: DKK 10,000 thousand).

An absolute guarantee of DKK 413 thousand has been provided (2021: DKK 450 thousand).

16 Contractual obligations and contingencies, etc.

Operating lease liabilities

	Group		Parent	
DKK'000	2022	2021	2022	2021
Rent obligations and lease liabilities	16,007	14,249	2,815	3,078

Litigation

The Company is regularly involved in warranty cases, etc. as part of ordinary business. The matters are not estimated to affect the Company's financial position.

17 Related parties

Roth North Europe A/S' related parties comprise the following:

Party exercising control

Roth Services GmbH, 35232 Dautphetal, Germany holds 100 % of the share capital in the entity.

Related party transactions

DKK'000	2022	2021
Parent		
Sale of goods to group entities	163,537	154,362
Purchase of goods from group entities	103,622	96,748
Sale of services to group entities	18,472	17,197
Purchase of services from group entities	9,814	6,810
Receivables from group entities	22	0
Payables to group entities	62,754	61,899

The Company is included in the consolidated financial statements of Roth Industries Gmbh & Co.KG. The consolidated financial statements may be obtained at the following address 35232 Dautphetal, Germany.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Group 2022	Group 2021
18 Adjustments		
Amortisation, depreciation and impairment losses	2,918	2,789
Financial income	-1,005	-36
Financial expenses	1,605	1,218
Tax for the year	7,075	10,062
	10,593	14,033

DKK'000	Group 2022	Group 2021
19 Changes in working capital		
Change in inventories	-8,693	-9,624
Change in receivables	5,433	-13,481
Change in trade and other payables	-10,829	3,212
	-14,089	-19,893

20 Distribution of profit/loss

DKK'000	Parent 2022	Parent 2021
Proposed distribution of profit/loss		
Transferred results	18,751	27,950
Reserve for net revaluation according to the equity method	9,799	7,163
	28,550	35,113

DKK'000	Group 2022	Group 2021
Proposed distribution of profit/loss		
Transferred results	28,550	35,113
	28,550	35,113